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FRANCHISE DISCLOSURE DOCUMENT
ROCK & BREWS FRANCHISING, LLC

a California limited liability company
321 12th Street, Suite 200
Manhattan Beach, California 90266
(310) 545-9977
www rockandbrews com
info@rockandbrews com

The franchise offered is for a full service restaurant that recreates the atmosphere of a rock concert backstage beer garden and operates under the "Rock & Brews®" name A Rock & Brews restaurant offers a variety of high quality food items such as gourmet hamburgers, sandwiches, pizza, salads and a wide variety of craft and imported beers on tap, all within a setting that features rock music, sports, videos and a gallery of classic rock & roll artwork

———The total investment necessary to begin operation of a single Rock & Brews franchised business is $1,678~~478~~,000 to $4,416~~216~~,000 This includes $60,000 to $265~~65~~,000 that must be paid to the franchisor or its affiliate(s)

If you enter into an Area Development Agreement, you are required to develop at least three Rock & Brews Restaurants The total investment necessary to begin operation under an~~and~~ Area Development Agreement is $1,528,000 to $4,276,000 for the development of three Rock & Brews Restaurants This includes $110,000 to $115,000 that must be paid to the franchisor or its affiliate(s), which amount represents 100% of the initial franchise fee and amounts that must be paid to the franchisor or its affiliates for the first Restaurant and 50% of the initial franchise fee paid for each additional Restaurant to be developed under the Area Development Agreement

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read this disclosure document and all accompanying agreements carefully You must receive the 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 government 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 Franchise Support Team at 321 12th Street, Suite 200, Manhattan Beach, CA 90266 and (310) 545-9977

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

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

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

Issuance Date March 27, 2019~~7, 2018~~

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO ARBITRATE OR LITIGATE WITH US ONLY IN THE COUNTY IN WHICH OUR HEADQUARTERS ARE THEN LOCATED (CURRENTLY, LOS ANGELES COUNTY, CALIFORNIA) OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE

2 THE FRANCHISEE OR AREA DEVELOPER WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $1,478,000 TO $4,476~~276~~,000 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2018~~2017~~, WHICH IS $1,463,124~~060,986~~

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Registration States Effective Dates See following page

FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

STATE	EFFECTIVE DATE
CALIFORNIA	~~June 1 2018~~
~~HAWAII~~	~~SEE SEPARATE FDD~~
ILLINOIS	~~SEE SEPARATE FDD~~
~~INDIANA~~	~~SEE SEPARATE FDD~~
~~MARYLAND~~	~~SEE SEPARATE FDD~~
~~MICHIGAN~~	~~SEE SEPARATE FDD~~
~~MINNESOTA~~	~~SEE SEPARATE FDD~~
~~NEW YORK~~	~~SEE SEPARATE FDD~~
~~NORTH DAKOTA~~	~~SEE SEPARATE FDD~~
~~RHODE ISLAND~~	~~SEE SEPARATE FDD~~
~~SOUTH DAKOTA~~	~~SEE SEPARATE FDD~~
~~VIRGINIA~~	~~SEE SEPARATE FDD~~
WASHINGTON	~~SEE SEPARATE FDD~~
~~WISCONSIN~~	~~SEE SEPARATE FDD~~

US ~~61182112v6 02~~

~~NOTICE REQUIRED~~

~~BY~~

~~STATE OF MICHIGAN~~

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

~~Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise.~~

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

~~(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.~~

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

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

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

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

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

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

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

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

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

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

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

~~If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.~~

~~**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**~~

~~Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.~~

~~**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**~~

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<u>EXHIBITS</u>

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

The Franchisor

Rock & Brews Franchising, LLC (referred to in this Disclosure Document as "Rock & Brews," "we," "us," or "our") was formed as a California limited liability company on May 29, 2012 Our principal place of business is 321 12th Street, Suite 200, Manhattan Beach, CA 90266 and we do business under our corporate name and the tradename "Rock & Brews®" In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "you," "your," or "franchisee," which includes all franchise owners and partners, if you are a corporation, partnership or other entity

We are a franchising company which promotes and sells franchises for the operation of restaurants known as 'Rock & Brews®" ("Restaurant" or "Franchised Business") We have offered franchises since October 2012, and do not offer franchises in any other line of business As of December 31, 2018~~2017~~, the end of our last fiscal year, we had 13~~12~~ franchised restaurants in the United States ("Traditional Restaurants"),~~,~~ 2 company owned restaurants and 5~~four~~ nontraditional Rock & Brews restaurants at airports, a casino and an arena ("Non-Traditional Locations"). The ~~, which nontraditional restaurants are different from the~~ Franchised Business for a Non-Traditional Location will be similar to a Traditional Restaurant in many core respects but also will have some differences based on the uniqueness of the Non-Traditional Location (airports, casinos, arenas). Some of those differences are noted in~~offered under~~ this Disclosure Document From time to time we also will enter into various other franchise and licensing arrangements for locations or businesses different than the Restaurant/Franchised Business we offer through this Disclosure Document We do not own or operate a business of the type being franchised, although our affiliates do as noted below Our agents for service of process are listed in Exhibit A

Our Parents, Predecessors and Affiliates

We have no predecessors Our parent company is Rock & Brews Holdings, Inc ("RBH"), whose principal business address is the same as ours RBH does not offer franchises for this business or in other lines of business and does not offer services to our franchisees

RNB Licensing, LLC, ("RNB") whose principal business address is the same as ours, is our affiliate that owns the trademark "Rock & Brews" and certain other trademarks and other intellectual property related to the development and operation of Rock & Brews Restaurants and licenses the same to us, so that we may sublicense it to our franchisees RNB also may offer design and other design related services for nontraditional restaurants in casinos or hotels or independent of any restaurant, including other aspects of the casino or hotel layout that will feature "Rock & Brews" trademarks and other intellectual property. RNB~~RBN~~ does not offer franchises for this business or in other lines of business

The following affiliates share our same principal business address and own and operate restaurants of the types franchised in this Disclosure Document Rock & Brews, LLC ("R&BLLC," operating in El Segundo, California since September 2010) and Rock & Brews Paia, LLC ("RBP", operating in Paia, Hawaii since March 2014) Neither of these affiliates offer franchises for this business or in other lines of business

Description of Franchise

We offer franchises for the right to establish and operate a full service restaurant that recreates the atmosphere of a rock concert backstage beer garden, and operating under the name "Rock & Brews®" A Rock & Brews restaurant offers a variety of high quality food items such as hand-made hamburgers, sandwiches, pizza, salads and a large number and wide variety of domestic and imported beers on tap (the "Menu Items"), all within a setting that features rock music videos, sports and a gallery of classic rock & roll

The Restaurants operate under the trade name and mark "Rock & Brews," and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13 These principal marks, and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the 'Marks" or "Proprietary Marks"

Rock & Brews Restaurants are operated under the Marks and the System in accordance with the terms of the Franchise Agreement The Restaurants are generally located within suburban areas, shopping centers, arenas, airports and business communities and stand-alone units Restaurants will typically have a capacity of between 250 and 400 seats, with configurations blending indoor or outdoor dining based on climate of locations Each Restaurant will offer dine-in and carry out services You may only offer catering and delivery services with our prior written approval

The Restaurants are established and operated under a comprehensive and unique system (the "System") The System includes distinctive signage, artwork, interior and exterior design, decor and color scheme, special recipes and Menu Items, including proprietary products and ingredients and a required minimum number of beer taps, uniform standards, specifications, and procedures for operations, quality and uniformity of products and services offered, inventory, management and financial control procedures (including point of sale and tracking systems), training and assistance, and advertising and promotional programs, all of which we have the right to change, improve, and further develop Certain aspects of the System are more fully described in this Disclosure Document and the Manuals, which you should expect to evolve over time, that are provided to you as a franchisee (described in Item 11)

Franchise Agreement

We offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement (the "Franchise Agreement"), the form of which is attached as Exhibit C to this Disclosure Document The Franchise Agreement is signed by us and by you If you are an entity, your Principal Owners will be required to execute the form undertaking and guarantee attached to the Franchise Agreement, pursuant to which they agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15) Depending on the type of business activities in which you or your Principal Owners may be involved, we may require you or your Principal Owners to sign additional confidentiality and non-competition agreements

Area Development Agreement

In certain circumstances, we will offer to you the right to sign an Area Development Agreement in the form attached as Exhibit D to this Disclosure Document, to develop multiple franchised Restaurants to be located within a specifically described geographic territory (the "Development Territory") We will determine the Development Territory before you sign the Area Development Agreement and it will be described in the Area Development Agreement Under the Area Development Agreement, you must establish a certain number of Rock & Brews Restaurants (a minimum of three Restaurants) within the Development Territory according to a development schedule- and sign a separate Franchise Agreement for each Restaurant established under the Area Development Agreement

The Franchise Agreement for the first Restaurant developed under the Area Development Agreement will be in the form attached to this Disclosure Document, and we expect that this Franchise Agreement for your first Restaurant will be signed at the same time as the Area Development Agreement For each additional Restaurant developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may be different from the form attached to this Disclosure Document The size of the Development Territory will vary depending upon local market conditions and the number of Restaurants to be developed (see Item 12) You may not open a Restaurant for business until a fully executed Franchise Agreement is in place for that Restaurant The person or entity signing the Area Development Agreement is referred to as the "Developer"

Market and Competition

The market for full service restaurants offering casual dining in general is well developed and intensely competitive You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems We may establish other Restaurants in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area We also~~Also we~~ may sell products through alternative distribution channels or methods, including retail and grocery, the Internet, toll-free telephone numbers, catalogs, or other means of distribution to customers at any location, which may be located in your area See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights

Industry Regulations

The restaurant industry is heavily regulated A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact your ownership, development and operation of your Restaurant, and may include those which (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises, (b) set standards pertaining to employee health and safety, (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities (e g , The Americans with Disabilities Act of 1990 requires readily accessible accommodations for persons with disabilities and may affect your building construction, site elements, entrance ramps, seating, bathrooms, drinking facilities, etc), employee practices concerning the storage, handling, cooking and preparation of food, restrictions on smoking, availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness, (d) establish requirements for food identification and labeling (e g , the U S Food & Drug Administration has issued regulations concerning food labeling, menus, nutrition and health claims (for example, what products can be labeled as "low fat")), and (e) regulate advertisements (e g , the Federal Trade Commission enforces rules and regulations regarding deceptive advertising including health and nutrition claims) State and local agencies inspect restaurants to ensure that they comply with these laws and regulations You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance

Many of the laws, rules and regulations that apply to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants The U S Food and Drug Administration, the U S Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions State and local agencies inspect restaurants to ensure that they comply with these laws and regulations The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation Some areas have also adopted or are considering proposals that would regulate indoor air quality

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant For example, the Patient Protection and Affordable Health Care Act require employers of a certain size to provide health insurance to its employees and the Menu Labeling Provisions of the Act require certain restaurants and retail food establishments to post caloric information on menus and to provide additional written information to consumers upon request You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments

You must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Franchised Restaurant You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Restaurant You must obtain any applicable real estate permits (*e g* , zoning), real estate licenses, liquor licenses and operational licenses

The difficulty and cost of obtaining a liquor license and the procedures for securing the license vary greatly from area to area There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol

Each of your managers and other employees we designate must be ServSafe (or similar) certified Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or TIPS training

ITEM 2
BUSINESS EXPERIENCE

Co-Chairman of the Board and Managing Member – Michael Zislis
Mr Zislis has been our managing member since our inception (June 2011) to the present Mr Zislis has been our co-chairman of the board since July 2016 to the present Mr Zislis was our Chief Executive Officer from September 2015 to September 2016 From 2010 to the present, he has also held the position of Chief Executive Officer of a restaurant and hotel development company called The Zislis Group, Inc , a California corporation based in Manhattan Beach, California

President of Business Development and Managing Member – David Furano
Mr Furano has been our President of Business Development and managing member since our inception (June 2011) to the present From September 1981 to December 2015, Mr Furano was the president of business development with David Furano and Associates Inc in Manhattan Beach, California

President of Business Affairs and Managing Member -- Dell Roy Furano
Mr Furano has been our President of Business Affairs and managing member since our inception (June 2011) to the present Since January 2012 to the present, Mr Furano has also been the Chief Executive Officer of Epic Rights Inc , a California corporation located in West Hollywood, California From

January 2008 until December 2012, Mr Furano was the Chief Executive Officer of Live Nation Merchandise located in Beverly Hills, California.

~~President and~~ Chief Executive Officer – Adam Goldberg~~Michael Sullivan~~

Mr Goldberg~~Sullivan~~ has been our ~~President and~~ Chief Executive Officer since ~~August 2016 to the present Prior to joining us he had been with Buffalo Wild Wings, Inc located in Minneapolis Minnesota, for more than 13 years beginning in November 2003 including most recently serving as their Emerging Brands Director from December 2011 to joining us in August 2016~~

~~Executive Vice President and Chief Financial Officer – Kevin Kruft~~

~~Mr Kruft has been our Executive Vice President and Chief Financial Officer since April 2017 to the present From~~ January 2019 From June 2008 to March 2019~~2015 to April 2017,~~ he was the CEO~~our Vice President~~ of Golden Road Food Services, LLC based in Los Angeles,~~Franchising From February 2014 to January 2015, Mr Kruft was the Controller of The Zislis Group, Inc , a~~ California.~~, corporation based in Manhattan Beach California From August 2012 to February 2014, he was the General Manager of BREWCO Manhattan Beach in Manhattan Beach California~~

Senior Vice President of Operations - Bill Goldblum

Mr Goldblum has been our Senior VP of Operations since January 2012 to the present Since July 2010 to August 2015, Mr Goldblum has been the Executive Vice President of Operations for The Zislis Group, Inc , a California corporation based in Manhattan Beach, California Since May 1995 to the present, Mr Goldblum has also provided independent restaurant consulting services through his entity, Bottomline Restaurant Consulting in Manhattan Beach, California

Senior Vice President of Design - Larry Drasin

Mr Drasin has been our Senior VP of Design since April 2010 to the present Since July 2010 to the present, Mr Drasin has also been an interior designer/brand development & architecture with The Zislis Group, Inc , a California corporation based in Manhattan Beach, California

Vice President of Franchising – Daniel Evans

Mr Evans has been our Vice President of Franchising since June 2017 to the present From June 2016 to June 2017, he was our Director of Franchising From May 2013 to May 2016, Mr Evans was our Manager of Franchise Communications From January 2009 to April 2013, Mr Evans was self-employed as a small business consultant based in Corte Madera, California

~~Vice President of Franchise Operations & Training - Winona Bullis~~

~~Ms Bullis has been our VP of Franchise Operations and Training since May 2017 to present Prior to joining us she served as a Sr Regional training manager for Buffalo Wild Wings, Inc from January 2008 to April 2017 and was based out of Redondo Beach California~~

~~Vice President of Marketing – Cameron Sefrin~~

~~Mr Sefrin has been our Vice President of Marketing since November 2017 to present Prior to joining us he served as a Franchise Consultant and Marketing Manager for Buffalo Wild Wings Inc from February 2012 through October 2017 and was based in Portland Oregon~~

ITEM 3
LITIGATION

Ryan and Barbara Harper vs Manhattan Inn Operating Company, LLC, The Zislis Group, Inc , Promenade Restaurant Group, LLC, Law Offices of John Strain, John Strain, individually and

Mr ~~Michael~~ Zislis, individually (JAMS reference number 1220051767, Los Angeles, California) Mr ~~Michael~~ Zislis is one of the defendants in a pending arbitration action filed by Ryan and Barbara Harper, minority (1%) investors in Manhattan Inn Operating Company, LLC ("MIOC"), which was submitted to arbitration on September 17, 2015 with JAMS Mr ~~Michael~~ Zislis is a manager of MIOC The plaintiffs have asserted various causes of action including alleged violations of California securities law, fraud, breach of written contract, breach of covenant of good faith and unfair business practices related to a financial loan and subsequent distributions and other capital raising activities - The claimants' complaint does not quantify the amount of purported damages ~~The arbitration hearing is scheduled for April 2, 2018 Hearings were held as scheduled and the parties are to submit post-trial response briefs by June 1 2018 The arbitrator is scheduled to make a determination in the first half of July 2018~~ Neither Rock & Brews Franchising, LLC nor any of its franchisees are a party to this arbitration action

On January 25, 2019, the arbitrator issued an order stating that most or all of plaintiffs claims should be dismissed based on applicable statutes of limitations. However the arbitrator has not yet made a final award, so the matter still is pending The arbitrator granted leave for the plaintiffs to assert a federal securities law claim. The defendants deny the allegations of that claim but have not yet had an opportunity to file a response.

~~The action appears to be based primarily on two matters First, in 2013, MIOC borrowed $2,800,000 from a commercial bank and distributed the funds to the owners of MIOC (thus bringing cumulative distributions above the initial investment amount) The loan and subsequent distribution benefitted all owners (including the plaintiffs in this case) The plaintiffs claimed that the loan damaged them but the plaintiffs have never articulated how the loan damaged them or how much such damages were~~

~~Second MIOC was formed in 2004 and raised investor capital until the opening of its "Shade Hotel" near the end of 2005 A portion ($1,000,000) of the funds used to construct the hotel were provided under two notes that were convertible into a total of 20 LLC Units in MIOC (and eventually were converted) The conversion price was the same price per unit that the plaintiffs and all other investors paid for their units In their complaint, not filed until 2015, the plaintiffs characterized the issuance of these convertible notes as fraud This characterization is apparently based on two claims First, in the 2004 version of MIOC's private placement memorandum ("PPM") MIOC asserted that it did not then contemplate issuing any debt Second in a 2005 supplement to the PPM, MIOC stated that it was then offering up to 80 LLC units Due to unanticipated construction costs, eventually 110 Units (including those from the conversion of the notes) were issued by MIOC~~

Other than this action, no litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Initial Franchise Fee

If you purchase a single franchise, you must pay to us an Initial Franchise Fee of $50,000 for a Traditional Restaurant, $100,000 for a Non-Traditional Location although that is increased to $250,000

~~for a Non-Traditional Location in a hotel or casino.~~ The Initial Franchise Fee is a lump sum payment and is due when you sign a Franchise Agreement The Initial Franchise Fee is earned upon receipt, and is nonrefundable.

Site Evaluation Report

If you request or we determine that an on-site evaluation of your proposed location is required, you must pay a uniform Site Evaluation Fee of $5,000 The Site Evaluation Fee is paid in lump sum when you sign our Site Evaluation report ("Site Evaluation Report") If you sign our Franchise Agreement, 100% of the Site Evaluation Fee will be credited to your Initial Franchise Fee If you do not sign our Franchise Agreement, your Site Evaluation Fee will not be refunded

Art Package and Installation Service Fee

In addition, before the start of the Art Package design and no later than 30 days prior to your Restaurant opening, you will be required to pay us the Art Package design, layout and 3D modeling services and installation fee of $10,000, which fee is for the design and layout of your Art Package, and for our two site visits to your Restaurant (including travel and lodging expenses), with the first visit to measure the site for the layout and the second visit to oversee the art installation This fee is payable in lump sum and not refundable

Development Fee

If you sign an Area Development Agreement, you must pay us a development fee ("Development Fee") that is calculated based on the total number of Restaurants you commit to develop under the Area Development Agreement You must commit to develop at least three Traditional Restaurants under an Area Development Agreement We are not granting an Area Development Agreement for Non-Traditional Locations The Development Fee will be equal to 100% of the Initial Franchise Fee for the first Restaurant to be developed, plus a fee of 50% of the Initial Franchise Fee for each additional Restaurant to be developed For example, if you commit to develop three Restaurants, the Development Fee is $100,000 (calculated as $50,000 + (2 x $25,000) = $100,000)

You must sign the Franchise Agreement for the first Restaurant at the same time you sign the Area Development Agreement A portion of the Development Fee will be credited against the Initial Franchise Fee for this first Restaurant For each additional Restaurant you develop, you must execute a separate Franchise Agreement For each such Restaurant, we will apply a pro rata portion of the Development Fee toward the Initial Franchise Fee, and the balance of the Initial Franchise Fee ($25,000 for the second and third restaurant in our example above) is payable at the time of the execution of the Franchise Agreement

The Development Fee is fully earned by us upon receipt and is not refundable under any circumstances

ITEM 6
OTHER FEES

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee (2, 3, 4)	(i) 5% of Gross sales ~~(i) 4% of Gross sales during the first five~~	Weekly on Wednesdays	Amounts due will be withdrawn by EFT from your designated bank account ~~The abatement of 1% in the~~

	~~years of the term of the Franchise Agreement and (ii) 5% of Gross Sales thereafter~~		~~first five years is being offered to the first 50 franchised Restaurants in the Rock & Brews® system~~
Brand Development Fee (2, 4, 5, 6)	1% of Gross Sales ~~1% of Gross Sales subject to an increase up to 3% of Gross Sales but any increase in any calendar year will not be more than 0.5%~~	Weekly on Wednesdays	Amounts due will be withdrawn by EFT from your designated bank account
Regional Cooperative Advertising (7)	As determined by the cooperative (not less than 2% of Gross Sales)	Weekly on Wednesdays	Cooperatives have not been established at this time Once formed, company-owned outlets will have the same voting power as franchise outlets Payments to the cooperative will be credited against any Local Advertising payments
Local Marketing (2, 5)	2% of Gross Sales	Monthly - as incurred by you	You are required to spend 2% of your Gross Sales on approved local marketing and promotion You will need to prepare an annual budget and we must approve all advertising using our Marks
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses Current per diem rate = $75~~500~~/day	As incurred	If you request that we provide additional training at your Restaurant beyond the 14 days' training for your Restaurant opening, you must pay our daily fee for each trainer and you must reimburse each trainer's expenses, including travel, lodging and meals
Orange Door	$275 monthly fee	When billed	This system runs and monitors music and music videos played in your Restaurant You will have the option to either purchase the equipment (for the price of $2,299) and pay a monthly music service fee (including ASCAP, BMI and SESAC) of $199, or lease the equipment and the monthly music service (including ASCAP, BMI and SESAC) for a monthly fee of $275
Network mailboxes	$10 00 each	When billed	Five (5) @rockandbrews com email addresses are included in the Initial Franchise Fee Additional email addresses are $10 each
Transfer	50% of the then current initial	On or before the date of the proposed	No fee is imposed for a one-time transfer to a corporate entity you form

	franchise fee to transferees outside of the System, 20% of the then current initial franchise fee to existing franchisees	transfer	for the convenience of ownership
Renewal Fee	50% of then-current initial franchise fee	Before renewal	You will pay this fee if we agree to renew the Franchise Agreement There is no renewal under the Area Development Agreement
Relocation Fee	20% of the then current initial franchise fee	With request for our permission to relocate your Restaurant	If you wish to relocate your Restaurant, you must apply to us for our consent to the relocation and pay the relocation fee If you are required to relocate your Restaurant because of no fault of yours, in lieu of paying a relocation fee, you will be required to reimburse our direct costs associated with approving the relocation (for example, site location and/or lease negotiation assistance, legal and accounting fees, travel expenses and other out-of-pocket costs)
Late Fee	$100	On demand, if incurred	Payable for each delinquent report or payment you owe to us In addition to interest on overdue amounts (as noted below), you will pay a late fee for each payment that is more than 10 days overdue to cover our administrative costs in dealing with the late payment
Interest on Late Payments	The greater of 18% per annum, or the highest rate permitted by law	With payment of past due amount	Due on all overdue amounts Interest accrues from the original due date until payment is received in full
Audit Fee	Cost of audit	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us by more than 2% You must also pay any understated amount with interest
Insurance (8)	Insurance premiums and our costs and expenses	When billed	Due only if you fail to maintain insurance and we (at our option) obtain insurance on your behalf and charge you the cost of the insurance, plus interest on the monies we advance, and you must reimburse us for the actual costs we incur in connection with such efforts
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for the costs we incur if we are sued or held liable

			for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the trademarks in an unauthorized manner
Costs and attorneys' fees	Will vary under circumstances	As incurred	If you default under a franchise or area development agreement and we are the prevailing party in any related dispute, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Supplier or Product Testing (9)	Actual costs of our evaluation, but not more than $500	On demand	Applies to new suppliers or supplies you wish to purchase that we have not previously approved May be paid by suppliers
Gift Cards and Loyalty Cards	To be determined		We reserve the right to develop a retail gift card and/or loyalty card program for all Rock & Brews Restaurants If we develop this program, you must participate in it
Liquidated Damages~~damages~~	Equal to average monthly Royalty Fee you paid or owed to us during the 12 month period immediately preceding termination, multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is higher	15 days after termination	If we terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, these liquidated damages
Helpdesk for POS System	$1,100 - $1,300 per year, subject to annual increase	Annually	Payable to vendor
Secret Recipe Products	As set by us	Immediately upon receipt of invoice or as otherwise arranged	You will prepare the Secret Recipe Products and will purchase from us or an approved supplier we designate all of your supplies for the Secret Recipe Products, all in accordance with our requirements
Mystery Shopper Evaluations	Up to $150 per visit	On demand, if incurred	You will have to pay for mystery shopper evaluations of your Restaurant only if you fail an evaluation by us or a mystery shopper

			service, or if we receive a specific customer complaint related to your Restaurant
Operations Manual Replacement Fee	Will vary under the circumstances, but not to exceed $1,000	On demand, if incurred	Payable if you need a replacement copy of any volume of our Confidential Operations Manual
Removal of Proprietary Marks	Reimbursement of our costs	On demand, if incurred	If you do not remove signage or other items displaying the Proprietary Marks upon termination or expiration of the Franchise Agreement, we have the right to remove all items bearing the Proprietary Marks and you must reimburse us for our costs

Notes

(1) The above table sets forth a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party You pay all fees to us unless otherwise noted All fees are nonrefundable and, except as expressly stated, all fees are uniformly imposed

(2) You must sign and deliver to us the documents that we periodically require to authorize us to debit your bank account automatically for the Royalty Fee, Brand Development Fee and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due By Monday of each week (or the next business day if any Monday is not a business day), you must provide us with a report of Gross Sales for the preceding week ending Sunday ("Royalty Report") If the Royalty Report has not been received by us when due, then we may process an EFT for the Royalty Fee for the week based on (a) information regarding your Gross Sales for the preceding week, or (b) the most recent Royalty Report provided to us by you, provided that if we receive the Royalty Report after we process the EFT and the Royalty Report reflects (i) that the actual amount of the Royalty Fee due was more than the amount of the EFT processed by us, then we shall be entitled to withdraw additional money through EFT from your designated bank account for the difference, or (ii) that the actual amount of the Royalty Fee due was less than the amount of the EFT processed by us, then we shall return the excess amount to you within five business days of notice by you or discovery by us if the excess is greater than $150, but if the excess withdrawn by us is $150 or less, then we will credit the excess amount to the payment of the next Royalty Fee due

(3) The amount of the Royalty Fee for any renewal term will be as provided in the franchise agreement executed for such renewal term

(4) Gross Sales means and includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant whether under any of the Marks or otherwise, including, without limitation, any cover charges or fees, your share of the revenues from any vending or similar activities in your Restaurant or on its premises, catering and other off-site activities and events, and all license and use fees Gross Sales excludes sales taxes

For avoidance of doubt, the following items are included within the definition of Gross Sales (i) the full value of meals furnished to your employees as an incident to their employment except that the value of any discounts extended to your employees may be credited against Gross Sales during the week in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due, and (ii) all proceeds from the sale of coupons, gift certificates or vouchers, provided that at the time the coupons, gift certificates or vouchers are redeemed the retail price may be credited against Gross Sales during the week in which the coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due

(5) See Item 11 for more information on marketing

(6) The Brand Development Fee is paid to us for deposit in a Brand Development Fund The expenses for local marketing must be paid by you directly to the vendors

(7) As further described in Item 11, we may designate a local marketing cooperative and require you to contribute to and participate in the marketing cooperative Each Restaurant, including our company and affiliate-owned Restaurants (except Non-Traditional Locations and Mobile Vehicle Businesses) located in the marketing area, will be a member of the marketing cooperative Each Restaurant will have one vote per Restaurant If the majority of the Restaurants in a local marketing cooperative are company- or affiliate-owned, we will have majority voting power

(8) You pay insurance premiums directly to third party insurers If you fail to pay these amounts we may, but are not obligated to, pay these amounts on your behalf and you must reimburse us for all amounts paid You must deliver to us upon execution of the lease or purchase agreement for the Authorized Location, but prior to commencing construction of your Restaurant, and thereafter annually or at our request, a proper certificate evidencing the existence of the required insurance coverage See Item 8 for more information on insurance

(9) Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so We must approve any product or supplier in writing before you make any purchases of that product or from that supplier We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our costs of product or supplier evaluation, not to exceed $500

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(SINGLE RESTAURANT)

~~Column 1~~ **TYPE OF EXPENSE**	~~Column 2~~ **AMOUNT[(1)]**	~~Column 3~~ **METHOD OF PAYMENT**	~~Column 4~~ **WHEN DUE**	~~Column 5~~ **TO WHOM PAYMENT IS TO BE MADE**
Building (excludes land) [(2)]	$0 to $250,000	Lump Sum	Per Contract Payment Schedule	Vendor

Electronic Equipment [3]	$80,000 to $105,000	Lump Sum	Per Contract Payment Schedule	Approved Vendor
Business Plan Development	$3,000 to $4,000	Lump Sum	Before beginning business	Your Approved Vendor
Insurance [4]	$20,000 to $30,000	As Incurred	As Required	Carrier
Initial Inventory [5]	$25,000 to $75,000	As Incurred	As Required	Vendor
Office Furniture /Equipment [6]	$4,000 to $5,000	Lump Sum	Before beginning business	Vendor
Exterior Signage [7]	$45,000 to $75,000	As Incurred	Per Contract	Approved Vendor
Restaurant Furniture [8]	$80,000 to $241,000	Lump Sum	Before beginning business	Approved Vendor
Kitchen/Bar Equipment [9]	$185,000 to $623,000	Lump sum	Before beginning business	Approved Vendor
P O S System [10]	$35,000 To $75,000	Lump Sum or Lease	Before beginning business	Approved Vendor
Architect Fees [11]	$50,000 to $85,000	Lump Sum	Before beginning business	Approved Architect
Art Package, design, layout, 3D modeling, installation [12]	$10,000	Lump Sum	Before start of Art Package design and no later than 30 days prior to Restaurant opening	Rock & Brews
Initial Franchise Fee [13]	$50,000-$250,000	Lump Sum	Upon Signing Franchise Agreement	Rock & Brews
Site Evaluation Fee	$0 - $5,000	Lump Sum	Upon Signing of our Site Evaluation report	Rock & Brews
Leasehold Improvements [14]	$286,000 to $1,613,000	Lump Sum	Before beginning business	Vendors & Contractors

Utility Deposits [15]	$15,000 to $25,000	Lump Sum	As Required	Municipalities
Licenses and Permits [16]	$50,000 to $85,000	Lump Sum	As Required	Agencies
Initial Promotional Advertising Expenses [17]	$30,000 to $40,000	As Incurred	Before beginning business	Media or Agency and us
Professional Fees [18]	$25,000 to $35,000	As Incurred	Before beginning business	Agency
Travel, Lodging, Meals, Etc for Initial Training [19]	$35,000 to $60,000	As Incurred	Before beginning business	Travel Agencies and Restaurants & Hotels
Smallwares [20]	$45,000 to $75,000	As Incurred	Before beginning business	Approved Vendor
Pre-Opening Payroll [21]	$95,000 to $155,000	Paid to staff as incurred	As Incurred	Your Staff
Initial Uniform Supply [22]	$10,000 to $15,000	As Incurred	As Incurred	Approved Vendor
Rent and Rent Deposit [23]	$110,000 to $175,000	As Incurred	As Incurred	Landlord
Art Work printing [24]	$45,000 to $85,000	As Incurred	As Incurred	AAA Banner or other approved Vendor
Telephone System [25]	$5,000 to $10,000	As Incurred	As Incurred	Vendor
Miscellaneous Start-Up Costs [26]	$40,000 to $60,000	As Incurred	As Incurred	Vendors
Additional Funds (first 6 months of operation) [27]	$100,000 to $150,000	As Incurred	As Incurred after opening business	Bank
TOTAL[28]	**$1,478,000 to $4,416~~216~~,000 (exclusive of land)**			

The above table sets forth our estimate of your initial investment to construct and open one Rock & Brews franchised Traditional Restaurant The estimate covers the period before the opening of your Rock & Brews Franchised Business and for the initial phase of 6 months of operation Unless otherwise indicated, payments are generally not refundable Most of the estimates included in this Table will be similar for a Non-Traditional Location (the Initial Franchise Fee in the Table includes the higher fee for Non-Traditional Locations as noted in Item 5), and any differences will be attributable to the uniqueness of the Non-Traditional Location and the franchisee s control over the premises for the Non-Traditional Location

FOOTNOTES FOR YOUR ESTIMATED INITIAL INVESTMENT

1 The initial investment amount does not include the cost of land, and the amounts in several categories will vary depending on building size, whether you lease or own the space or building Factors such as the decision to lease or buy, size and location, a new construction or an existing restaurant site, will affect the cost of your investment The typical franchise will be in locations such as shopping centers, or will be a free standing building

2 The size of the Restaurant will typically be between 6,000 and 8,000 square feet, although Non-Traditional Restaurants may be considerably smaller. The low estimate is if you rent an existing building The high estimate is if you build on a pad site

3 The low estimate includes the standard package consisting of television monitors, Direct TV dishes and receivers, audio, video, and music system, wiring and cabling The high estimate represents the premium electronic equipment package for a 8,000 square foot building The estimates include $75 installation fee to use Revinate product, a technology system that monitors the internet for social media related to your Restaurant You will also be required to pay a $75 monthly fee to Revinate for the use of this system

4 The insurance premiums detailed in the estimate are for general liability, liquor liability, business interruption, and workers compensation The amounts listed represent the premiums for 6 months of California coverage for 20 employees and $1,000,000 00 general and liquor liability with a $1,000,000 00 umbrella policy The majority of insurance costs are for workers' compensation, which is higher in California than almost any other state The costs can vary according to the actual number of employees and total amount of annual payroll Additionally, the workers compensation rates may also vary for each franchisee

5 The initial inventory for food and liquor will vary depending on the size of the Restaurant (capacity), number of bar wells, frequency of deliveries, and the initial quantity of business

6 The initial expense for office furniture and equipment includes the cost of a personal computer, monitor, printer-fax-copier, desk, chair, file cabinet and floor mounted safe The price may vary depending on the quantity and quality of the items purchased

7 The low estimate for outdoor signage is for one sign The high estimate represents two mounted outdoor signs The actual price may vary depending on the specific signage chosen and any additional signage Local code restrictions may restrict the signage available for a certain restaurant and affect the costs

8 The low estimate is based on a seating capacity of 200 people The high estimate is based on a seating capacity of 400 The estimates also include the back-bar, bar-top and bus station

9 Our estimate includes a kitchen display system with three display screens for the kitchen and software

10 Our estimate includes nine terminals, the back office server, printers, and software

11 This estimate represents the architectural drawings including a construction set

12 This fee is for the design, layout and installation of your art package The art gallery, band posters/artwork and other related music memorabilia are proprietary to the System See also Item 5

13 The Initial Franchise Fee is discussed in detail in Item 5

14 This estimate is for site work and building construction, but excludes the cost of land The cost of your site work and building construction will depend in large part on the size of the building you select and other factors The actual cost for site work and building construction depends on many variables, including Restaurant location and lot size, site improvement costs, soil and environmental conditions, federal, state and local building codes and fees, health department requirements, local labor costs, union labor requirements, materials, interest costs, inflation and other factors Acquisition costs may be beyond the ranges identified above in certain cases or localities Down payment requirements and initial financing or commitment expenses are negotiated individually and vary too widely to be realistically predicted The low end of the range assumes leased, in-line space The high estimate assumes new construction of a free-standing building

15 Utility deposits can vary greatly depending on location, average usage, municipality, bond requirements and current energy costs

16 This estimate represents the various building and occupational permits needed and liquor licensing requirements There is a variation in the costs associated with the purchase of a liquor license You should consult with the state and local agencies to determine the range of costs for the licenses and permits required for your specific location

17 You must submit to us for approval your grand opening advertising plan and budget at least 30 days before your Restaurant's opening If we do not receive your grand opening advertising plan when required, we have the option of creating a grand opening advertising plan for you that you must then implement and you must pay us the amount stated in this Item 7 as reimbursement for our expenses incurred in preparing your grand opening advertising plan

18 This estimate includes the costs associated with the setup of a corporation or other business entity, professional fees for an accountant and nominal legal and business consulting fees, and loan fees or loan broker fees that you may incur in applying for financing We strongly recommend that you engage the services of an attorney and/or an accountant to assist you in evaluating this franchise offering You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise Your cost will vary depending on how much you rely on your chosen advisors

19 The costs associated with training will vary depending upon your Restaurant location's proximity to our training center Others factors to be considered are the number of manager/owners to attend initial training and the costs associated with travel and lodging These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for trainees Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation

20 Included with the smallwares estimate is the purchase price of various kitchen and bar appliances such as microwave oven, bar blender, coffee warmers, etc

21 The costs of pre-opening payroll will vary depending on factors such as size of staff, and rate of pay You should consult with your own local payroll laws in your estimations

22 The estimate represents the Rock & Brews "standard" opening order

23 Rent and rent deposits will vary for each location Normally 1st month rent and additional one month's rent is required for a security deposit

24 The low estimate represents the minimum amount to be expended on artwork The high estimate will provide a more complete look to the Restaurant by incorporating more "quality" pieces

25 The range in estimate for telephone depends primarily on the amounts of voice mail ports available within each system The high estimate allows up to four voice mail ports

26 This estimate includes bar bank set ups, petty cash funds, initial change supply, stock of printer paper, envelopes, and other miscellaneous office supplies as listed on our office supply checklist This estimate does not include the personal computer listed above under "office furniture "

27 We recommend a balance of $100,000 to $150,000 to cover any additional costs of initial operation of a Restaurant We have used a 6-month period for this working capital as such period represents the highest outlay of expenses such as payroll, supplies, etc During the initial 6 months of operation, each Restaurant will be accumulating data on how many employees to staff on shifts to ensure quality service and how much inventory of food and liquor needs to be on hand These are areas that typically require a greater up front cost, and once business has established itself, can be greatly reduced or modified to better fit the market fluctuations The amount of working capital needed will depend on the time necessary to achieve cash flow to cover operating expenses This category includes estimated payroll, utilities, vendor, marketing, promotion, bank fees, insurance and similar costs during the initial phase of a new Restaurant, which we estimate will be six months This amount is the minimum recommended for your first six months of operations Shortfalls of capital may arise from independent factors such as labor shortages, delays in construction or delivery and installation of leasehold improvements and equipment, or possible recession If you begin operating your Restaurant with inadequate cash, you may experience a total loss of your investment We cannot guarantee that you will not have additional expenses starting your business Your costs will depend on factors such as how much you follow our System and procedures, the local market for purchasing food products, the prevailing wage rate, competition, and the sales level reached during the initial period

28 In preparing these estimates, we relied on our affiliate's experience in operating Rock & Brews Restaurants since 2010 Your actual costs may vary greatly and will depend on factors such as real estate demand, the size and condition of the space and the cost to convert to a Rock & Brews Restaurant, your

management skills, experience, and business acumen, local economic conditions, the local market for products, the prevailing wage rate, competition, and the sales level reached during the start-up phase These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations These estimates expect you to lease rather than purchase real estate The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee These estimates do not provide for your cash requirements to cover operating losses after the initial six-month phase or your personal living expenses You must have additional sums available, whether in cash or through lines of credit, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial six-month phase We urge you to review these figures carefully with an experienced accountant or business advisor before making any decision to purchase the franchise We recommend that you engage a business advisor to assist you in developing a business plan and financial projections for your Rock & Brews Franchised Business We do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates We do not imply or guarantee that you will "break even" by any particular time

YOUR ESTIMATED INITIAL INVESTMENT
(Area Development)

If you become a Developer, you will pay a Development Fee as described in Item 5 The Development Fee is fully earned by us when received and is not refundable Your estimated initial investment for your first Restaurant is as disclosed in the applicable table above in this Item 7 The Initial Franchise Fee for each subsequent Restaurant is set forth in Item 5

The minimum number of Restaurants to be developed under an Area Development Agreement is three Traditional Restaurants We will not grant an Area Development Agreement for Non-Traditional Locations ~~Restaurants~~ If you sign an Area Development Agreement to open three Rock & Brews Restaurants under three separate Franchise Agreements, the following chart shows your estimated initial investment for such three Restaurants, calculated based on the information in the table above in this Item 7

YOUR ESTIMATED INITIAL INVESTMENT AREA DEVELOPMENT AGREEMENT				
~~Column 1~~ **Type of Expenditure**	~~Column 2~~ **Amount**	~~Column 3~~ **Method of Payment**	~~Column 4~~ **When Due**	~~Column 5~~ **To Whom Payment is to be Made**
Development Fee (for three Restaurants)*	$100,000	Lump Sum	When Area Development Agreement is Signed	Us
Other Expenditures** for first business	$1,428,000 to $4,176,000	As Disclosed in above Item 7 Table	As Disclosed in above Item 7 Table	As Disclosed in above Item 7 Table
Total	**$1,528,000 to $4,276,000**			

* The $100,000 Development Fee covers the Initial Franchise Fee for the first Restaurant and 50% of the Initial Franchise Fee for each of the second and third Restaurant The remaining 50% of the Initial

Franchise Fee for the second and third Restaurant is due upon execution of the Franchise Agreement for such Restaurant See item 5

** This is the estimated initial investment amount for the first Restaurant, copied from the first table in this Item 7, except that we (i) subtracted the $50,000 initial franchise fee from such amount because the initial franchise fee for the first Restaurant is already included in the Development Fee and (ii) increased the higher end of the total estimate by $10,000 to reflect the fact that your professional fees (such as legal and financial advisor fees) may be higher if you are a Developer Because the Development Fee covers 100% of the initial franchise fee for the first Restaurant but only 50% of the initial franchise fee for the second and third Restaurants, the estimated initial investment amount for the second and third Restaurants will need to be increased by $25,000 to cover the entire initial franchise fee for each such Restaurant Subject to the foregoing with respect to the initial franchise fee, a Developer is expected to incur these same costs for each Rock & Brews Restaurant it develops, subject further to inflation and other increases in costs over time

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the Rock & Brews system, you must maintain and comply with our quality standards Although you are not required to purchase or lease real estate from us or our affiliates, we must approve any location you select for your Restaurant (see Item 11) You must execute our standard form of Lease Addendum in connection with any lease for the location, a copy of which is attached to the Franchise Agreement as Schedule D You must construct and equip your Restaurant in accordance with our then current approved design, specifications and standards In addition, it is your responsibility to ensure that your building plans comply with the Americans With Disabilities Act and all other federal, state and local laws You also must use equipment (including hardware and software for a Restaurant point-of-sale system), signage, fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards You must make such capital improvements and remodel and upgrade your Restaurant (including upgrade your audio/visual equipment) as we may reasonably request from time to time for your Restaurant to reflect the current image of new Rock & Brews restaurants (taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of your Franchise Agreement) A remodel investment will be no less than $300,000 but not more than $500,000 and we will not require remodeling more frequently than once every five years during the term of your Franchise Agreement

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory products, food products, uniforms, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Restaurant ("Approved Supplies List") The Approved Supplies List may identify the specific manufacturer or supplier of a specific product or piece of equipment We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or an affiliate may be that single source For example, as of the date of this Disclosure Document, you must purchase POS software from an approved third party supplier In addition, currently, Sysco is our sole approved food vendor Also, Drasin Design is currently our sole approved design architect firm Additionally, you must purchase certain furniture, fixtures, equipment, smallware and packaging from our approved suppliers As of the date of this Disclosure Document, you must purchase from us the following services (1) design, layout and 3D modeling services for the art package for your Restaurant, and (2) on-site art package installation services (See Item 5) As of the date of this Disclosure Document, we are the only supplier of these services In addition, you must purchase Restaurant design services and project management services either from us or another approved supplier You must pay the then current price in effect for any purchases from us or our affiliates

Our Approved Supplies List also may include other specific products without reference to a particular manufacturer or supplier, or it may set forth the specifications and/or standards for other approved products For example, your Computer System (including the computer hardware and software) and insurance coverage must meet our standards and specifications We may revise the Approved Suppliers List and Approved Supplies List We give you the approved lists as we deem advisable We generally do not give these lists to approved suppliers Except as provided in this Item 8, as of the date of this Disclosure Document you are not required to purchase any products, supplies, materials or services from us or our affiliates, but we reserve this right in the future

Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so We must approve any product or supplier in writing before you make any purchases of that product or from that supplier We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our cost of product or supplier evaluation, not to exceed $500 We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards Our supplier approval procedure does not obligate us to approve any particular supplier We will notify you within 45 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential

None of our officers currently have an ownership interest in any approved supplier

You must carry insurance policies protecting you, us and our affiliates The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing) (1) comprehensive general liability, including broad form contractual liability, employment practices coverage, broad form property damage, personal injury, facilities, completed operations, products liability, automobile (covering all vehicles used in the delivery of products from the Restaurant, including owned, hired and non-owned vehicles), fire legal liability and liquor liability in the minimum amount of $1,000,000, (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Restaurant with an agreed amount endorsement equal to 100% of the property's value, (3) employer's liability, workers' compensation, dram shop, and any other insurance that may be required by statute or rule of the state or locality in which the Restaurant is located and operated, (4) business interruption insurance of at least 50% of your annual gross sales excluding payroll, including naming us as an additional insured and loss payee for royalties that would have been paid by you during the preceding 12 month period, (5) any insurance coverages required by the terms of the lease for the Restaurant premises, and (6) any other insurance coverages we may require in the future In addition, related to any construction, renovation or remodeling of the Restaurant, you must maintain builders risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us The required liability insurance must (x) name Rock & Brews Franchising, LLC and affiliates (collectively, "R&B Entities") as additional insureds, (y) provide severability of interests and/or separation of insureds coverage, and (z) be primary and non-contributory with any insurance policy carried by R&B Entities and include a waiver of subrogation in favor of R&B Entities We may from time to time modify the required minimum limits and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Rock & Brews system, standards of liability and higher damage awards Although we do not do so as of the date of this Disclosure Document we reserve the right to designate a single source from which you must purchase or renew insurance

You must deliver to us or our designee at commencement and thereafter annually or at our designee's request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph The insurance certificate must show compliance with all required insurance specifications If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so You must pay these amounts to us immediately upon written notice

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Restaurant

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8, as well as in connection with any future purchase of any goods, products or services Most of these payments are calculated on an amount based on products sold We will retain and use such payments as we deem appropriate or as required by the vendor We also may derive revenue from any items we sell directly to you in the future by charging you more than our cost For our most recently concluded fiscal year ending December 31, 2018~~2017, we did not receive any revenue based upon items we sold to franchisees For our most recently concluded fiscal year ending December 31, 2017~~, we received rebates in the total amount of $16,770~~3,912~~ (or approximately 0.57~~about 001~~% of our total revenue of $2,944,228~~3,724,283~~) from items purchased by our franchisees from third party suppliers We did not receive any revenue based upon items we sold to franchisees

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers

The estimated proportion of the required purchases, purchases from approved suppliers and purchases in accordance with our specifications to all purchases in establishing the business is 75% and in the operation of the franchised business is 80% to 90%

ITEM 9
FRANCHISEE'S OBLIGATIONS

This Table lists your principal obligations under the franchise and other agreements It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document

	Obligation	Section in Agreement*	Item in Disclosure Document
a	Site selection and acquisition/lease	Sections 2A, 2B and 5A, Section 4 of the Area Development Agreement	Items 7 and 11
b	Pre-opening purchases/leases	Sections 5A, 6A-6E	Items 6, 7 and 8
c	Site development and other pre-opening requirements	Sections 5A and 5B, Sections 2 and 4 of the Area Development Agreement	Items 7, 8 and 11
d	Initial and ongoing training	Sections 7A-7C and 7E, Section 6 of the Area Development Agreement	Items 6 and 11
e	Opening	Sections 2C and 5A, Section 4 of the Area Development Agreement	Item 11
f	Fees	Sections 9A-9D, Section 3 of the Area Development Agreement	Items 5, 6 and 7
g	Compliance with standards and policies/Operations Manual	Sections 6A-6P, Sections 4 and 6A of the Area Development Agreement	Items 6, 7, 8, 11, 14 and 16
h	Trademarks and proprietary information	Sections 3A-3E, 6J, and 6Q, Section 6B of the Area Development Agreement	Items 13 and 14
i	Restrictions on products/services offered	Sections 2D, 2E, 6A-6C, 6E, 6K and 6L	Items 6, 7, 8, 11, and 16
j	Warranty and customer services requirements	Section 6G, 6M	Items 6 and 8
k	Territorial development and sales quotas	Sections 2A, 2B, and 2D, Section 4 of the Area Development Agreement, Appendix B of the Area Development Agreement	Item 12
l	Ongoing product/service purchases	Sections 6A-6E	Items 6, 7 and 8
m	Maintenance, appearance and remodeling requirements	Sections 5C-5F	Items 8 and 11
n	Insurance	Section 10C	Items 6, 7 and 8
o	Advertising	Sections 8A-8H and 9D	Items 6, 7 and 11
p	Indemnification	Section 10B	Not Applicable
q	Owner's participation/ management/staffing	Sections 7A-7E,	Items 11 and 15
r	Records/reports	Sections 9E, 9H and 9I	Item 11
s	Inspections/audits	Sections 5A-5C, 6G and 9I	Items 6 and 11
t	Transfer	Sections 11A-11H, Section 9 of the Area Development Agreement	Items 6 and 17
u	Renewal	Section 4B	Items 6 and 17

v	Post-termination obligations	Sections 14A-C, Sections 8A-G of the Area Development Agreement	Item 17
w	Non-competition covenants	Section 10D	Item 17
x	Dispute resolution	Section 12, Section 10N of the Area Development Agreement	Item 17
y	Other	Not Applicable	Not Applicable

* Unless otherwise noted, Section references are to the Franchise Agreement

ITEM 10
FINANCING

We do not offer direct or indirect financing We do not guarantee your notes, leases or obligations

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

Except as listed below, Rock & Brews Franchising, LLC is not required to provide you with any assistance

Pre-Opening Assistance Before you open your Restaurant, we will

1 Provide you with site selection criteria and general building, design and construction requirements for your Restaurant, or Site Evaluation Report, if necessary (Franchise Agreement, Sections 5A and B)

2 Provide you with the Approved Suppliers and Approved Supplies List (Franchise Agreement, Section 6C)

3 Provide you with either a written copy or an electronic copy of the Operations Manual (or electronic access to the Operations Manual) consisting of approximately 250 pages that details the specifications and procedures incidental to the operation of the Restaurant (Franchise Agreement, Section 6I)

4 Provide the training programs described below (Franchise Agreement, Sections 7B and 7C)

5 Provide on-site assistance for up to 14 days in connection with the opening of your Restaurant (Franchise Agreement, Section 9B)

Ongoing Assistance During the operation of your Restaurant, we will

1 Maintain the Brand Development Fund (Franchise Agreement, Section 8A)

2 Provide updates to the Approved Suppliers and Approved Supplies Lists and continue to research and develop new products (Franchise Agreement, Section 6C)

3 Make periodic visits to your Restaurant as we reasonably determine to be necessary to provide consultation and guidance (Franchise Agreement, Section 6G)

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4 Provide ongoing training at our El Segundo location, the Authorized Location or other location we designate, as we determine necessary, and require the Control Person, the General Manager, the assistant managers, and other key personnel of the Restaurant to attend, at your expense (Franchise Agreement, Sections 7C and 7E)

5 Hold or sponsor franchise conventions and meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, as we determine necessary, and require you and the Control Person to attend, at your expense (Franchise Agreement, Section 7E)

6 Provide ongoing communication and support and updates to the Operations Manual (Franchise Agreement, Section 6B and 6I)

7 Provide technical assistance and support at no charge for the first 30 days after the opening of your Rock & Brews Restaurant Any ongoing technical support beyond that period will be billed at our then current hourly rate (currently $75 00 per hour) (Franchise Agreement, Section 6D)

Our Obligations Under the Area Development Agreement

A Developer signs the initial Franchise Agreement in the Development Schedule at the time the Area Development Agreement is signed Our obligations under the Franchise Agreement apply to a Developer Each time a Developer signs another Franchise Agreement, our obligations are activated for the new Restaurant to be established We do not have separate obligations under the Area Development Agreement

Marketing

Recognizing the value of advertising and marketing to the goodwill and public image of Rock & Brews Restaurants, we have established and administer and control a Brand Development Fund (the "Fund") You will be required to contribute 1% of Gross Sales of the Restaurant each week to the Fund

The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund We have the right to make disbursements from the Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns Without limiting the generality of the foregoing, the Fund may be used for the following purposes (1) salaries, benefits and any other payments made to employees or any other individual or entity providing services to the Fund, and other administrative costs and ~~other~~ operating expenses, (2) broadcast, digital, print or other advertising, (3) the creation, development and production of advertising and promotional materials, (4) any marketing or related research and development, and (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menus and menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, internet access provider costs, subscriptions to industry newsletters or magazines, and other marketing related expenditures we specify

We determine the use of the monies in the Fund We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Restaurant is located We oversee the advertising program and use the Fund to create marketing materials and conduct, regional or local advertising We contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned Restaurant in the same local marketing area Restaurants located at "Non-Traditional Locations" (as described in Item 1~~12~~) do not contribute to the Fund From time to time we may contribute to the Fund some amounts paid to us by outside suppliers We will prepare an annual unaudited accounting of the Fund and make it available for your review upon your written request We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency We may be reimbursed for administrative costs and overhead incurred in administering the Fund We will not use any of the advertising funds for the solicitation of franchise sales, but any marketing materials we produce may designate "Franchises Available " During our last fiscal year ended December 31, 2018~~2017~~, use of the payments to the fund were as follows

Type of Expense	Percentage
Public Relations	15.2~~22.7~~%
Graphic Design	11.7~~23.6~~%
Regional Marketing	11.5%
Social Media	7.2~~21.3~~%
Email Marketing	5.2~~6.3~~%
Marketing Research	6.2%
Merchandise	8.5~~6.2~~%
Website	4.0%
Photography	2.9~~1.8~~%
Print Advertising	1.1~~9~~%
Promotions	6.3~~11.8~~%
Audio/Visual	1.6~~3.5~~%
Travel & Entertainment	.5%
Marketing – (Admin) ~~Misc~~	18.1~~.0~~%
Total	**100%**

Any Fund fees not spent in 2018~~2017~~ will be used to pay down the deficit accumulated in the Fund from prior years where expenditures exceeded fees collected

In addition to the Fund Fee (if applicable), you also must spend at least 2% of your Gross Sales on local marketing and promotion each year All of your local marketing and promotion (including through social media) must be in media that we approve and must be conducted in a dignified manner and conform to the standards and requirements that we specify You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe Furthermore, any promotional activities you conduct in the Restaurant or on its premises are subject to our approval We will not unreasonably withhold approval of any sales promotion materials or media and activities, provided that they are current, in good condition, in good taste and accurately depict the Trademarks Any point-of-sale posters or other promotional materials used by you must be current and in good condition We may make available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged The cooperative will determine the amount of franchisee contribution, although in no event below 2% of Gross Sales for each franchisee, and each cooperative will be required to adopt governing bylaws based on our forms and meeting our approval Each company-owned or affiliate-owned Restaurant except "Non-Traditional Locations" will contribute to the cooperative on the same terms as other franchisees and each Restaurant will have one vote on all matters requiring a vote We reserve the right to administer the advertising cooperatives' funds and require payment from its members via electronic funds transfer The cooperative must maintain financial statements, which will be available to the members of the cooperative upon written request

You must also conduct certain advertising and public relations activities in connection with the opening of your Restaurant In addition to the local marketing fee and the Fund Fee (if applicable), we require you to spend $30,000 for such opening activities, which must be spent within 45 days prior and 45 days after the opening of your Restaurant We have the right, but not the obligation, to administer these funds on your behalf

We have not created, sponsored or endorsed any advertising councils composed of franchisees

Computer System

You must purchase and/or lease and use any computer system that we develop or select for the Restaurant, including all future updates, supplements and modifications (the "Computer System") The Computer System includes hardware and software used in the operation of the Restaurant, including Point-of-Sale (POS) terminals and back office programs used to record, analyze and report sales, labor, inventory and tax information We expect that the POS system will cost between $30,000 and $75,000 You must also purchase a Helpdesk contract for your POS system, which we anticipate will cost approximately between $1,100 and $1,300 per year It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Restaurant, including all data protection or security laws as well as PCI compliance

The Computer System may in the future include proprietary software You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software All right, title and interest in the software will remain with the licensor of the software The computer hardware component of the Computer System must conform to specifications we develop We reserve the right to designate a single source from whom you must purchase the Computer System You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Computer System You must, at all times, have at the Authorized Location internet access with a form of high-speed broadband internet connection at our then-current minimum bandwidth specification and you must maintain (i) an email account for our direct correspondence with the Control

Person, and (ii) a separate email account for the Restaurant

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost

Site Selection

You select the site for the Restaurant with site selection guidelines we provide We must approve the site In seeking our approval, you must submit third-party demographic information and such other analysis and information related to the site and market as we may require We will approve, or notify you of our objections to, your proposed site within 45 days of receiving all of the required information If we determine that an on-site evaluation of your proposed location is required, you must pay us a one-time non-refundable Site Evaluation Fee of $5,000 for our preparation of a site evaluation report, which you must sign The Site Evaluation Fee is discussed in more detail in Item 6 If you and we are unable to agree upon a site within 90 days from the date you sign a Franchise Agreement we may grant you an extension of time to locate a site or terminate the Franchise Agreement In addition, you must execute a lease or a purchase agreement for the site within 120 days of the execution of the Franchise Agreement Further, we must approve your plans and specifications for the Restaurant prior to the time you commence construction The site selection factors considered by us in deciding whether or not to object to the location may include the following (a) demographics, (b) traffic patterns, (c) visibility, (d) business mix, (e) parking, (f) layout and dimensions of location, (g) physical characteristics of the site, (h) lease duration, and (i) other factors

Typical Length of Time Before You Open Your Restaurant

The typical length of time between the signing of the Franchise Agreement and the opening of your business is approximately 8 months Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Restaurant, meet local requirements, obtain inventory, and similar factors

Unless we provide you with written notice stating otherwise, we must approve your opening date

If a developer fails to comply with the Development Schedule, we may terminate the Area Development Agreement, reduce the number of Restaurants the developer has the right to develop, terminate or reduce the Development Territory, repurchase any Restaurants open by you under the Area Development Agreement or exercise any other rights and remedies that we may have (Area Development Agreement, Section 7 C)

Operations Manual

Attached as Exhibit E to this Disclosure Document is the table of contents for our Operations Manual You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Restaurant, and the information contained in them, as confidential The Operations Manual will remain our sole property We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard The Operations Manual includes 1,478 pages

Training

No later than 90 days before the date the Restaurant begins operation, you or your General Manager and Kitchen Manager must attend and complete, to our satisfaction, our initial training program

No later than 45 days before the date the Restaurant begins operation, your floor manager(s), bar manager(s) and assistant manager must attend and complete, to our satisfaction, our initial training program

We will provide instructors and training materials for the initial training of you or your General Manager, Kitchen Manager, Bar Manager, two (2) Floor Managers and any Assistant Manager for no additional fee, but you must pay the expenses incurred by you and your trainees while attending training We will determine whether the trainees have satisfactorily completed initial training If the General Manager or Kitchen Manager does not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant Any General Manager or Kitchen Manager subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that manager to the training program, at your expense We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training (see Item 6) You must also pay for all expenses you other personnel incur for any training program, including costs of travel, lodging, meals and wages

We will conduct this training at an existing Rock & Brews Restaurant located in El Segundo, California or at another location we designate Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of Restaurants The initial training program will generally last eight weeks for the General Manager and Kitchen Manager and two weeks for floor manager(s), bar manager(s) and any assistant managers, depending on the level of experience of the trainee, and will include busser training, server training, bar training, operator training, kitchen training and host/hostess training We reserve the right to change the scope/length of the training programs in our discretion

If our representatives spend more than ten days past the opening of your Restaurant providing assistance, you must pay our per diem fee, (see Item 6) per trainer and reimburse our trainers' expenses for each additional days of assistance If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Restaurant, you must pay our then-current per diem fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals (see Item 6)

Our formal training program will be directed by Bill Goldblum, who has at least 35 years of experience in restaurant operations and management We may also use our Affiliate's employees to assist in certain portions of our training program Each trainer that we use will have at least one year of relevant experience in the subject they are teaching We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice

The instructional materials used in the initial training consist of our Operations Manual, marketing and promotion materials, policy and procedures manual, videos, floor layout and template, and any other materials that we believe will be beneficial to our franchisees in the training process

The training schedule and activities of the initial training program are described below

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the job training for General Managers Kitchen Managers	Hours of On-the-Job Training Floor Manager(s) Bar Manager(s) Assistance Kitchen Manager(s)	Location
History of Rock & Brews	1/2	-	-	El Segundo, CA
Use of the Manual	1/2	-	-	El Segundo, CA
Tour of the Bar	1	-	-	El Segundo, CA
Pre-Opening Procedures	1	-	-	El Segundo, CA
Personnel Issues	2	-	-	El Segundo, CA
Advertising	1	5	5	El Segundo, CA
Management Procedures	1	22	22	El Segundo, CA
Franchise Reporting Requirements	1/2	5	5	El Segundo, CA
Accounting/Record keeping	1/2	10	10	El Segundo, CA
Customer Service Procedures	1	22	22	El Segundo, CA
Front/Back of House – Manager Duties	1	35	35	El Segundo, CA
Back of House – Prep/Cook Procedures	1	30	30	El Segundo, CA
Bartending/Server	1 1/2	25	25	El Segundo, CA
Inventory Management	1	10	10	El Segundo, CA
POS System	2	5	5	El Segundo, CA
Cleaning Procedures	1/2	5	5	El Segundo, CA
Safety Procedures	1	5	5	El Segundo, CA
Totals	17	179	179	El Segundo, CA

Training hours may vary depending on previous experience, performance, understanding and proficiency

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience of those persons being trained

In addition to the initial training program, the initial on-site assistance, and any additional on-site assistance or training you request, as described above, we may offer ongoing training programs, annual franchise conventions, or other meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics We may designate that attendance at any such training program, convention or meeting is mandatory for you, your General Manager, Control Person, and/or assistant managers and other key employees, unless the absence is excused by us In addition, we may sponsor an annual training meeting for General Managers, which your General Manager may be required to attend You must pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the Rock & Brews System You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees You are solely responsible for ensuring that your employees receive adequate training

ITEM 12
TERRITORY

You will receive the right to operate a Rock & Brews Restaurant at a specific location described in the Franchise Agreement (the "Authorized Location") Your Franchise Agreement will also specify a designated territory that will provide you with some territory protection (the "Designated Area") The size and scope of your Designated Area will be contained in the Franchise Agreement and will be determined on a case-by-case basis, but generally it will be a radius of three miles Generally, we consider the following factors in determining the size and scope of a designated territory (i) current and projected market demand, (ii) demographics and population, (iii) traffic patterns, (iv) access and visibility, (v) location of other Rock & Brews Restaurants, and (vi) our future development plans We typically define a designated territory by market area

You will not receive an exclusive territory You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control The Franchise Agreement does not grant you any territorial rights beyond the Designated Area During the term of your Franchise Agreement, we will not operate or grant others the right to establish or operate any other Rock & Brews Restaurant within your Designated Area, except as generally described in this Item 12 and more fully noted in the Franchise Agreement There are no circumstances under which your Designated Area may be altered prior to the expiration or termination of your Franchise Agreement Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with your Franchise Agreement

We retain all rights that are not expressly granted to you under the Franchise Agreement The license granted to you under the Franchise Agreement does not include (i) any right to sell products and Menu Items at any location outside the Designated Area, except for any catering or delivery services we permit, (ii) any right to sell products and Menu Items through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) any right to sell products and Menu Items to any person or entity for resale or further distribution, except as we may establish from time to time, or (iv) any right to exclude control or impose conditions on our development of future franchised, company- or affiliate-owned Restaurants at any time or at any location regardless of the proximity to your Designated Area

Further, we may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein

(i) establish and/or license others to establish franchised or company-owned or affiliate-owned Restaurants at any location outside your Designated Area regardless of the proximity of such Restaurants to your Designated Area,

(ii) merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or Restaurants of any kind (including those in competition with Rock & Brews) under other systems and/or other marks, which businesses and Restaurants may convert to or operate under the Marks and may offer or sell menu items, products and services that are the same as or similar to the Menu Items offered at or from the Restaurant, and which may be located anywhere inside or outside of your Designated Area, and

(iii) sell and distribute for ourselves and/or license others to sell and distribute through franchised businesses or any other method of distribution, both inside and outside your Designated Area, menu items the same as or different from the Menu Items offered under the System, and which are offered and distributed under marks different than the Marks

In addition, we and our affiliates have the right both inside and outside your Designated Area to offer, sell or distribute any proprietary items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names through any distribution channels or methods ("Alternative Methods of Distribution"), some of which are defined below as Non-Traditional Locations, including, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, casinos, health care facilities, business or industry locations (e g manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce)

Non-Traditional Locations will also be excluded from your Designated Area and we have the right to develop or franchise Non-Traditional Locations which include, but are not limited to (1) military bases, (2) public transportation facilities, including, without limitation, airports and other transportation terminals, (3) sports facilities, including without limitation arenas, stadiums and race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, (6) casinos (7) community and special events, and (8) fair grounds

We are not obliged to pay any compensation to you for soliciting or accepting orders from inside your Designated Area

You may not offer catering and delivery services unless we authorize in writing If you install or maintain on the Restaurant premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within three days from receiving written notice from us Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed unless you receive out prior written approval

Continuation of your right to operate a Rock & Brews Restaurant does not depend on the achievement of a certain sales volume, market penetration or other contingency You do not receive any rights of first refusal or the right to acquire additional franchises unless you sign another franchise agreement with us

There are no restrictions on the customers you may solicit You do not, however, have the right to use other channels of distribution, including the Internet, to make sales

You do not have the right to relocate your Restaurant without our prior written approval You may only relocate your Restaurant to a location inside your Designated Area, provided that you have submitted third-party demographic information and such other analysis and information related to the site as we may require, such location meets our standards and requirements, and we have consented in writing to the new site If we allow you to relocate your Restaurant, you must do so at your cost, and you must pay us a relocation fee of (i) 50% of the then current initial franchise fee for relocation to a free-standing building or (ii) 20% of the then current initial franchise fee for relocation to strip center or similar development

Area Development Agreement

If you and we enter into an Area Development Agreement requiring you to open and operate multiple Rock & Brews Restaurants in a Development Territory, we will not develop or operate or grant anyone else a franchise to develop and operate a Rock & Brews Restaurant business (except for the Alternative Methods of Distribution, and/or Non-Traditional Locations as defined above) in the Development Territory prior to the earlier of (i) the expiration or termination of your Area Development Agreement, (ii) the date on which you must execute the Franchise Agreement for your last Restaurant pursuant to the terms of the Development Schedule or (iii) the date on which the Authorized Location for your final Restaurant under your Area Development Agreement is determined Your Development Territory is not 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 Notwithstanding anything in the Area Development Agreement, upon the earliest occurrence of any of the foregoing events (i) the Development Territory will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, Rock & Brews Restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Restaurant We determine the Development Territory in an Area Development Agreement using the following criteria population, demographics and competitive market share However, the Development Territory must be able to support the number of Restaurants you intend to establish in that area As a result, the Development Territory generally consists of a portion of a state

You do not have any options, rights of first refusal or similar rights to acquire additional franchises under an Area Development Agreement

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee s Authorized Location for a single Restaurant are generally the same for the Development Territory set forth in an Area Development Agreement In addition, we may terminate the Area Development Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule, (ii) fail to comply with any other terms and conditions of the Area Development Agreement, (iii) make or attempt to make a transfer or assignment in violation of the Area Development Agreement, or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties

ITEM 13
TRADEMARKS

The Franchise Agreement licenses you to use the trademark Rock & Brews, as well as other trademarks, service marks, trade names and commercial symbols and other Marks that we designate We and our affiliate, RNB Licensing, LLC ("RNB"), also claim common law trademark rights for all of the Marks RNB has filed or intends to file all required affidavits and renewals for the Marks listed below

Trademark	Application Date	Serial Number	Registration Date	Registration Number
Rock & Brews (standard word mark)	11/09/2011	85,468,886	06/11/2013	43,487,63
Rock & Brews (standard word mark)	04/10/2006	76,658,095	02/26/2008	33,893,78

We do not have a federal registration for the logo that appears on the FTC cover page of this Disclosure Document Marks for which we have not obtained federal registration to date do not have many legal benefits and rights that federally registered trademarks have If our right to use a Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses

RNB has licensed us the right to use the Marks and certain other intellectual property for the development and operation of Rock & Brews Restaurants and to sublicense the use of the same under the terms of the License Agreement dated October 1, 2012 (the "License Agreement") If we lose our right to the Marks or the other intellectual property under the License Agreement, your rights to use the Marks and the System will continue subject to the terms and conditions of your Franchise Agreement

Appendix A to your Franchise Agreement identifies the Marks that you are licensed to use We have the right to change Appendix A from time to time Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement

You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing We may change the System presently identified by the Marks including the adoption of new Marks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense within the timeframe we prescribe If the changes to the Marks result in a required change to outdoor signage, we will pay for 1/3 of the costs to replace your outdoor signage if your sign is less than 2 years old and we require that you replace the sign within one year from the date of notification We will have no other liability or obligation as to your modification or discontinuance of any Mark

There are currently no effective material determinations by the United States Patent and Trademark Office (the "USPTO"), the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks Except as noted below, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the Marks

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, patent applications or copyrights currently pending or registered that are material to the franchise, although we do claim copyright ownership and protection for our Rock & Brews Franchise Agreement, Area Development Agreement, Operations Manual, website and for various sales promotional and other materials published from time to time

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware

You must keep confidential during and after the term of the Franchise Agreement all trade secret and proprietary information, including the Operations Manual and the care and preparation of the Menu Items Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to any writing relating to the care and preparation of the Menu Items, the Operations Manual and all other copyright material You must notify us immediately if you learn about an unauthorized use of proprietary information We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information You must comply with all changes to the Operations Manual at your cost

Certain components of the artwork and related memorabilia are proprietary to the System ("Proprietary Art"), and you may not sell or otherwise use the Proprietary Art for any other purpose other than operating the Restaurant during the term of this Agreement

All ideas, concepts, procedures, techniques or processes concerning the Rock & Brews Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us To the extent any item does not qualify as a "work made-for-hire" for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item

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

You may be an individual, corporation, partnership or other form of legal entity Under the Franchise Agreement, certain parties are characterized as your Principals In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Principal Owners

You must have a Control Person (who must be at least a 10% owner of you and must be a guarantor) and a General Manager (who will be the main individual responsible for operating your Restaurant, as further defined in the Franchise Agreement), who meet our standards and qualifications at all times during the term of the Franchise Agreement Your Control Person or General Manager and at least three of your assistant managers must successfully complete all required training to our satisfaction (such that at all times you have four trained managers for your Restaurant)

All replacement managers must complete training to our satisfaction and must begin training within 6 weeks of the time of hire If any person fails to satisfactorily complete the training program, you may designate a different individual, who must then satisfactorily complete the training program The Control Person and General Manager must ensure that the Restaurant is operated in accordance with the terms and conditions of the Franchise Agreement, although this in no way relieves you of your responsibilities to do so You must also maintain a minimum of twelve certified trainers (two trainers for each of the following positions host/hostess, server, bartender, expo, line cook and prep cook) in each of your Restaurants

You must attend any annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, Restaurant management, sales or sales promotion, or similar topics, that we offer, at your own expense

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept If we so require, your managers and supervisory personnel and other employees receiving training from us must execute covenants not to compete in a form that we approve

Each~~Additionally each~~ of your Principal Owners (as the term is defined in the Franchise Agreement) must sign the form undertaking and guarantee attached to the Franchise Agreement, pursuant to which they agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 of this Disclosure Document describes our requirements for approved supplies and suppliers You must offer for sale at the Restaurant all of the Menu Items and related products that we periodically require and you may not offer at the Restaurant any unapproved products or use the premises for any purpose other than the operation of a Restaurant You must offer the minimum number of beer taps as we designate, which at the time of this Disclosure Document is 48 We have the unlimited right to change the number of taps as well as any of the types of authorized products and services you may offer

You may not offer any delivery service or engage in catering services without our prior written approval You may only install and maintain on the Restaurant premises newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that we approve them in writing In addition, pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed unless you receive our prior written approval You must offer wine, beer, liquor and other alcoholic beverages for sale at your Restaurant

You may not use Styrofoam packaging of any kind in your Restaurant or for to-go packaging You also may not offer for sale any Menu Items or other products through the Internet or other online programming or marketing See Item 12 You are not otherwise limited in the customers to whom you may sell products or services

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Agreement*	Summary
a	Length of the term of the franchise	Section 4A Sections 2 and 4 and Appendix B to the Area Development Agreement	Term is 10 years Term depends on the number of Restaurants to be developed under the Area Development Agreement as specifically set forth in Appendix B
b	Renewal or extension of the term	Section 4B	Option for one 10 year renewal No renewal or successor agreement rights under the Area Development Agreement
c	Requirements for you to renew or extend	Section 4B	You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term, you sign our then current form of franchise agreement, you have complied with the remodeling and modernization requirements for your Restaurant, you are not in default and have satisfied your obligations on a timely basis, if leasing and are not subject to relocation, you have written proof of your ability to remain in possession of the Restaurant premises throughout the renewal term, you comply with our training requirements, you pay us, at least 30 days prior to the end of the expiring term, a fee in the amount of 50% of the then current initial franchise fee, and you and your Principal Owners sign a release If you are approved for a successor agreement at the expiration of the initial term, you may be asked to sign a

	Provision	Section in Agreement*	Summary
			new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights
d	Termination by you	Section 13C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach, However, if the breach cannot reasonably be cured within 30 days, you have the right to terminate this Agreement if, after our receipt of a written notice from you, we do not within 30 days undertake and continue efforts to cure the breach until completion You do not have the right to terminate the Area Development Agreement
e	Termination by us without cause	Not Applicable	Not Applicable
f	Termination by us with cause	Sections 13A and 13B Section 7B of the Area Development Agreement	We can terminate the Franchise Agreement and Area Development Agreement only if you default or fail to comply with your obligations The Franchise Agreement and Area Development Agreement contain cross-default provisions
g	"Cause" defined - defaults which can be cured	Sections 13A and 13B Section 7B of the Area Development Agreement	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing, and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below Area Development Agreement You have 30 days to cure defaults not listed in (h) below
h	"Cause" defined – defaults which cannot be cured	Sections 2A, 5A, 5D, 13A, 13B and 15P	Non-curable defaults include any material misrepresentation or omission in your application for a franchise, abandonment, the loss of liquor license or suspensions totaling 90 days over any 5 year period, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, the closing of the Restaurant by the authorities for health or public safety reasons, unauthorized use of confidential information, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors, defaults that materially impair the goodwill associated with any of the Marks, felony or criminal convictions (or plea of no contest), infringement of Marks, intentionally understating or underreporting Gross Sales,

	Provision	Section in Agreement*	Summary
			royalties or other fees or 2% variance on two audits within a 3-year period, failure to open the Restaurant within 270 days of date of Franchise Agreement, failure to execute lease or purchase agreement for Restaurant within 120 days of date of Franchise Agreement, failure to start substantial construction 120 days (for free-standing location) or 150 days (for non-free standing location) after the date of the Franchise Agreement, failure to secure financing, failure to successfully complete our initial training program, unapproved assignments or transfers, multiple defaults, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 12 months employed in any type of managerial or certified trainer position by us, our affiliates, or by any franchisee in the system, or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law or regulation or any system standard as to food handling, cleanliness, health or sanitation
		Section 4C, 7B and 10 of the Area Development Agreement	Area Development Agreement You become insolvent, a receiver of your property is appointed, you make an assignment for the benefit of creditors, a final judgment remains unsatisfied for 30 days or longer (unless supersedeas is filed), execution is levied against your property, foreclosure suit is filed and not dismissed within 30 days, you fail to meet the development schedule, you violate an employee non-solicitation covenant, or we provide notice of termination under a Franchise Agreement
i	Your obligations on termination/non-renewal	Section 14A-14C	Obligations include complete de-identification of the Restaurant and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and Confidential Information, proprietary materials and related writings, right to purchase assets of the Restaurant (also see (o) and (r) below), and payment of liquidated damages in the event of termination with cause
		Sections 8A-8G of the Area Development Agreement	Area Development Agreement You lose all remaining rights to develop Restaurants Other obligations include those obligations noted above if existing Franchise Agreements also are terminated We also may have the right to purchase assets of the Restaurants (see (o) below)
j	Assignment of contract by Us	Section 11H Section 9A of the Area Development Agreement	No restriction on our right to assign

	Provision	Section in Agreement*	Summary
k	"Transfer" by you – defined	Section 11A Section 9B of the Area Development Agreement	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement and Section 9B of the Area Development Agreement
l	Our approval of transfer by you	Section 11B Section 9B of the Area Development Agreement	We have the right to approve all transfers but will not unreasonably withhold approval, provided that all conditions to transfer have been satisfied
m	Conditions for our approval of transfer	Sections 11B-11D Section 9B of the Area Development Agreement	Transferee meets all of our then-current requirements for new franchisees, transfer fee paid, all amounts owed by prior franchisee paid, required modernization/upgrade is completed (within 90 days of transfer), training completed, transferee executes then-current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you and your owners, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see (r) below), provided that certain transfer conditions do not apply to transfers to immediate family members or among Principal Owners You cannot transfer rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements
n	Our right of first refusal to acquire your business	Section 11F	We can match any offer for your Restaurant assets and, in the case of a proposed stock sale, we can purchase your Restaurant assets at a price determined by an appraiser, unless you and we agree otherwise
o	Our option to purchase your business	Section 14B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant, including the land (provided that, in the event of expiration of Franchise Agreement, you may choose to lease the land to us), building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, liquor license, and inventory Qualified appraiser(s) will determine price as set forth in the Franchise Agreement
p	Your death or disability	Section 11E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required but you will be required to reimburse our costs (not to exceed $3000)

	Provision	Section in Agreement*	Summary
q	Non-competition covenants during the term of the franchise	Section 10D	No direct or indirect involvement in the operation of any other restaurant or food business other than the one authorized in the Franchise Agreement, with the exception of interests in a restaurant other than casual or fast casual existing at the time of the Franchise Agreement, if approved by us in writing
r	Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement for 2 years in any restaurant that dispenses menu items similar to Rock & Brews Menu Items, that is music entertainment-oriented, or that sells or dispenses gourmet hamburgers, sandwiches, pizza, salads, chicken wings and beer or a restaurant with a similar trade dress and style of service, in each case if the restaurant is located (i) at the premises of the former Restaurant, (ii) within a 5-mile radius of the former Restaurant, or (iii) within 5 miles of any other business or Restaurant using the System
s	Modification of the Agreement	Section 15B Section 10C of the Area Development Agreement	No modifications generally, but we have the right to change the Operations Manual, list of authorized trademarks and menu
t	Integration/merger clause	Section 15B Section 10D of the Area Development Agreement	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law) Any representations or promises made outside the Franchise Agreement, Area Development Agreement or this Disclosure Document may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 12 Section 10N of the Area Development Agreement	Except for certain claims, all disputes must be mediated (in the county in which our headquarters are then located (currently, Los Angeles County, California) or at such other place as mutually acceptable) and, if not resolved in mediation, arbitrated in the county in which our headquarters are then located (currently, Los Angeles County, California) or at such other place as mutually acceptable (subject to state law)
v	Choice of forum	Section 15I Section 10H of the Area Development Agreement	Litigation must be in the applicable federal or state court in the county in which our headquarters are then located (currently, Los Angeles County, California) (subject to state law)
w	Choice of law	Section 15H Section 10G 1 of the Area Development Agreement	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state of the Authorized Location will govern any dispute (subject to state law) Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state in which the Development Territory is located, excluding any conflicts of laws provisions, will govern (subject to state law)

ITEM 18
PUBLIC FIGURES

International music and entertainment celebrities, Gene Simmons and Paul Stanley, appear in certain of our marketing materials and at certain of our public relations and marketing events, which we use to promote products manufactured or distributed by us and offered for sale by our franchisees Subject to certain contractual limitations, Mr Simmons and Mr Stanley may also make personal promotional appearances on our behalf We can use their names and photographs in certain marketing materials promoting the "Rock & Brews," name, and products sold by Rock & Brews Restaurants In addition, we are permitted to use, without payment of any special charges, certain materials bearing Mr Simmons' and Mr Stanley's names and likenesses in promotional materials We may utilize Mr Simmons and Mr Stanley for the purpose of promoting the sale of "Rock & Brews" franchises Mr Simmons and Mr Stanley are not involved in the day to day management or control of Rock & Brews Franchising, LLC Mr Simmons and Mr Stanley hold a minority ownership interest in Rock & Brews Franchising, LLC and/or one of our Affiliates

You are not permitted to use the name or likeness of Mr Simmons, Mr Stanley or the rock group Kiss in any of your in-Restaurant or local marketing or otherwise in connection with the development or operation of your Restaurant without our prior written approval

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document Financial performance information that differs from that included in Item 19 may be given only if (i) a franchisor provides the actual records of an existing outlet you are considering buying, or (ii) 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

This Item 19 statement is an unaudited statement of gross sales, as qualified below, for all franchised and company owned Restaurants in the System This Item 19 statement is a historic representation based on the past performance of existing outlets Actual results for franchised Restaurants will vary from the figures presented herein This statement of average gross sales consists of two separate sections, as described further below ~~Gross sales means and includes the total revenues and receipts from the sale of all products services and merchandise sold in your Restaurant whether under any of the Trademarks or otherwise, including, without limitation any cover charges or fees your share of the revenues from any vending or similar activities in your Restaurant or on its premises catering and other off-site activities and events, and all license and use fees Gross sales excludes sales taxes For avoidance of doubt the following items are included within the definition of gross sales (i) the full value of meals furnished to your employees as an incident to their employment except that the value of any discounts extended to your employees may be credited against gross sales during the week in which the meals were furnished for the purpose of determining the amount of gross sales upon which the Royalty Fee is due and (ii) all proceeds from the sale of coupons gift certificates or vouchers provided that at the time the coupons, gift certificates or vouchers are redeemed the retail price may be credited against gross sales during the week in which the coupon gift certificate or voucher is redeemed for the purpose of determining the amount of gross sales upon which the Royalty Fee is due~~

Section 1 below~~This Item 19~~ provides a statement of average gross sales for eleven~~ten~~

franchised Traditional Restaurants and two company-owned Traditional Restaurants, each having 2,500 or more square feet in size ("Traditional Footprint"), and each having been opened before January 1, 2018~~2017~~ and in operation for at least 12 months as of our most recent fiscal year end (December 31, 2018). We have not included the one Traditional Restaurant~~2017). No outlets~~ that open during 2018 and thus had not been open a full year as of December 31, 2018, and~~fit the criteria were excluded from~~ the one Traditional Restaurant that closed during 2018, although that restaurant had been open for more than two years before closing. We also have not included Non-Traditional Restaurants in this Item 19~~representation~~

During the fiscal year ending December 31, 2018~~2017~~, the 11~~10~~ franchised Traditional Footprint Restaurants that were opened before January 1, 2018~~2017~~ and which had been in operation for full 12 months during the last fiscal year had average gross sales (excluding sales taxes) of $4,051,351~~147,798~~ and median gross sales (excluding sales taxes) of $3,571,76 Three~~4,022,106 Four~~ of the 11~~10~~ franchised Traditional Footprint Restaurants (or 27~~40~~%) achieved or exceeded the stated average gross sales, and five of the 11~~10~~ franchised Traditional Footprint Restaurants (or 45~~50~~%) achieved or exceeded the stated median gross sales Out of these 11~~10~~ franchised Restaurants, the lowest actual gross sales figure was $2 367 339~~1 635,117~~ and the highest actual gross sales figure was $6,443,990~~716,091~~ During the fiscal year ending December 31, 2018~~2017~~, the two company-owned Traditional Footprint Restaurants that were opened before January 1, 2018~~2017~~ and which had been in operation for full 12 months during the last fiscal year had actual gross sales (excluding sales taxes) of $2,177,909~~322,806~~ and $5,556,002 ~~485 022~~

The franchised Restaurant sales information is based on sales reports submitted to us by franchisees We have not audited the reports for purposes of this Item 19 information All franchised and company owned Restaurants considered offer substantially the same products and services as will be offered from your Restaurant We have made no material assumptions in producing the gross sales figures described above Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request

Some outlets have earned these amounts Your individual results may differ There is no assurance that you'll earn as much

You are responsible for developing your own business plan for your Restaurant, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances This Item 19 information does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit You should conduct an independent investigation of the costs and expenses you will incur in operating your Restaurant We encourage you to consult with your own accounting, business and legal advisors to assist you to identify the expenses you likely will incur in connection with your Restaurant, to prepare your budgets, and to assess the likely or potential financial performance of your Restaurant Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information

In developing the business plan for your Restaurant, you are cautioned to make necessary allowance for changes in financial results to income, expenses or both, that may result from operation of your Restaurant during periods of, or in geographic areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences

Other than the preceding financial performance representation, Rock & Brews Franchising, LLC does 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 actual records of that Restaurant If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Daniel Evans, Vice President~~Director~~ of Franchising, at 321 12th Street, Suite 200, Manhattan Beach, CA, 90266, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For years ~~2015,~~ 2016, 2017, 2018*

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised**	2016~~2015~~	6~~4~~	10~~6~~	+4~~2~~
	2017~~2016~~	10~~6~~	12~~10~~	+2~~7~~
	2018~~2017~~	12~~10~~	13~~12~~	+1~~2~~
Company-Owned***	2016~~2015~~	2	2	0
	2017~~2016~~	2	2	0
	~~2017~~2018	2	2	0
Total Outlets	2016~~2015~~	8~~6~~	12~~8~~	+4~~2~~
	2017~~2016~~	12~~8~~	14~~12~~	+2~~7~~
	2018~~2017~~	14~~12~~	15~~14~~	+1~~2~~

*The figures are as of December 31, ~~2015~~ 2016, 2017 and 2018~~2017~~

**The Franchised Outlets included in this chart are of the type being offered under this Disclosure Document and do not include the 4 non-traditional restaurants referred to in Item 1

***The Company-Owned Outlets in the above chart include Restaurants that are owned and operated by our affiliate

Table No 2
Transfers of Outlets from Franchisees* to New Owners (other than the Franchisor)
For years ~~2015,~~ 2016, 2017, 2018**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2016~~2015~~	0
	2017~~2016~~	0
	2018~~2017~~	0
Total	2016~~2015~~	0
	2017~~2016~~	0
	2018~~2017~~	0

***The Franchised Outlets included in this chart are of the type being offered under this Disclosure Document and do not include the 4 non-traditional restaurants referred to in Item 1

**All figures are as of December 31, ~~2015,~~ 2016, 2017 and 2018~~2017~~ States not listed had no transfer activity to report

Table No 3
Status of Franchised Outlets*
For years ~~2015,~~ 2016, 2017, 2018**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
CA	2016~~2015~~	2~~1~~	2~~1~~	0	0	0	0	4~~2~~
	2017~~2016~~	4~~2~~	1~~2~~	0	0	0	0	5~~4~~
	2018~~2017~~	5~~4~~	1	0	0	0	0	6~~5~~
FL	2016~~2015~~	1	0	0	0	0	0	1
	2017~~2016~~	1	1~~0~~	0	0	0	0	2~~1~~
	2018~~2017~~	2~~1~~	1	0	0	0	0	3~~2~~
KS	2016~~2015~~	1	0	0	0	0	0	1
	2017~~2016~~	1	0	0	0	0	0	1
	2018~~2017~~	1	0	0	0	0	0	1
MO	2016~~2015~~	0	1~~0~~	0	0	0	0	1~~0~~
	2017~~2016~~	1~~0~~	0~~1~~	0	0	0	0	1
	2018~~2017~~	1	0	0	0	0	0	1
NM	2016~~2015~~	1	0	0	0	0	0	1
	2017~~2016~~	1	0	0	0	0	0	1
	2018~~2017~~	1	0	0	0	0	0	1
OK	2016~~2015~~	1~~0~~	0~~1~~	0	0	0	0	1
	2017~~2016~~	1	0	0	0	0	0	1
	2018~~2017~~	1	0	1~~0~~	0	0	0	0~~1~~
TX	2016~~2015~~	0	1~~0~~	0	0	0	0	1~~0~~
	2017~~2016~~	1~~0~~	0~~1~~	0	0	0	0	1
	2018~~2017~~	1	0	0	0	0	0	1
Totals	**2016~~2015~~**	**6~~4~~**	**4~~2~~**	**0**	**0**	**0**	**0**	**10~~6~~**
	2017~~2016~~	**10~~6~~**	**2~~4~~**	**0**	**0**	**0**	**0**	**12~~10~~**
	2018~~2017~~	**12~~10~~**	**2**	**1~~0~~**	**0**	**0**	**0**	**13~~12~~**

*The Franchised Outlets included in this chart are of the type being offered under this Disclosure Document and do not include the 4 non-traditional restaurants referred to in Item 1

**All figures are as of December 31, ~~2015~~ 2016, 2017 and 2018~~2017~~ States not listed had no franchised activity to report

Table No 4
Status of Company-Owned Outlets*
For years ~~2015,~~ 2016, 2017, 2018**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
CA	2016~~2015~~	1	0	0	0	0	1
	2017~~2016~~	1	0	0	0	0	1
	2018~~2017~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
HI	2016~~2015~~	1	0	0	0	0	1
	2017~~2016~~	1	0	0	0	0	1
	2018~~2017~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
Total	2016~~2015~~	2	0	0	0	0	2
	2017~~2016~~	2	0	0	0	0	2
	2018~~2017~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~

* The Company-Owned Outlets in the above chart include Restaurants that are owned and operated by our affiliates

**All figures are as of December 31, ~~2015~~ 2016, 2017 and 2018~~2017~~

Table No 5
Projected Openings as of December 31, 2018~~2017~~

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Open	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In The Next Fiscal Year
CA	1~~2~~	2~~3~~	1
FL	0~~1~~	1	0
TX	0	0	0
~~IL~~	~~0~~	~~0~~	~~1~~
TOTAL	1~~3~~	3~~4~~	1~~2~~

Exhibit G lists the names of all our operating franchisees and area developers and the addresses and telephone numbers of their Restaurants as of December 31, 2018~~2017~~ Exhibit G also lists the franchisees that have signed franchise agreements for Restaurants which were not yet operational as of December 31, 2018~~2017~~ Additionally, Exhibit G lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

During our last three fiscal years some current or former franchisees signed confidentiality clauses In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

We have not created, sponsored or endorsed any trademark-specific franchisee associations

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are our audited financial statements for the fiscal year ending December 31, 2018 and 2017, the six-month period ending December 31, 2016, and for the fiscal years ending June 30, 2016 and~~, June 30~~ 2015~~ and June 30 2014 We changed our fiscal year end from June 30 to December 31, as of December 31 2016~~

~~As noted in Item 1, we were formed on May 29, 2012~~

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts

Exhibit C -	Franchise Agreement, including Schedules A-Trademarks, B-Designated Area, C-Addendum to Lease, D-Electronic Transfer of Fund Authorization
Exhibit D -	Area Development Agreement, including Personal Guaranty, Appendix A-Data Sheet, B-Development Territory, C-Development Schedule
Exhibit F -	Sample Release
Exhibit H -	State Addenda

ITEM 23
RECEIPTS

Attached to this Disclosure Document as Exhibit I is a detachable acknowledgment of receipt

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West 4th Street, Ste 750 Los Angeles, CA 90013-2344 1-866-275-2677	Business Oversight Commissioner Same Address
HAWAII	Dept of Commerce & Consumer Affairs Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 St Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attention Franchise Section G Mennen Williams Building, First Floor 525 W Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEW YORK	N.Y.S. Department of Law ~~Office of the New York State Attorney General~~ Investor Protection Bureau 28 Liberty Street, 21st ~~Franchise Section~~ ~~120 Broadway, 23~~rd Floor New York, NY 10005-1495 ~~10271-0332~~ (212) 416-8222 ~~8236~~ Phone (212) 416-8816 ~~6042~~ Fax	Attention New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Ave State Capitol, Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O Pastore Complex - Bldg 69-1 1511 Pontiac Ave Cranston, RI 02920 (401) 462-9500 ext. 5	Director of the Rhode Island Department of Business Regulation Same Address
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S Euclid Ave, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Securities Same Address
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9733	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	Director, Dept of Financial Institutions, Securities Division Same Address
WISCONSIN	Department of Financial Institutions Division of Securities ~~Division~~ 201 W Washington Ave, Suite 300 Madison, WI 53703 (608) 266-8557	Wisconsin Commissioner of Securities Same Address

US 2189 14-5 06 ~~82112-6-02~~

EXHIBIT B

FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS AND
FINANCIAL STATEMENTS

ROCK & BREWS FRANCHISING, LLC

December 31, 2018, 2017, and 2016

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

To the Member
Rock & Brews Franchising, LLC

Report on Financial Statements

We have audited the accompanying financial statements of Rock & Brews Franchising, LLC which comprise the balance sheets as of December 31, 2018, 2017, and 2016, and the related statements of income, member's equity, and cash flows for each of the two years in the period ended December 31, 2018, and for the six-month period ended December 31, 2016, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rock & Brews Franchising, LLC as of December 31, 2018, 2017, and 2016, and the result of its operations, and its cash flows for each of the two years in the period ended December 31, 2018 and for the six-month period ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America

Moss Adams LLP

Los Angeles, California
March 25, 2019

ASSETS

	December 31, 2018	December 31, 2017	December 31, 2016
CURRENT ASSETS			
Cash and cash equivalents	$ 194,261	$ 198,693	$ 181,545
Accounts receivable	238,356	133,392	155 891
Prepaid expenses and other current assets	27,377	13,396	3,866
Total current assets	459,994	345,481	341,302
PROPERTY AND EQUIPMENT, NET	35,287	38,350	45,503
DUE FROM RELATED PARTIES	1,711,257	1,592,397	725,905
DEPOSITS	6,399	6,399	6,399
Total assets	$ 2,212,937	$ 1,982,627	$ 1,119,109

LIABILITIES AND MEMBER'S EQUITY

	2018	2017	2016
CURRENT LIABILITIES			
Accounts payable	$ 161,067	$ 194,899	$ 111,105
Accrued expenses	208,493	194,354	136,676
Deferred revenue, current	-	205,000	105,000
Total current liabilities	369,560	594,253	352,781
NON-CURRENT LIABILITIES			
Deferred rent	45,253	67,388	82,624
Deferred revenue, non-current	335 000	260,000	565,000
Total non-current liabilities	380,253	327,388	647,624
MEMBER'S EQUITY	1 463 124	1 060,986	118 704
Total liabilities and member's equity	$ 2,212,937	$ 1,982,627	$ 1,119,109

Rock & Brews Franchising, LLC
Statements of Income

	For the Years Ended December 31, 2018	For the Years Ended December 31, 2017	For the Six-Month Period Ended December 31, 2016
REVENUE			
Development fee income	$ 130,000	$ 355,000	$ 50,000
Royalty income	2,121,972	2,001,876	981,283
Brand development fee income	570,966	634,496	273,631
Other income	121,290	732,911	315,266
Total revenue	2,944,228	3,724,283	1 620,180
FRANCHISE EXPENSES			
Consulting fee - operations	148,844	173,602	133,984
Cost of labor	895,494	754,877	273,785
Franchise expenses	3,376	483,948	201,138
Total franchise expenses	1,047,714	1,412,427	608,907
MARKETING EXPENSES	764,193	631,579	322,220
GENERAL AND ADMINISTRATIVE EXPENSES			
Occupancy	235,924	235,923	166,204
Other operating expenses	386,249	432,750	233,056
Depreciation	13,921	11,451	5,367
Legal and professional	93,994	57,754	99,054
Total general and administrative expenses	730 088	737,878	503,681
Total expenses	2,541 995	2,781,884	1,434,808
OPERATING INCOME	402,233	942,399	185,372
OTHER INCOME (EXPENSES)			
Interest expense	(95)	(117)	(49,814)
Interest income	-	-	22,484
Total other expenses	(95)	(117)	(27,330)
NET INCOME	$ 402,138	$ 942,282	$ 158,042

 See accompanying notes

Rock & Brews Franchising, LLC
Statement of Changes in Member's Equity

	Member's Equity
BALANCE, June 30, 2016	$ (1,179,301)
Contributions from members	1,139,963
Net income	158,042
BALANCE, December 31, 2016	118,704
Net income	942,282
BALANCE, December 31, 2017	1,060,986
Net income	402,138
BALANCE, December 31, 2018	$ 1,463,124

Rock & Brews Franchising, LLC
Statements of Cash Flows

	For the Years Ended December 31,		For the Six-Month Period Ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 402,138	$ 942,282	$ 158,042
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	13,921	11,451	5,367
Changes in operating assets and liabilities			
Accounts receivable	(104,964)	22,499	(155,891)
Due from related parties	(118,860)	(866,492)	-
Prepaid expenses and other current assets	(13,981)	(9,530)	201,178
Accounts payable	(33,832)	83,794	(78,697)
Accrued expenses	14,139	57,678	74,714
Deferred rent	(22,135)	(15,236)	57,784
Deferred revenue	(130,000)	(205,000)	210,000
Net cash provided by operating activities	6,426	21,446	472,497
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of equipment	(10,858)	(4,298)	-
Net cash used in investing activities	(10,858)	(4,298)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments made on related-party loans, net	-	-	(496,128)
Net cash used in financing activities	-	-	(496,128)
NET CHANGE IN CASH	(4,432)	17,148	(23,631)
CASH AND CASH EQUIVALENTS, beginning of period	198,693	181,545	205,176
CASH AND CASH EQUIVALENTS, end of period	$ 194,261	$ 198,693	$ 181,545
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	$ 95	$ 117	$ 49,814
SUPPLEMENTAL DISCLOSURE OF NON-CASH ITEMS			
Related-party notes converted to equity	$ -	$ -	$ 1,139,963

See accompanying notes

Note 1 – Nature of Business

Rock & Brews Franchising, LLC (the "Company") was organized in the state of California as a limited liability company on May 29, 2012, and commenced operations soon thereafter The Company is in the business of franchising restaurants and beer garden businesses (including, but not limited to, airport concessions) operating under the "Rock & Brews" name The Company holds licenses of certain trademarks and other intangible property (collectively, the "Intellectual Property") to promote and support sublicenses and franchise restaurants using such Intellectual Property As of December 31, 2018, the Company had 18 franchise locations and 2 Company-owned locations in operation and had sold the rights to develop another 19 franchise units under various franchise development agreements

The Company was owned previously by various members ("Member") that also have common ownership in the Company owned locations and Rock and Brew Holdings, Inc (the "Parent") Effective July 1, 2016, the Parent performed a reorganization under common control, whereby the Members of the Company exchanged their interest in the Company for an equivalent value of Parent company stock The last Member exchanged his interests in the Company on December 31, 2016, and as of December 31, 2016, the Company became a wholly-owned subsidiary of the Parent As these transactions occurred outside of the Company between its Members, no adjustments have been reflected in the equity for this transaction

The Member performs many of the day-to-day management of the Company's operations The Member directly pays for certain operating expenses of the Company, and the Company reimburses the Member for Company invoices that are paid for by the Member on behalf of the Company, based on shared services Net income and loss and all items of the Company's income, gain, loss, deduction, or credit will be allocated to the Member The Company has relied on resources from the Member to support operations and the Member has committed to continue to provide financial support to the Company sufficient for the Company during the start-up and growth phase of the franchising operations

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U S GAAP) The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of each year presented

Fiscal year – In 2016, the Company's fiscal year-end changed from June 30 to December 31 The Company changed their year-end to be consistent with the Parent Company

Use of estimates – The preparation of the financial statements in conformity with U S GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes Actual results could differ from those estimates

Cash and cash equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents

Note 2 – Summary of Significant Accounting Policies (continued)

Fair value of financial instruments – The carrying value of the Company's cash and cash equivalents, accounts receivable, and accrued expenses approximates fair value due to their short-term nature

Accounts receivable – Accounts receivable represent amounts due from their franchisees for royalty revenues and are stated net of an allowance for doubtful accounts On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for doubtful accounts, if required, based on a history of past write-offs and collections and current credit considerations Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote At December 31, 2018, 2017, and 2016, no allowance for doubtful accounts was necessary

Prepaid expenses and other current assets – Prepaid expenses and other current assets consist primarily of rent, general business related insurance policies, royalty and brand development fee receivables, and other operating expenses

Property and equipment – Property and equipment are recorded at cost Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years for equipment, 3 years for computers, and the lesser of seven years or the life of the lease for leasehold improvements Expenditures for major additions or improvements which extend the useful lives of assets are capitalized Minor replacements, maintenance and repairs, are charged to operations as incurred Disposals are removed at cost less accumulated depreciation, and any resulting gain or loss is reflected in current operations

Leases – The Company's leases are evaluated and classified as operating or capital leases for financial reporting purposes Operating leases may contain rent holidays, or free rents, and rent escalations during the lease terms Rental expense is recorded on a straight-line basis starting on the date the Company takes control of the related leased space The difference between the average rental amount charged to expense and the amount payable under the lease is recorded as deferred rent

Gift cards – Revenue related to the sale of gift cards is collected from the franchisees by the Company and deferred until the gift card is redeemed The Company reimburses the franchisees for gift cards that are redeemed Outstanding gift cards are tracked internally through each of the franchisees' point of sale system The balances of unredeemed gift cards amounted to approximately $174,000, $175,000, and $120,000 as of December 31, 2018, 2017, and 2016, respectively, and are included in accrued expenses in the accompanying balance sheets

Development fee income – Area development fees (ADA) are for a territory in which a developer has agreed to develop and operate a certain number of franchise restaurants over a stipulated period of time, usually 20 years The related territory is unavailable to any other party and is no longer marketed by the Company ADA fees are initially recorded as deferred revenue and recognized as revenue when individual restaurants are opened by the developer, the point at which the Company has substantially performed its obligations Deferred revenue includes $285 000 $365,000, and $620 000 in ADA fees as of December 31, 2018, 2017 and 2016, respectively

Note 2 – Summary of Significant Accounting Policies (continued)

Franchise income – The Company's franchise agreements typically operate under ten-year franchise agreements with the option to renew for up to two additional five-year successor terms Initial franchise fees are recorded as deferred revenue when received and are recognized as revenue when a franchised restaurant is opened, the point at which the Company has substantially performed its obligations Deferred revenue includes $50,000, $100,000, and $50,000 in initial franchise fees as of December 31, 2018, 2017, and 2016, respectively

Royalty income – Royalty income represents royalties earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the "Rock & Brew" name, menus, processes, and procedures The royalty rate in the franchise agreement is typically 3 to 5 percent of the gross sales of each restaurant operated by each franchisee Such revenue is recognized when earned and is payable to the Company weekly when the sales are reported by the franchisees

Brand development fee income – Brand development fee income represents fees earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the "Rock & Brews" name for promotional materials The brand development rate in the franchise agreement is typically 1 percent of the gross sales, is recognized when earned and is payable to the Company weekly when the sales are reported by the franchisees

Other income –On occasion the Company is engaged to consult on concept design and development projects for its franchises , which has included specialty build-outs or audio-visual displays For the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016, other income included approximately $100,000, $659,000, and $270,000, respectively, for completing these one-time, special projects The Company incurred costs associated with these one-time agreements, which are included in franchising expenses on the accompanying statements of income, of approximately $3,000, $483,000, and $201,000 for the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016, respectively

Franchising expenses – The Company incurs certain costs associated with the selling of franchise restaurants and fulfilling its obligations to the franchisees These costs include salaries, wages, and benefits for employees involved in the selling and training of franchises including the use of consultants Franchising expenses are expensed as incurred and are included in other operating expenses in the accompanying statements of income

Brand development expenses – The Company's brand development expenses consist of two categories, brand development fund expenses and general franchisor related brand development expenses Brand development fund expenses consist of items such as graphic design media costs, and costs incurred for printed brand development materials General franchisor brand development expenses include items such as trade shows and other expenses relating to the sale of franchises

Note 2 – Summary of Significant Accounting Policies (continued)

General and administrative expenses – The Company's general and administrative expenses consist of legal fees, accounting fees, office supplies, telephone, internet, and rent

Income taxes – The Company is a limited liability company and is classified as a partnership for income tax purposes The Company's taxable income or loss is reportable by the member on its income tax return Accordingly, no provision for income taxes has been reflected in these financial statements, except for the minimum state tax applicable to limited liability companies

The Company has no unrecognized tax benefits at December 31, 2018, 2017, and 2016 The Company's U S Federal and state income tax returns since inception are open and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings If necessary, the Company recognizes interest and penalties associated with tax matters as part of the income tax provision, and include accrued interest and penalties with the related tax liability in the balance sheets

Concentration of credit risk – Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable These financial instruments may include (for the future) bank accounts with balances in excess of the Federal Deposit Insurance Corporation limit of $250,000 The Company had no uninsured balances as of December 31, 2018 2017, and 2016

Recently issued accounting pronouncements – In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance In August 2015, ASU 2015-14 was issued which deferred the effective date of ASU 2014-09 by one year ASU 2014-09 becomes effective for the Company on January 1, 2019 The Company is currently evaluating the effect of this accounting pronouncement

In February 2016, ASU No 2016-02 *Leases (Topic 842)* was issued This ASU will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases of terms more than 12 months The ASU will require both capital and operating leases to be recognized on the balance sheet Qualitative and quantitative disclosures will also be required to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases The ASU will take effect for companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 The Company has yet to determine the impact of this ASU to the financial statements

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements

Note 2 – Summary of Significant Accounting Policies (continued)

The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before financial statements are available to be issued

The Company has evaluated subsequent events through March 25, 2019, which is the date the financial statements were available to be issued

Note 3 – Property and Equipment

Property and equipment consists of the following

	December 31, 2018	2017	2016
Equipment	$ 53,532	$ 53,561	$ 53,561
Leasehold improvements	15,416	15,416	15,416
Computers	15,185	4,298	-
	84,133	73,275	68,977
Less accumulated depreciation	(48,846)	(34,925)	(23,474)
Total	$ 35,287	$ 38,350	$ 45,503

Depreciation expense was approximately $14,000, $11,000, and $5,000 for the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016, respectively

Note 4 – Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions, or if they are subject to common control or common significant influence The significant related-party transactions consist of payments made to the Parent for operational purposes The Company made payments to the Parent of approximately $80,000, $873,000, and $702,000 for the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016, respectively Other related-party transactions consist of payments made to other related parties under common control of the Parent in the ordinary course of business for operational purposes

Note 4 – Related-Party Transactions (continued)

Due from related parties are as follows

	December 31, 2018	2017	2016
Due from Parent	$ 1,666,599	$ 1,586,577	$ 713,373
Due from other related parties	44,658	5,820	12,532

Other amounts paid by the Company on behalf of the Parent and other related parties consists of rent, consulting, and legal fees totaling approximately $394,000, $413,000, and $313,000 for the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016, respectively

Two of the restaurants owned by the Parent pay the Company brand development fees which amounted to approximately $77,000, $75,000, and $36,000 for the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016, respectively Receivables for these brand development fees were $6,000, $6,000, and $5,000 at December 31, 2018, 2017, and 2016, respectively

Additionally, prior to the roll-up, the Company had various related-party notes Related-party interest income and expenses for the six-month period ended December 31, 2016, amounted to approximately $22,000 and $50,000 There was no related-party income or expense for the years ended December 31, 2018 and 2017, due to the roll-up

Note 5 – Lease Commitments

The Company subleases its Manhattan Beach, California office from a company that is managed by a managing member of the Parent, with shared common area expenses The lease provides a term of five years with provisions for future rent increases and expires in 2020 Total rent expense incurred for the years ended December 31, 2018 and 2017, and for the six-month period ended December 31, 2016 amounted to approximately $236,000, $236,000, and $166,000, respectively

Minimum payments under non-cancelable operating leases for future fiscal years are approximately as follows

Years Ending December 31,	
2019	$ 267,000
2020	112,000
Total	$ 379,000

Litigation – The Company from time to time may be involved in claims and legal proceedings in the ordinary course of its business In the opinion of management, the Company is adequately insured against such claims and any ultimate liability arising from such proceedings will not have a material adverse effect on the financial condition, operations, or cash flows of the Company

Note 6 – Line of Credit and Security Agreement

The Parent entered into a Revolving Line of Credit and Security Agreement with Pacific Mercantile Bank in September 2017, to borrow up to $1,000,000 over a period of two years at a 7 percent annual interest rate The Company is named as a joint and several borrower under this agreement and all of the Company's assets are pledged as collateral The Line of Credit contains financial covenants regarding minimum tangible net worth and minimum liquidity ratios The total due from the Parent under the Line of Credit at December 31, 2018 and 2017, was $1,000,000 Interest expense on the Line of Credit was approximately $42,000 and $3,000 for the years ended December 31, 2018 and 2017, respectively

REPORT OF INDEPENDENT AUDITORS AND
FINANCIAL STATEMENTS

ROCK & BREWS FRANCHISING, LLC

December 31, 2017

MOSSADAMS

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MOSSADAMS

Report of Independent Auditors

The Member of
Rock & Brews Franchising, LLC

Report on Financial Statements

We have audited the accompanying financial statements of Rock & Brews Franchising, LLC which comprise the balance sheets as of December 31, 2017, December 31, 2016, and June 30, 2016, and the related statements of operations, member's equity, and cash flows for the year ended December 31, 2017, the six-month period ended December 31, 2016, and the year ended June 30, 2016, respectively, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rock & Brews Franchising, LLC as of December 31, 2017, December 31, 2016, and June 30, 2016, and the result of its operations, and its cash flows for the year ended December 31, 2017, the six-month period ended December 31, 2016, and the year ended June 30, 2016, respectively, in accordance with accounting principles generally accepted in the United States of America

Moss Adams LLP

Los Angeles, California
March 5, 2018

Rock & Brews Franchising, LLC
Balance Sheets

ASSETS

	December 31, 2017	December 31, 2016	June 30 2016
CURRENT ASSETS			
Cash and cash equivalents	$ 198 693	$ 181 545	$ 205,176
Accounts receivable	133 392	155 891	-
Prepaid expenses and other current assets	13,396	3 866	205 044
Total current assets	345,481	341,302	410 220
PROPERTY AND EQUIPMENT NET	38,350	45,503	50,870
DUE FROM RELATED PARTIES	1,592 397	725,905	1,084 240
DEPOSITS	6 399	6 399	6,399
Total assets	$ 1 982 627	$ 1,119 109	$ 1,551 729

LIABILITIES AND MEMBER'S EQUITY

	December 31, 2017	December 31, 2016	June 30 2016
CURRENT LIABILITIES			
Accounts payable	$ 194,899	$ 111 105	$ 189 802
Due to related parties	-	-	1,994,426
Accrued expenses	194,354	136,676	61 962
Deferred revenue, current	205 000	105 000	50 000
Total current liabilities	594 253	352,781	2 296 190
NON-CURRENT LIABILITIES			
Deferred rent	67 388	82 624	24 840
Deferred revenue non-current	260 000	565 000	410,000
Total non-current liabilities	327 388	647 624	434,840
MEMBER'S EQUITY (DEFICIT)	1 060,986	118,704	(1 179 301)
Total liabilities and member's equity	$ 1 982 627	$ 1 119,109	$ 1 551 729

See accompanying notes

Rock & Brews Franchising, LLC
Statements of Operations

	For the Year Ended December 31, 2017	For the Six Month Period Ended December 31 2016	For the Year Ended June 30, 2016
REVENUE			
Development fee income	$ 355,000	$ 50,000	$ 10 000
Royalty income	2,001,876	981,283	934 476
Brand development fee income	634,496	273,631	302,138
Other income	732 911	315 266	35 599
Total revenue	3 724 283	1,620 180	1,282 213
FRANCHISE EXPENSES			
Consulting fee - operations	173,602	133 984	197 404
Cost of labor	754,877	273 785	727 511
Franchise expenses	483,948	201 138	23 822
Total franchise expenses	1,412,427	608 907	1,088 987
MARKETING EXPENSES	631 579	322 220	408,357
GENERAL AND ADMINISTRATIVE EXPENSES			
Occupancy	235 923	166,204	125,620
Other operating expenses	432,750	233,056	537 288
Depreciation	11,451	5 367	11 386
Legal and professional	57 754	99 054	153 456
Total general and administrative expenses	737 878	503 681	827 750
Total expenses	2 781 884	1 434 808	2 325 094
Operating income (expense)	942,399	185,372	(1 042 881)
OTHER INCOME (EXPENSES)			
Interest expense	(117)	(49,814)	(98,495)
Interest income	-	22 484	57 082
Total other expenses	(117)	(27 330)	(41 413)
NET INCOME (LOSS)	$ 942,282	$ 158,042	$ (1,084 294)

See accompanying notes

Rock & Brews Franchising, LLC
Statement of Changes in Member's Equity

BALANCE, June 30, 2015	$	(445,007)
Contributions from members		350,000
Net loss		(1,084,294)
BALANCE, June 30, 2016		(1,179,301)
Restructure of notes to equity		1,139,963
Net income		158,042
BALANCE, December 31, 2016		118,704
Net income		942,282
BALANCE, December 31, 2017	$	1,060,986

Rock & Brews Franchising, LLC
Statements of Cash Flows

	For the Year Ended December 31 2017	Six Month Period Ended December 31 2016	For the Year Ended June 30 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 942 282	$ 158 042	$ (1 084 294)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation	11 451	5 367	11 386
Changes in operating assets and liabilities			
Accounts receivable	22 499	(155 891)	-
Prepaid expenses and other current assets	(9 530)	201 178	(104 748)
Accounts payable	83 794	(78 697)	(107 750)
Accrued expenses	57 678	74 714	70 117
Deferred rent	(15 236)	57 784	-
Deferred revenue	(205 000)	210 000	75 000
Net cash provided by (used in) operating activities	887 938	472 497	(1 140 289)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related parties	(866 492)	-	
Purchases of property and equipment	(4 298)	-	(14 786)
Net cash used in investing activities	(870 790)		(14 786)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from member	-	-	350 000
Proceeds from related party loans net	-	-	831 493
Payments made on related party loans net	-	(496 128)	-
Net cash (used in) provided by financing activities		(496 128)	1 181 493
NET CHANGE IN CASH	17 148	(23 631)	26 418
CASH AND CASH EQUIVALENTS beginning of period	181 545	205 176	178 758
CASH AND CASH EQUIVALENTS end of period	$ 198 693	$ 181 545	$ 205 176
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	$ 117	$ 49 814	$ 98 495
SUPPLEMENTAL DISCLOSURE OF NON-CASH ITEMS			
Related party notes converted to equity	$ -	$ 1 139 963	$ -

See accompanying notes

Note 1 – Nature of Business

Rock & Brews Franchising, LLC (the "Company") was organized in the state of California as a limited liability company on May 29, 2012 and commenced operations soon thereafter The Company is in the business of franchising restaurants and beer garden businesses (including, but not limited to, airport concessions) operating under the "Rock & Brews" name The Company obtains licenses of certain trademarks and other intangible property (collectively, the "Intellectual Property") from the owner or owners of such rights, to promote and support sublicenses and franchise restaurants using such Intellectual Property As of December 31, 2017 the Company had 16 franchise locations and 2 Company owned locations in operation and had sold the rights to develop another 22 franchise units under various franchise development agreements

The Company was owned previously by various members that also have common ownership in the Company owned locations and Rock and Brew Holdings, Inc (the "Parent" or "Member") Effective July 1, 2016, the Parent performed a re-organization under common control, whereby the Members of the Company exchanged their interest in the Company for an equivalent value of Parent company stock The last Member exchanged his interests in the Company on December 31, 2016, and as of December 31, 2016, the Company became a wholly-owned subsidiary of the Parent As these transactions occurred outside of the Company between its Members, no adjustments have been reflected in the equity for this transaction

The Member performs some parts of the day-to-day management of the Company's operations The Member directly pays for certain operating expenses of the Company, and the Company reimburses the Member for Company invoices that are paid for by the Member on behalf of the Company, based on shared services Net income and loss and all items of the Company's income, gain, loss, deduction, or credit will be allocated to the Member The Company has relied on resources from the Member to support operations and the Member has committed to continue to provide financial support to the Company sufficient for the Company during the start-up and growth phase of the franchising operations

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U S GAAP") The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of December 31, 2017, December 31, 2016, and June 30, 2016

Fiscal year – In 2016, the Company s fiscal year-end changed from June 30 to December 31 The Company changed their year-end to be consistent with the Parent Company

Use of estimates – The preparation of the financial statements in conformity with U S GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes Actual results could differ from those estimates

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents

Fair value of financial instruments – The carrying value of the Company's cash and cash equivalents, accounts receivable, and accrued expenses approximates fair value due to their short-term nature

Accounts receivable – Accounts receivable represent amounts due from their franchisees for royalty revenues and are stated net of an allowance for doubtful accounts On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for doubtful accounts, if required, based on a history of past write-offs and collections and current credit considerations Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote At December 31, 2017, December 31, 2016, and June 30, 2016, no allowance for doubtful accounts was necessary

Prepaid expenses and other current assets – Prepaid expenses and other current assets consist primarily of rent, general business related insurance policies, royalty and brand development fee receivables, and other operating expenses

Property and equipment – Property and equipment are recorded at cost Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years for equipment, 3 years for computers, and the lesser of seven years or the life of the lease for leasehold improvements Expenditures for major additions or improvements which extend the useful lives of assets are capitalized Minor replacements, maintenance and repairs, are charged to operations as incurred Disposals are removed at cost less accumulated depreciation, and any resulting gain or loss is reflected in current operations

Leases – The Company's leases are evaluated and classified as operating or capital leases for financial reporting purposes Operating leases may contain rent holidays, or free rents, and rent escalations during the lease terms Rental expense is recorded on a straight-line basis starting on the date the Company takes control of the related leased space The difference between the average rental amount charged to expense and the amount payable under the lease is recorded as deferred rent

Gift cards – Revenue related to the sale of gift cards is collected from the franchisees by the Company and deferred until the gift card is redeemed The Company reimburses the franchisees for gift cards that are redeemed Outstanding gift cards are tracked internally through each of the franchisees' point of sale system The balances of unredeemed gift cards amounted to approximately $175,000, $120,000, and $32,000 as of December 31, 2017, December 31, 2016, and June 30, 2016, respectively, and are included in accrued expenses in the accompanying balance sheets

Note 2 – Summary of Significant Accounting Policies (continued)

Development fee income – Area development fees ("ADA") are for a territory in which a developer has agreed to develop and operate a certain number of franchise restaurants over a stipulated period of time, usually 20 years The related territory is unavailable to any other party and is no longer marketed by the Company ADA fees are initially recorded as deferred revenue and recognized as revenue when individual restaurants are opened by the developer, the point at which the Company has substantially performed its obligations Deferred revenue includes $365,000, $620,000, and $410,000 in ADA fees as of December 31, 2017, December 31, 2016, and June 30, 2016, respectively

Franchise income – The Company's franchise agreements typically operate under ten-year franchise agreements with the option to renew for up to two additional five-year successor terms Initial franchise fees are recorded as deferred revenue when received and are recognized as revenue when a franchised restaurant is opened, the point at which the Company has substantially performed its obligations Deferred revenue includes $100,000 in initial franchise fees as of December 31, 2017 and $50,000 in initial franchise fees as of December 31, 2016 and June 30, 2016

Royalty income – Royalty income represents royalties earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the "Rock & Brew" name, menus, processes, and procedures The royalty rate in the franchise agreement is typically 3 to 5 percent of the gross sales of each restaurant operated by each franchisee Such revenue is recognized when earned and is payable to the Company weekly when the sales are reported by the franchisees

Brand development fee income – Brand development fee income represents fees earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the "Rock & Brews" name for promotional materials The brand development rate in the franchise agreement is typically 1 percent of the gross sales, is recognized when earned and is payable to the Company weekly when the sales are reported by the franchisees

Other income – In April 2017, the Company was engaged to consult on a one-time, special project related to a concept design and development project for a non-traditional franchise The Company completed the engagement and earned a total of approximately $659,000 for the year-ended December 31, 2017 For the six-months ended December 31, 2016, other income included approximately $270,000 earned by the Company for the creation of a one-time unique multi-screen audio/visual display to be located in the same aforementioned non-traditional franchise The Company incurred approximately $483,000 for the year-ended December 31, 2017, and $209,000 for the six-months ended December 31, 2016 associated with these one-time agreements, which are included in franchising expenses on the accompanying statements of operations

Franchising expenses – The Company incurs certain costs associated with the selling of franchise restaurants and fulfilling its obligations to the franchisees These costs include salaries, wages, and benefits for employees involved in the selling and training of franchises including the use of consultants Franchising expenses are expensed as incurred and are included in other operating expenses in the accompanying statements of operations

Note 2 – Summary of Significant Accounting Policies (continued)

Brand development expenses – The Company's brand development expenses consist of two categories, brand development fund expenses and general franchisor related brand development expenses Brand development fund expenses consist of items such as graphic design, media costs, and costs incurred for printed brand development materials General franchisor brand development expenses include items such as trade shows and other expenses relating to the sale of franchises

General and administrative expenses – The Company's general and administrative expenses consist of legal fees, accounting fees, office supplies, telephone, internet, and rent

Income taxes – The Company is a limited liability company and is classified as a partnership for income tax purposes The Company's taxable income or loss is reportable by the member on its income tax return Accordingly, no provision for income taxes has been reflected in these financial statements, except for the minimum state tax applicable to limited liability companies

The Company has no unrecognized tax benefits at December 31, 2017, December 31, 2016, and June 30, 2016 The Company's U S Federal and state income tax returns since inception are open and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings If necessary, the Company recognizes interest and penalties associated with tax matters as part of the income tax provision, and include accrued interest and penalties with the related tax liability in the balance sheets

Concentration of credit risk – Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable These financial instruments may include (for the future) bank accounts with balances in excess of the Federal Deposit Insurance Corporation limit of $250,000 The Company had no uninsured balances as of December 31, 2017, December 31, 2016, and June 30, 2016

Recently issued accounting pronouncements – In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which outlines a single model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance In August 2015, ASU 2015-14 was issued which deferred the effective date of ASU 2014-09 by one year ASU 2014-09 becomes effective for the Company on January 1, 2019 The Company is currently evaluating the effect of this accounting pronouncement

In February 2016, ASU No 2016-02, *Leases (Topic 842)* was issued This ASU will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases of terms more than 12 months The ASU will require both capital and operating leases to be recognized on the balance sheet Qualitative and quantitative disclosures will also be required to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases The ASU will take effect for companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 The Company has yet to determine the impact of this ASU to the financial statements

Note 2 – Summary of Significant Accounting Policies (continued)

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements

The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued

The Company has evaluated subsequent events through March 5, 2018, which is the date the financial statements were available to be issued

Note 3 – Property and Equipment

Property and equipment consists of the following

	December 31, 2017	December 31, 2016	June 30, 2016
Equipment	$ 53,561	$ 53,561	$ 53,561
Leasehold improvements	15,416	15,416	15,416
Computers	4,298	-	-
	73,275	68,977	68,977
Less accumulated depreciation	(34,925)	(23,474)	(18,107)
Total	$ 38,350	$ 45,503	$ 50,870

Depreciation expense was approximately $11,000 for the year ended December 31, 2017, $5,000 for the six-month period ended December 31, 2016, and $11,000 for the year ended June 30, 2016

Note 4 – Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions, or if they are subject to common control or common significant influence The significant related-party transactions consist of rent, consulting, and legal fees totaling approximately $413,000, $313,000, and $509,000 for the year ended December 31, 2017, the six-month period ended December 31, 2016, and the year ended June 30, 2016, respectively

Note 4 – Related-Party Transactions (continued)

As of June 30, 2016, the Company had notes payable due to entities owned by the Parent and the Company's members As mentioned in Note 1, the Company went through a re-organization under common control effective July 1, 2016, which included the exchange of the notes payable to related parties for membership interests in the Company, as the Parent took over the responsibility of these notes due to other entities Total contributions from the Parent amounted to approximately $1 1 million for the six-month period ended December 31, 2016

Additionally, two of the restaurants owned by the Parent pay the Company brand development fees which amounted to approximately $75,000, $36,000, and $73,000 for the year ended December 31, 2017, the six-month period ended December 31, 2016, and the year ended June 30, 2016, respectively Receivables for these brand development fees were $6,000, $5,000, and $10,000 at December 31, 2017, December 31, 2016, and June 30, 2016, respectively

Due from / to related parties are as follows

	December 31, 2017	December 31, 2016	June 30, 2016
Due from related parties	$ 1,592,397	$ 725,905	$ 1,084,240
Due to related parties	$ -	$ -	$ 1,994,426

The Company allocates its share of expenses from the Member through its intercompany account and the Member sweeps the cash for the amounts owed for those expenses Additionally, the Member sweeps distributions as needed There are no amounts due to the Member, as the payments made to the Member pay down the amount due first and the remaining amounts paid by the Member are shown as due from related parties on the accompanying balance sheets

Additionally, prior to the roll-up, the Company had various related-party notes Related-party interest income and expenses for the six-month period ended December 31, 2016 amounted to approximately $22,000 and $50,000 Related-party interest income and expenses for the year ended June 30, 2016 amounted to approximately $57,000 and $98,000, respectively There was no related-party income or expense for the year ended December 31, 2017 due to the roll-up

Note 5 – Lease Commitments

The Company subleases its Manhattan Beach, CA office from a company that is managed by a managing member of the Parent, with shared common area expenses The lease provides a term of five years with provisions for future rent increases and expires in 2020 Total rent expense incurred for the year ended December 31, 2017, the six-month period ended December 31, 2016, and the year ended June 30, 2016 amounted to approximately $236,000, $166,000, and $126,000, respectively

Note 5 – Lease Commitments (continued)

Minimum payments under non-cancelable operating leases for future fiscal years ending December 31 are approximately as follows

Years Ending December 31,		
2018	$	259,000
2019		267,000
2020		112,000
Total	$	638,000

Litigation – The Company from time to time may be involved in claims and legal proceedings in the ordinary course of its business In the opinion of management, the Company is adequately insured against such claims and any ultimate liability arising from such proceedings will not have a material adverse effect on the financial condition, operations, or cash flows of the Company

Note 6 – Loan and Security Agreement

The Parent entered into a loan and security agreement with Pacific Mercantile Bank in September 2017 to borrow up to $1,000,000 over a period of two years The Company is named as a joint and several borrower under this agreement and all of the Company's assets are pledged as collateral The total due from the Parent under the loan at December 31, 2017 was $716,000

Note 7 – Accumulated Deficit

During the year ended June 30, 2016, the Company changed its method of accounting for franchise development fees to defer the revenue collected until the associated restaurant locations are opened The adjustment recorded by the Company increased the Company's opening accumulated deficit as of July 1, 2015 from $(12,647) to $(445,007)

MOSSADAMS

ROCK & BREWS FRANCHISING, LLC

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2015

*　　*　　*

ROCK & BREWS FRANCHISING, LLC

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JUNE 30, 2015

ERIC ZHANG & ASSOCIATES LLP

CERTIFIED PUBLIC ACCOUNTANTS

CHUNFENG GUAN C P A • ERIC ZHANG C P A • CHUIZHU SUN C P A

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rock & Brews Franchising, LLC
EL Segundo, California

We have audited the accompanying financial statements of Rock & Brews Franchising, LLC (a California LLC), which comprise the balance sheet as of June 30, 2015, 2014, and 2013, and the related statement of operations, and cash flows for the periods then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rock & Brews Franchising, LLC as of June 30, 2015, 2014 and 2013, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern As discussed in Note 10 to the financial statements, the Company has suffered recurring losses from operations and has an equity deficiency that raise substantial doubt about its ability to continue as a going concern Management's plans in regard to these matters are also described in Note 10 The financial statements do not include any adjustment that might result from the outcome of this uncertainty

Eric Zhang & Associates LLP

Eric Zhang & Associates LLP
Certified Public Accountants
City of Industry, California
March 16, 2016

ROCK & BREWS FRANCHISING, LLC

BALANCE SHEET
JUNE 30

		2015		2014		2013
ASSETS						
Current Assets						
Cash and cash equivalents	$	178,758	$	151,613	$	101,036
Accounts receivable		-		26,667		11,615
Inventory		1,763		-		-
Prepaid expenses		-		24,498		25,000
Due from related parties		916,019		103,752		117,601
Note receivable		-		59,270		100,000
Work in progress		-		-		1,250
Total Current Assets		1,096,540		365,800		356,502
Property and Equipment-Net		44,173		20,349		9,037
Other Assets						
Investment		-		100,000		-
Security deposit		6,399		-		-
Intangible assets		5,568		8,411		11,490
Total Other Assets		11,967		108,411		11,490
TOTAL ASSETS	$	1,152,680	$	494,560	$	377,029
LIABILITIES AND MEMBERS' EQUITY						
Current Liabilities						
Accrued expense	$	116,516	$	53,922	$	18,528
Note payable		-		50,000		-
Due to related parties		1,048,809		308,017		6,076
Total Current Liabilities		1,165,325		411,939		24,604
Members' Equity						
Members' equity		(12,645)		82,621		352,425
Total Members' Equity		(12,645)		82,621		352,425
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	1,152,680	$	494,560	$	377,029

See independent auditor's report and notes to financial statement

ROCK & BREWS FRANCHISING, LLC

STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS PERIOD ENDED JUNE 30

	2015	2014	2013
Revenue			
Royalty Income	$ 394,126	$ 651,621	$ 37,886
Marketing Income	157,417	107,434	9,471
Other Income	16,162	890	10,499
Total Revenue	567,705	759,945	57,856
Expenses			
Consulting fee-Member	150,250	149,942	40,000
Consulting fee-Operation	243,246	126,224	47,844
Cost of labor	592,641	313,164	111,920
Depreciation and amortization	9,249	6,471	4,702
Franchise expenses	33,520	29,995	-
Legal and professional	120,700	131,683	73,524
Marketing expenses	294,034	253,308	41,708
Rent	45,440	32,500	55,000
Other operating expenses	305,074	57,669	41,805
Total expense	1,794,154	1,100,956	416,503
Operating Loss	(1,226,449)	(341,011)	(358,647)
Other Income/(Expenses)			
Interest expense	(46,406)	(2,400)	(11,892)
Interest income	53,389		
Other income	-	75,407	-
Total Other Income/(Expenses)	6,983	73,007	(11,892)
Loss before taxes	(1,219,466)	(268,004)	(370,539)
Less income taxes	(800)	(1,800)	(800)
Net Loss	$ (1,220,266)	$ (269,804)	$ (371,339)

See independent auditor's report and notes to financial statement

ROCK & BREWS FRANCHISING, LLC

STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS PERIOD ENDED JUNE 30

	2015	2014	2013
Cash flows from operating activities			
Net loss	$ (1,220,266)	$ (269,804)	$ (371,339)
Adjustments to reconcile net income to net cash used in operating activities			
Depreciation and amortization	9,249	6,471	4,702
(Increase)/decrease in			
Accounts receivable	26,667	(15,052)	(11,615)
Inventory	(1,763)	-	-
Prepaid expense	24,498	502	(25,000)
Security deposit	(6,398)	-	-
Work in progress	-	1,250	(1,250)
Increase/(decrease) in			
Accrued expense	62,594	35,394	18,528
Net Cash Used In Operating Activities	(1,105,419)	(241,239)	(385,974)
Cash flows from Investing activities			
Loan to related parties	(652,998)	-	(117,601)
Fixed assets acquisition	(30,230)	(14,704)	(25,229)
Net Cash Used In Investing Activities	(683,228)	(14,704)	(142,830)
Cash flows from Financing Activities			
Payment on notes receivable	-	(59,270)	(100,000)
Proceeds from notes payable	-	50,000	-
Proceeds from capital contribution	1,125,000		483,764
Proceeds from related party loans	690,792	315,790	6,076
Net Cash Provided by Financing Activities	1,815,792	306,520	389,840
Net Increase/ (Decrease) in Cash and Cash Equivalents	27,145	50,577	(138,964)
Cash and Cash Equivalents-Beginning of Year	151,613	101,036	240,000

See independent auditor's report and notes to financial statement

ROCK & BREWS FRANCHISING, LLC

STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS PERIOD ENDED JUNE 30

	2015	2014	2013
Cash and Cash Equivalents-End of Year	$ 178,758	$ 151,613	$ 101,036
Supplemental Cash Flow Information			
Income taxes paid	$ 2,400	$ 1,800	$ -
Interest expenses paid	$ -	$ 2,400	$ 11,892
Supplemental Disclosure of Non-cash Investing and Financing Activity			
Note receivable convert to investment	$ -	$ 100,000	$ -
Investment convert to note receivable	$ 100,000	$ -	$ -

See independent auditor's report and notes to financial statement

ROCK & BREWS FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MOTNHS PERIOD ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Rock & Brews Franchising, LLC (the Company) is presented to assist in understanding the Company's financial statement The financial statement and notes are the representation of the Company's management, who is responsible for their objectivity and integrity Accounting policies utilized by the Company conform to U S generally accepted accounting principles which have been consistently applied in the preparation of the financial statement

Business Activity - The business of the Company is to obtain a license of certain trademarks (and other intangible property related to development and operation of restaurants and beer gardens (collectively, the "Intellectual Property") from the owner or owners of such rights and to promote and support sublicenses and franchises of such restaurant and beer garden businesses (including, but not limited to, airport concessions) using such Intellectual Property

Reclassifications - Certain items previously reported under specific financial statement captions have been reclassified to conform to the current year presentation

Basis of Accounting - The Company uses the accrual method of accounting for financial statement and income tax purpose Revenue is recognized when earned and measurable, expenses are recognized in the year incurred, if measurable In the opinion of management, the financial statement reflects all normal and recurring adjustments, which are necessary for a fair presentation of the Company's financial position, results of operations and cash flows as of the date and for the year presented

Franchise Revenue - Franchise revenues principally consist of royalties, as well as marketing fees, which are primarily based on a percentage of franchisee revenue Royalty and marketing fees are accrued as the underlying franchisee revenue is earned Franchise revenue also includes initial franchise fees, which are recognized in revenue when substantial performance of franchisor obligations is complete Initial franchise fees, included in franchise revenue for the twelve months period ended June 30, 2015, 2014, and 2013 were $25,000, $300,000, and $2,500, respectively

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year Actual results could differ from those estimates

Cash and Cash Equivalents – For purposes of reporting on the balance sheet, the Company includes all cash accounts, which are not subject to withdrawal restrictions

Property and Equipment - Property and equipment are stated at cost Depreciation is recorded under the straight-line methods with estimated useful lives 30 years for building, 5 to 7 years for furniture and fixtures, 3 to 7 years for computer and office equipment and 3 to 5 years for software and vehicles Expenditures for major additions or improvements, which extend the useful lives of assets, are capitalized Minor replacements, maintenance and repairs, which do not improve or extend the lives of the assets, are charged to operations as incurred Disposals are removed at cost less accumulated depreciation, and any resulting gain or loss is reflected in current operations In accordance with the GAAP, the Company examines the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable

Income Taxes - FASB ASC Topic 740, "Income Taxes" requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the years in which the differences are expected to affect taxable income Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings Therefore, the actual liability may be materially different from our estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities or deferred tax asset valuation allowance

The Company has made a comprehensive review of its portfolio of tax positions in accordance with recognition standards established by ASC 740-10 and has not recognized any material uncertain tax positions

2 CASH AND CASH EQUIVALENTS

The Company maintains its cash balances at one bank The differences between the bank and book balances are due to reconciling items such as outstanding checks and deposit in transit As of June 30, 2015, 2014 and 2013, cash in bank amounted to $178,758, $151,613 and $101,036, respectively The bank balances are covered by federal depository insurance (FDIC) up to $250,000 per bank The Company had no uninsured balances as of June 30, 2015, 2014 and 2013

3 CONCENTRATIONS OF CREDIT RISK

The Company is a party to financial instruments with concentrations of credit risk in the normal course of business These financial instruments may include (for the future) bank accounts with balances in excess of the Federal Deposit Insurance Corporation limit of $250,000

4 PREPAID EXPENSES

Prepaid expenses for the twelve months period ended June 30, 2014 and 2013 consist of the following

	2014	2013
Rent	$ 2,500	$ 5,000
Franchise consulting	10,873	20,000
Insurance	5,387	-
Marketing	5,738	-
Total Prepaid Expenses	$ 24,498	$ 25,000

5 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions Parties are also considered to be related if they are subject to common control or common significant influence

The significant related party transactions for the twelve months periods ended June 30, 2015, 2014, and 2013 are summarized as follows

	2015	2014	2013
Consulting Fee-member	$ 150,250	149,942	37,886
Consulting Fee-Operation	213,164	126,000	38,000
Legal Fee	43,250	50,000	38,473
Rent	35,440	32,500	55,000

The Company borrowed or loaned fund from or to various companies related to its members for operating expenses The loans carried interest at the rate of 6% or 8% and have various maturity dates Due from and to related parties for the period ended June 30, 2015, 2014, and 2013 are summarized as follows

	2015	2014	2013
Due from Related Parties	$ 916,019	103,752	117,601
Due to Related Parties	1,048,809	308,017	6,076

Interest income and expenses for the twelve months period ended June 30, 2015 amounted to $53,389 and $46,406, respectively

6 INVESTMENT

On August 31, 2013, the Company converted $100,000 of notes receivable from its first franchisee for 4% membership interest in the franchisee company On July 1, 2014, the Company converted the 4% membership interest to a $100,000 note receivable from a related party which carries an interest rate of 6% per annul

7 EQUIPMENT AND LEASEHOLD IMPROVEMENT

Equipment and leasehold improvement as of June 30, 2015, 2014 and 2013 is summarized as follows

	2015	2014	2013
Equipment	$ 43,459	$ 25,718	$ 11,014
Leasehold improvement	12,489	-	-
Less Accumulated Depreciation	(11,775)	(5,369)	(1,977)
Equipment and leasehold improvement-Net	$ 44,173	$ 20,349	$ 9,037

Depreciation expenses were $6,406, $3,628 and $1,977 for the year ended June 30, 2015, 2014, and 2013, respectively

8 INTANGIBLE ASSETS

Intangible assets as of June 30, 2015, 2014 and 2013 are summarized as follows

	2015	2014	2013
Franchise Licensing	$ 14,215	$ 14,215	$ 14,215
Less Accumulated Amortization	(8,647)	(5,804)	(2,725)
Intangible Assets-Net	$ 5,568	$ 8,411	$ 11,490

Amortization expenses were $2,843, $2,843 and $1,977 for the year ended June 30, 2015, 2014, and 2013, respectively

9 LEASE COMMITMENT

The Company subleased its Manhattan Beach, CA office from a company that is managed by a managing member of Rock and Brews Franchising LLC and shared common area expense with the company The lease provides a term of five years with provisions for future rent increases The starting rent is $13,150per month

Minimum annual rental commitments under non-cancelable lease are as follows at June 30, 2015

Year Ending June 30		Amount
2016	$	153,921
2017		158,199
2018		162,944
2019		167,832
2020		158,067
	$	800,963

9 MEMBERS' EQUITY

The members' equity represents net amount of capital contribution, distribution, and retained earnings

The deficit in Members' Equity is $12,645 as of June 30, 2015

10 GOING CONCERN

As indicated in the accompanying financial statements, the Company had incurred recurring losses from operations Net losses for the twelve months period ended June 30, 2015, 2014, and 2013 was $1,220,266, $269,804, and 371,339, respectively As of June 30, 2015, the Company's equity had a deficiency of $12,645 Those factors raise substantial doubt about the Company's ability to continue as a going concern Management planned to obtain additional funding through offering convertible debentures to current investors, open additional franchise locations to achieve positive cash flow, and apply for a senior round of debt after financials show two quarters of positive cash flow The ability of the Company to continue as a going concern is dependent on acceptance of the plan by the Company's creditors and the plan's success The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern

11 SUBSEQUENT EVENTS

The Company evaluated subsequent events for recognition and disclosure through March 16, 2016, which is the date the financial statements was available to be issued in accordance with ASC 855 "Subsequent events" Management believes there is no subsequent events occurred that would require further disclosure or adjustment to the financial statement

EXHIBIT C

FRANCHISE AGREEMENT

Rock & Brews® Franchise Agreement

Between

Rock & Brews Franchising, LLC
321 12th Street, Suite 200
Manhattan Beach, CA 90266

And

____

____
Name of Franchisee(s)

____
Street Address

____
City State Zip Code

____
Phone Number

Authorized Location

____
Street

____
City State Zip Code

Effective Date

____
(To be completed by us)

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ROCK & BREWS® FRANCHISE AGREEMENT

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ROCK & BREWS® FRANCHISE AGREEMENT

This Franchise Agreement is made as of the Effective Date designated on the cover page of this Agreement by and between ROCK & BREWS FRANCHISING, LLC, a California limited liability company with its principal business located at 321 12th Street, Suite 200, Manhattan Beach, California 90266 ("we" or "us"), and ______________________, a(n) ______________________ whose principal business address is also designated on the cover page ("franchisee" or "you") If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners

RECITALS

A We and our affiliates have developed a unique system for full service restaurants that recreate the atmosphere of a rock concert backstage beer garden, offering high quality foods such as gourmet burgers, sandwiches, pizza, salads, and a wide variety of craft and imported beers on tap, using certain standards and specifications, all within a setting that features rock music, videos and a gallery of classic rock & roll artwork,

B Many of the food and beverage products are prepared according to specified recipes and procedures, some of which may include proprietary products,

C Our affiliate company, RNB Licensing, LLC ("RNB"), owns the Rock & Brews® Trademark and other trademarks used in connection with the operation of a Rock & Brews® restaurant,

D RNB has granted to us the right to sublicense the right to develop and operate Rock & Brews® restaurants, and

E You desire to develop and operate a Rock & Brews® restaurant and we, in reliance on your representations, have approved your franchise application

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows

I DEFINITIONS For purposes of this Agreement, the terms below have the following definitions

A "Control Person" means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Restaurant, is responsible for overseeing the general management of the day-to-day operations of the Restaurant and has authority to sign on your behalf all contracts and commercial documents The Control Person is identified on the Ownership and Management Addendum attached to this Agreement

B "General Manager" means the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant and (ii) meets our training requirements The General Manager must be appointed at least 90 days prior to the Restaurant opening and fully trained 20 days prior to the Restaurant opening

C "Gross Sales" means and includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant whether under any of the Trademarks or otherwise, including, without limitation, any cover charges or fees, your share of the revenues from any vending or similar activities in your Restaurant or on its premises, catering and other off-site activities and events, and all license and use fees. Gross Sales excludes sales taxes. For avoidance of doubt, the following items are included within the definition of Gross Sales: (i) the full value of meals furnished to your employees as an incident to their employment except that the value of any discounts extended to your employees may be credited against Gross Sales during the week in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due, and (ii) all proceeds from the sale of coupons, gift certificates or vouchers, provided that at the time the coupons, gift certificates or vouchers are redeemed the retail price may be credited against Gross Sales during the week in which the coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due.

D. "Menu Items" means the hand-made burgers, sandwiches, pizza, salads, required minimum number and variety of domestic and imported beers on tap, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.

E. "Principal Owner" means any person or entity who, now or hereafter, directly or indirectly, owns a 10% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or other entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified on the Ownership and Management Addendum. Within 10 days from the date of any and every change in the identity and/or ownership holdings of the Principal Owners, you must update the Ownership and Management Addendum accordingly. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

F. "Restaurant" means the Rock & Brews® Restaurant you develop and operate pursuant to this Agreement.

G. "System" means the Rock & Brews® System, which consists of distinctive and high quality food and beverage products (including gourmet hamburgers, sandwiches, pizza, salads and a wide variety of craft and imported beers on a minimum number of taps as we designate) prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, artwork, furnishings and materials that feature rock music, videos and an art gallery called "The Great Wall of Rock," (the art gallery, band posters/artwork and other related music memorabilia are proprietary to the System as described in subsection 5.B) and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which attempt to recreate the atmosphere of a rock concert backstage beer garden, and all of which we may modify and change from time to time.

H. Trademarks" means the Rock & Brews® Trademark and Service Mark that have been registered in the United States and elsewhere and the trademarks, service marks and trade names set forth on Appendix A, as we may modify and change from time to time, and the trade dress and other commercial symbols we authorize you to use in the operation of the Restaurant.

Trade dress includes the designs, color schemes and image we authorize you to use from time to time

1 GRANT OF LICENSE The following provisions control with respect to the license granted hereunder

A License Grant, Authorized Location We grant to you the right and license to establish and operate one retail Restaurant identified by the Trademarks, to be located at the location designated on the front page of this Agreement or a location to be designated within 90 days from the date of this Agreement (the "Authorized Location") When a location has been designated by you and approved by us, it will become part of this subsection 2 A as if originally stated You acknowledge and agree that our approval of a site does not constitute a warranty of any kind, express or implied, as to the suitability of the site for your Restaurant and your acceptance of a franchise for the operation of a Restaurant at the Authorized Location is based solely on your own independent investigation If an Authorized Location is not designated by you and approved by us within 90 days from the date of this Agreement, we have the right to declare this Agreement null and void without any obligation to return any portion of the Initial Franchise Fee or any other amounts paid to us You accept the license and undertake the obligation to operate the Restaurant at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement You do not have any right to sublicense or subfranchise the rights granted herein and do not have the right to operate more than one Restaurant

B Designated Area You must locate and operate the Restaurant at an Authorized Location within the area described in Appendix B (the "Designated Area") To the extent that you and your affiliates are in compliance with the terms of this Agreement and any other agreements with us and our affiliates, we and our affiliates will not locate and operate or grant to anyone else a franchise to locate and operate a Rock & Brews® restaurant within the Designated Area so long as this Agreement is in effect, except as further provided in subsection 2 D

C Opening You agree that the Restaurant will be open and operating by the required open date ("Required Open Date") If you are entering into this Agreement pursuant to an Area Development Agreement between you and us, the Required Open Date is defined in the Development Schedule If you are not entering into this Agreement pursuant to an Area Development Agreement, you and we agree that the Required Open Date is 270 days from the Effective Date, unless we authorize an extension in writing If you fail to have your Restaurant open and operating by the Required Open Date, we may terminate this Agreement pursuant to subsection 13 B 2 without you having an opportunity to cure

D Nonexclusivity, Our Reservation of Rights We (on behalf of ourselves and on behalf of any other entity which we may acquire, or be acquired by, or otherwise are or become affiliated with) retain all rights not expressly granted in this Agreement For avoidance of doubt and without limiting the foregoing, the license granted to you herein does not include (i) any right to sell products or Menu Items identified by the Trademarks at any location other than the Authorized Location (except for authorized catering and delivery services as noted in subsection 2 E) or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), (ii) any right to sell products or Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned restaurants (x) under the Trademarks at any time outside of the Designated Area or (y) under different trade names and trademarks at any time whether inside or outside of the Designated Area You acknowledge that the consumer service area or trade area of another Rock & Brews® restaurant may overlap with your Designated Area

You also acknowledge and agree that we and our affiliates have the right to operate and franchise others the right to operate restaurants or any other business for the same, similar or different products or services, both within and outside the Designated Area, under trademarks other than the Rock & Brews® Trademarks, without compensation to any franchisee Outside of the Designated Area, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned restaurants and/or otherwise offer, sell or distribute any products or services, including those associated with the System under the Trademarks or any other trademarks, service marks or trade names, all without compensation to any franchisee

Further, and as noted above, we and our affiliates have the right to offer, sell or distribute, within and outside the Designated Area, through any other (i e , non-restaurant) distribution channel or method, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) and/or identified by the Trademarks, or any other trademarks, service marks or trade names, without compensation to any franchisee The other distribution channels or methods (some of which are defined below as Non-Traditional Locations) include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, casinos, health care facilities, business or industry locations (e g manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce)

You acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as Rock & Brews® restaurants As a result, you agree that the following locations ("Non-Traditional Locations") are excluded from the Designated Area and we have the right to develop, license or franchise such locations (1) military bases, (2) public transportation facilities, including, without limitation, airports and other transportation terminals, (3) sports facilities, including without limitation arenas, stadiums and race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, (6) casinos (7) community and special events, and (8) fair grounds

E <u>Catering and Delivery</u> You may not engage in catering and delivery services and activities within or outside of the Designated Area, unless we authorize you in writing, as further described in subsection 6 L We and our affiliate companies will not engage in catering and delivery services and activities in the Designated Area, however, we have no obligation to enforce similar covenants against any other franchisee

2 <u>TRADEMARK STANDARDS AND REQUIREMENTS</u> You acknowledge and agree that the Trademarks are RNB's property and it has licensed the use of the Trademarks to us with the right to sublicense to others You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following

A <u>Trademark Ownership</u> The Trademarks are RNB's valuable property, and it is the owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Restaurant and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks Your use of the Trademarks will inure to RNB's benefit You may not, during or after the term of this Agreement, engage in any conduct, directly or indirectly, that would infringe upon, harm or contest our RNB's rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media

B   Trademark Use You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those set forth in Appendix A or except as we otherwise direct in writing You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing You must comply with all trademark, trade name and service mark notice marking requirements You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging

C   Restaurant Identification You must use the name Rock & Brews® (or such other name that we specify) as the trade name of the Restaurant and you may not use any other mark or words to identify the Restaurant without our prior written consent You may not use the phrase "Rock & Brews" or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks You must post a prominent sign in the Restaurant identifying you as a Rock & Brews® franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Restaurant and that the Rock & Brews® Trademark is owned by our parent company and your use is under a license we have issued to you All your internal and external signs must comply at all times with our outdoor/indoor sign guidelines and practices, as they are modified from time to time

D   Litigation In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark You must take reasonable steps, without compensation, to assist us with any action we undertake We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses

E   Changes You may not make any changes or substitutions to the Trademarks unless we direct in writing We reserve the right to change the Trademarks at any time Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks, at your expense within the timeframe we prescribe If the changes to the Trademarks result in a required change to outdoor signage, such changes will be subject to the provisions in 5 F

3   TERM AND RENEWAL The following provisions control with respect to the term and renewal of this Agreement

A   Term The initial term of this Agreement commences on the Effective Date (as defined in Section 15 R) and expires 10 years after the Restaurant opens for business or the Required Open Date, whichever happens first, unless this Agreement is sooner terminated in accordance with Section 13

B Renewal Term and Conditions of Renewal You may renew your license for one ten-year renewal term, provided that (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term, (ii) you sign our then-current form of franchise agreement (modified to reflect no renewal term upon expiration (in accordance with this subsection 4 B) and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher/additional fees, (iii) you have complied with the provisions of subsection 5 E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new Rock & Brews restaurants, regardless of the cost of such modernizations and/or replacements, (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing, (v) if leasing the Restaurant premises (and not subject to relocation under (iii) above), you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period, (vi) you comply with our then-current training requirements, (vii) you pay us, at least 30 days prior to the end of the expiring term, a renewal fee in the amount of 50% of the then current initial franchise fee, and (viii) you and your Principal Owners and guarantors execute a general release of claims in a form we prescribe

4 FACILITY STANDARDS AND MAINTENANCE You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of Rock & Brews® restaurants and stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions

A Restaurant Facility, Restaurant Opening, Site Under Control You are responsible for purchasing or leasing a site that meets our site selection criteria We must approve the site In seeking our approval, you must submit third-party demographic information and such other analysis and information related to the site and market as we may require If you request or we determine that an on-site evaluation of your proposed location is required, you must pay us a one-time non-refundable Site Evaluation Fee of $5,000 for our preparation of a site evaluation report, which you must sign Upon execution of this Agreement, the Site Evaluation Fee will be credited toward the payment of the Initial Franchise Fee You may not use the Restaurant premises or Authorized Location for any purpose other than the operation of a Rock & Brews® Restaurant during the term of this Agreement We make no guarantees concerning the success of the Restaurant located on any site to which we consent

You may not open your Restaurant for business until (i) you have obtained a certificate of occupancy for your Restaurant as well as all other necessary licenses and permits to operate your Restaurant, (ii) your Restaurant has been constructed, furnished, equipped, and decorated in accordance with our approved plans and specifications and you have otherwise satisfied your pre-opening obligations as set forth in subsections 5 A and 5 B, (iii) you have completed all required training to our satisfaction, (iv) you have paid in full the Initial Franchise Fee and any other amounts due to us or our affiliates, (v) you have furnished us with certificates of insurance and copies of all insurance policies (if we so request), and (vi) we have notified you in writing that we have approved your opening date We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date We also are entitled to injunctive relief or specific performance under subsection 12 C for your failure to comply with your obligations

If you plan to lease the Restaurant premises, you and your landlord must sign the Lease

Addendum attached as Appendix C We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation You must provide us a copy of the executed lease and Lease Addendum within 5 days of execution We have no responsibility for the lease, it is your sole responsibility to evaluate, negotiate and enter into the lease for the Restaurant premises

You must provide us an executed copy of your lease and the Lease Addendum, or the purchase agreement (as applicable), for the approved site for your Restaurant, within 120 days from the date of execution of this Agreement If you fail to have your site "under control" (timely execute the lease or the purchase agreement) as required hereunder, we may terminate this Agreement without giving you an opportunity to cure pursuant to subsection 13 B 2

B <u>Wall Art, Construction, Future Alteration</u> You must construct and equip the Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment (including a required minimum of beer taps as we designate (currently 48) and music and video systems), inventory, signage, fixtures, furnishings, accessory features (including rock music memorabilia, art and merchandise and other music theme features) and design and layout of the building Certain components of the artwork and related memorabilia (including, without limitation, music artist and concert style photos, posters and other music-related memorabilia) are proprietary to the System ("Proprietary Decorative Wall Art"), as further described in our manuals You must use the Proprietary Decorative Wall Art only as set forth in the manuals Even though we may require you to purchase certain Proprietary Decorative Wall Art items, you will not have any rights, interest or title in the Proprietary Decorative Wall Art, and you may not sell, reproduce in any manner or otherwise use the Proprietary Decorative Wall Art for any other purpose other than in the operation of the Restaurant during the term of this Agreement If we require you to remove any Proprietary Decorative Wall Art from the Restaurant, you agree to comply with our direction within ten days of receiving a written notice thereof, in which event we will reimburse you for the reasonable cost of any approved replacement Proprietary Decorative Wall Art You may not use any other decorative art in the Restaurant without our prior written approval Our approval of any wall art not provided by us does not in any way limit your obligation to indemnify and hold us harmless (pursuant to Section B) from any third-party claims that may arise out of your use of any wall art in the Restaurant

You may not commence construction of the Restaurant until you have received our written consent to your building plans If your Restaurant is not constructed strictly according to the previously consented building plans, we will not approve your Restaurant for opening You will have 30 days from the date we deny our approval for opening your Restaurant to correct all the construction problems so that your Restaurant is strictly constructed according to the consented building plans If you fail to correct the problems within the 30-day period we may immediately terminate this Agreement pursuant to subsection 13 B 2 If the Restaurant opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay

Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Restaurant (i) retain the services of an architect, (ii) retain the services of a general contractor and audio/visual equipment providers and installers, (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications (not for construction) consistent with our general atmosphere, image, color scheme and ambience requirements as set forth from time to time in the manuals for a Rock & Brews®

restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating), (iv) purchase or lease and then, in the construction of the Restaurant, use only the approved building materials, equipment, fixtures, audio visual equipment, furniture and signs, (v) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations, (vi) obtain all customary contractors' sworn statements and partial and final waiver, (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act, and (viii) obtain and maintain all required zoning changes, building, utility, health, sanitation, liquor and sign permits and licenses and any other required permits and licenses (if this Agreement is for your first Rock & Brews® restaurant or if in any previous franchise agreement executed between you or any of your affiliates and us, you or any of your affiliates have not met your obligations regarding the build out of any previous Rock & Brews® restaurant, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Restaurant) It is your responsibility to comply with the foregoing conditions

You must use the prototype architectural drawings made available to you by us when working with your architect and general contractor You, your affiliates or your Principal Owners, or any person related to, or any entity controlled by your Principal Owners may not be your general contractor unless you have requested our approval and we have approved your request

Your general contractor may not be your audio/visual equipment provider and installer, unless your general contractor shows expertise in this field to our satisfaction and is approved by us prior to performing any work

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications we have approved You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans

You must begin substantial construction (site work, utility infrastructure and building erection) of the Restaurant at least 180 days before the deadline to open the Restaurant if the Restaurant will be in a free standing location or at least 150 days before the deadline to open the Restaurant if the Restaurant will be in a non-free standing location We may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Restaurant For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Restaurant by the date you are obligated to have the Restaurant open and in operation In the event that you fail to begin construction or to secure financing pursuant to this section, we will have the right to terminate this Agreement without giving you an opportunity to cure pursuant to subsection 13 B 2

C Maintenance The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) used in the operation of your Restaurant must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives Within a period of 30-45 days (as we determine depending on the work needed) after the receipt of any report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage If, however, any condition presents a threat to customers or public health or safety, you must address the items of maintenance immediately, as further described in subsection 6 G The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care Examples include, but are not limited to, repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly, repairing a leaking roof, repairing or replacing broken operational and audio-visual equipment, refreshing general appearance items such as paint (interior and exterior) and landscaping, replacing worn carpet, furniture and other furnishings, and conducting routine maintenance of areas that affect the appearance of the Restaurant and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area

D Relocation If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area, provided that (i) you have submitted third-party demographic information and such other analysis and information related to the site and market as we may require, (ii) we have consented in writing to the new site, (iii) the new Restaurant is under construction within 90 days after you discontinue operation of the Restaurant at the Authorized Location, and (iv) the new Restaurant is open and operating within 270 days after construction commences, all in accordance with our then-current standards If you voluntarily decide to relocate the Restaurant, your right to relocate the Restaurant will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Restaurant, have procured a site that we have consented to in writing within 60 days after closing the prior Restaurant, have opened the new Restaurant for business within 180 days of such closure and complied with any other conditions that we reasonably require You must pay the costs of any relocation, and you must pay us a Relocation Fee of (i) 50% of the then current initial franchise fee for a relocation to a free-standing building or (ii) 20% of the then current initial franchise fee for relocation to a strip center or similar development

If your Restaurant is destroyed or damaged and you repair the Restaurant (rather than relocate the Restaurant), you must repair and reopen the Restaurant at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 270 days of the date of occurrence of the destruction or damage

You do not have the right to relocate if you lose the right to occupy the Restaurant premises because of the cancellation of your lease due to your breach The termination or cancellation of your lease due to your breach is grounds for immediate termination of this Agreement under subsection 13 B 2

E Modernization or Remodel You agree that you will make such capital improvements or modifications necessary to modernize, redecorate and upgrade your Restaurant, including an upgrade of your audio/visual equipment to reflect the current image of new Rock & Brews® restaurants as we reasonably request during the term of this Agreement (taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement) We will not impose any new standards or specifications requiring structural changes or remodeling of your Restaurant more frequently than once every five (5) years A remodel investment will be no less than $300,000

You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date you are notified of any required changes, except for outdoor signage as set forth in subsection 5 F

You acknowledge and agree that the requirements of this subsection 5 E are both reasonable and necessary to ensure continued public acceptance and patronage of Rock & Brews® restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant If you fail to make any improvement as required by this subsection or perform the maintenance described in subsection 5 C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur and pay us an administrative fee of 15% of the cost of the improvements

Except for transfers under Subsection 11 G, every other transfer of any interest in this Agreement or your business governed by Section 11 or any renewal covered by Section 4 is expressly conditioned upon your compliance with these requirements at the time of transfer or renewal

F Signage The outdoor signage at your Restaurant must comply with our then-current specifications, which we may modify from time to time due to modifications to the System, including changes to the Trademarks You must make such changes to the outdoor signage as we require We will pay for 1/3 of the cost to replace your outdoor signage if (i) your Restaurant's sign is less than 2 years old and (ii) we require that you replace the sign within one year from the date of notification In any case, your failure to replace the signage within 15 months from the date of notification will constitute a default of this Agreement under Section 13 Any upgrades to the type or size of your outdoor signage will be at your expense

5 PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity The following provisions control with respect to products and operations

A Authorized Menu Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Restaurant You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products You must offer the full Authorized Menu, which includes but is not limited to the required minimum number of beer taps as we designate from time to time (48 as of the Effective Date) during all hours of operation We have the right to make modifications to these items from time to time, and you agree to comply with such modifications You may not offer or sell any other product or service at the Authorized Location without our prior written consent

B Authorized Products and Ingredients You must use in the operation of the Restaurant and in the preparation of Menu Items and other approved food and beverage products only the proprietary and non-proprietary ingredients, recipes, formulas, products, cooking techniques and processes and supplies, and must prepare and serve Menu Items and approved products in such portions, sizes, appearance, taste and packaging, all as we specify in our most current product preparation materials or otherwise in writing We will supply to you a copy of the current product preparation materials prior to opening the Restaurant You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality You may not use Styrofoam packaging of any kind in your Restaurant or for to-go packaging You acknowledge that the Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Restaurant at maximum capacity

C Approved Supplies and Suppliers We will furnish to you from time to time lists of approved supplies or approved suppliers You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "approved supplies") in connection with the design, construction and operation of the Restaurant as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source You will pay the then-current price in effect for all products and supplies that you purchase from us or our affiliates

If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so We must approve any product or supplier in writing before you make any purchases of that product or from that supplier We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our costs of product or supplier evaluation, not to exceed $500 We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards Our supplier approval procedure does not obligate us to approve any particular supplier We will notify you within 45 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential

ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US

D Computer System You must purchase and/or lease and use any computer system that we develop or select for the Restaurant, including all future updates, supplements and modifications (the Computer System") The software licensing fee for the license of software included in the Computer System is payable to us annually, in the amount of $2,500 for the first year and $1,000 for every year thereafter for the duration of the initial term and any renewal term The Computer System includes hardware (purchased by you at your own cost) and software used in the operation of the Restaurant, including Point-of-Sale (POS) terminals and back office programs used to record, analyze and report sales, labor, inventory and tax information It is your responsibility to make sure that you are in compliance with all laws that are applicable to the POS System or other technology used in the operation of your Restaurant, including all data protection or security laws as well as PCI compliance The computer software package developed for use in the Restaurant may in the future include proprietary software You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software All right, title and interest in the software will remain with the licensor of the software The computer hardware component of the Computer System must conform to specifications we develop We reserve the right to designate a single source from whom you must purchase the Computer System Our current approved P O S is Aloha and the only currently approved vendor is SDCR You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Computer System You must, at all times, have at the Authorized Location internet access with a form of high-speed broadband internet connection at our then-current minimum bandwidth specification and you must maintain (i) an email account for our direct correspondence with the Control Person, and (ii) a separate email account for the Restaurant We will provide you technical assistance and support at no charge for the first 30 days after the opening of your Restaurant Any ongoing technical support beyond that period will be billed at our then current hourly rate

E Serving and Promotional Items All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks We may require you to carry and offer for sale in the Restaurant a representative supply of approved trademarked clothing and other novelty items, including special promotional items that we develop and market from time to time

F Health and Sanitation Your Restaurant must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority You also must comply with any standards that we prescribe In addition, if the Restaurant is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more classifications, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance Although we do not currently do so, we may require you to perform third-party food safety and other operational audits of the Restaurant, including through a specific vendor that we designate

G Evaluations We or our authorized representative have the right to enter your Restaurant at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain your compliance with the provisions of this Agreement, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving We and our representatives also have the right to interview you, your employees and subcontractors, marketing contacts and customers pertaining to matters of compliance with this Agreement and the System and to photograph, videotape or audiotape any such interviews and/or observation/inspection of the operation of the Restaurant with or without your knowledge and without prior notice to you You hereby consent to our use of any such audio or video recording for training, marketing or any other purpose If we determine that any condition in the Restaurant presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction Our inspections and evaluations may include a "mystery shopper" program from time to time throughout the term of this Agreement We hire various vendors who send the "mystery shoppers" into the Rock & Brews® restaurants If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay for the mystery shopper(s) we send to your Restaurant (until the issue is resolved to our satisfaction) The current fee charged by the vendors is approximately $150 per visit, which you must pay directly to the vendor The fee per visit includes the reimbursement of the tab paid by the mystery shopper for the items consumed at your Restaurant and, therefore, the actual fee for each visit will vary Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of the Restaurant or to assume any responsibility for your obligations under this Agreement

H Period of Operation Subject to any contrary requirements of local law, your Restaurant must be opened to the public and operated with the full Authorized Menu at least 12 hours each day of the year, although you have the option to close your Restaurant, with prior notification to us, 5 days per year, although never 2 consecutive days (with the exception of Christmas Eve and Christmas Day) Any variance from this provision must be authorized by us in writing You acknowledge and agree that if your Restaurant is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement Acts of force majeure, as defined in subsection 16 M, preventing you temporarily from complying with the foregoing, will suspend compliance for the duration of such interference

I Operating Procedures You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation We will revise the manuals and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of restaurants operating under the Trademarks Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you The required standards generally will be set forth in the manuals or other written materials The manuals also will include guidelines or recommendations in addition to required standards In some instances, the required standards will include recommendations or guidelines to meet the required standards You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards In other instances, no suitable alternative may exist In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines

You acknowledge having received one copy of the manuals on loan from us for the term of this Agreement You acknowledge and agree that the manuals and other System communications may only be available on the internet or other online or computer communications The manuals at all times are our sole property You must at all times treat the manuals, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential We may from time to time revise the contents of the manuals and you expressly agree to comply with each new or changed requirement You must at all times ensure that your copy of the manuals is kept current and up to date, and in the event of any dispute as to the contents of said manuals, the terms of the master copy of the manuals that we maintain are controlling If at any time, you require replacement copies of the manuals, we may charge you a replacement fee not to exceed $1,000

J Confidential Information You, the Principal Owners, the General Manager, your guarantors, officers, directors, members, managers, partners, employees or agents, and any other individual or entity related to, or controlled by, you, may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use any Confidential Information in any other business or in any manner not specifically authorized or approved in advance in writing by us For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding our business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurant, as well as the contents of this Agreement and any other document executed in connection with this Agreement Any and all Confidential Information, including, without limitation, proprietary ingredients, products, secret formulas and recipes, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Restaurant during the term of this Agreement We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Principal Owners, the General Manager and other key employees You must provide executed copies of these agreements to us upon our request Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Restaurant as well as to your landlord

K Vending Services If you install or maintain on the Restaurant premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within three days from receiving written notice from us Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed unless you receive our prior written approval Any income from vending services in the Restaurant or on its premises, regardless of which person or entity collects the money, and regardless of whether we authorized you to install them, must be included in Gross Sales for purposes of your Royalty Fee and Brand Development Fee Upon our written approval, the money derived from services provided by charitable organizations or services that are for customer convenience, such as pay phones or cash machines, will not be included in Gross Sales

L Catering and Delivery Services If you want to offer catering or delivery service to customers, you must obtain our prior written approval, which we will not withhold unreasonably, although we reserve the right to require you to offer catering service to customers located within the Designated Area Any catering or delivery services must meet our written standards You also must charge the same price for products offered by the Restaurant whether delivered or catered by or sold in the Restaurant Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty Fee and Brand Development Fee

M Compliance with Law, Licenses and Permits You must at all times maintain your premises and conduct your Restaurant operations in compliance with all applicable laws, regulations, codes and ordinances You must secure and maintain in force all required licenses, including a liquor license that permits alcohol sales 7 days a week (full liquor Monday through Saturday and either full liquor or at least beer only on Sundays), permits and certificates relating to your Restaurant If your Restaurant is open and operating and a change occurs in applicable state or local law that does not permit liquor sales on Sundays, it will not be deemed a breach of this Agreement If your liquor license is suspended or revoked, in addition to our right to terminate this Agreement pursuant to subsection 13 B, we reserve the right to charge you the Royalty Fee on the Gross Sales you would have received on the lost liquor sales during the license suspension We will estimate the Gross Sales for the suspension period based on the prior year's Gross Sales

You acknowledge that you are an independent business and responsible for control and management of your Restaurant, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with you

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your Rock & Brews® business or Restaurant, including any notices of health code violations or liquor license violations

N Participation in Internet Web Sites or Other Online Communications You must, at your expense, participate in our Rock & Brews® web site on the internet, our intranet system and/or other online communications as we may require We have the right to determine the contents and use of our web site and intranet system and will establish the rules under which franchisees may or must participate You may not separately register any domain name containing any of the Trademarks nor participate in any web site that markets goods and services similar to a Rock & Brews® restaurant You may not use or reference the Marks in any online communication or web site (including, without limitation, all current and future social media platforms) absent our prior approval We retain all rights relating to our web site and intranet system and may alter or terminate our web site or intranet system Your general conduct on our web site and intranet system or other online communications and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement You acknowledge that certain information related to your participation in our web site or intranet system may be considered Confidential Information, including access codes and identification codes Your right to participate in our web site and intranet system, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when this Agreement expires or terminates

O System Modifications You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate You must comply with these modifications, additions or rescissions at your expense, subject to the requirements of subsection 5 E and any other express limitations set forth in this Agreement

P Suggested Pricing Policies We may, from time to time, make suggestions to you with regard to your pricing policies Any list or schedule of prices we furnish to you may, unless otherwise specifically stated, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law

Q Innovations All ideas, concepts, techniques, or materials concerning the Rock & Brews Restaurant, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us To the extent any item does not qualify as a 'work made-for-hire" for us, you hereby assign and must assign ownership of that item, and all related rights to that item, to us and must take whatever action, and require your owners or employees to take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item

6 PERSONNEL AND SUPERVISION STANDARDS The following provisions and conditions control with respect to personnel, training and supervision

A Supervision You must have a Control Person and a General Manager who meet our standards and qualifications at all times during the term of this Agreement Your Control Person and General Manager must successfully complete all required training, as set forth in subsections 7 B – E Any new Control Person or General Manager must successfully complete our training requirements immediately after being appointed by you The Control Person and General Manager must ensure that the Restaurant is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so Your Control Person also must be readily and continuously available to us In addition to the Control Person and your General Manager, you must have at least two assistant managers at all times during the term of this Agreement

B Training You must, at your expense, comply with all of the training requirements we prescribe for the Restaurant to be developed under this Agreement The Control Person or the General Manager and at least one of your assistant managers must complete training to our satisfaction (such that at all times you have two trained managers for your Restaurant) All replacement managers must complete training to our satisfaction, and must begin training within 6 weeks of the time of hire The training requirements may vary depending on our assessment of the experience of the Control Person, the General Manager and the assistant manager or other factors specific to the Restaurant If you are given notice of default under subsection 13 A or B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require, as a condition of curing the default, that you, the Control Person, the General Manager and/or the assistant manager, at your expense, comply with the additional training requirements we prescribe Under no circumstances may you permit management of the Restaurant's operations by a person who has not successfully completed all applicable training we require

C Ongoing Training We may require the Control Person, the General Manager, the assistant managers and other key employees of the Restaurant to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate In addition, we may develop and require you to purchase an in-restaurant training program

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the Rock & Brews System You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees You are solely responsible for ensuring that your employees receive adequate training

D. Staffing You must employ a sufficient number of competent and trained employees to ensure efficient service to your customers You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. It is your responsibility to train your employees. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Trademarks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Meetings. You and the Control Person must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics. If you or the Control Person are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting. In addition, your General Manager(s) must attend the annual training meeting for General Managers that we may hold or sponsor, at your own expense. We reserve the right to require that you and/or your Control Person attend any additional meetings that we deem appropriate under special circumstances, provided however, that we will not require more than one additional meeting every year and we will give you written notice of any such meeting at least 10 days prior to the meeting.

7. ADVERTISING. You agree to actively promote your Restaurant, to abide by all of our advertising requirements and to comply with the following provisions:

A. Brand Development Fund. Recognizing the value of advertising and marketing to the goodwill and public image of Rock & Brews Restaurants, we have established and administer and control a Brand Development Fund. You are required to contribute each week to the Brand Development Fund by paying us a Brand Development Fee as set forth in subsection E. All Brand Development Fees are placed in the Brand Development Fund that we own and manage. On behalf of our company and affiliate owned restaurants (except for Non-Traditional Locations), we pay the same Brand Development Fee as similarly situated franchised restaurants (based on age of restaurant and type of location) in the same local marketing area. The Brand Development Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Brand Development Fund, provided, however, we make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We use the Brand Development Fund to conduct regional and/or local advertising. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each restaurant or in each advertising market. We have the right to make disbursements from the Brand Development Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. Without limiting the generality of the foregoing, the Brand Development Fund may be used for the following purposes: (1) salaries, benefits and any other payments made to employees or any other individual or entity providing services to the Fund, and administrative costs, salaries and other expenses for marketing support personnel and operating expenses, (2) broadcast, digital, print or other advertising, (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, digital assets, videotapes, direct mail pieces and other print advertising), (4) any marketing or related research and development (e.g., innovation, technology, and so on), (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menus and menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, internet access provider costs, subscriptions to industry newsletters or magazines, and other marketing related expenditures we specify, and (6) reimbursement to the Fund for expenses incurred in prior years. If requested, we will provide you an annual unaudited statement of the financial condition of the Brand Development Fund. We will not use any of the advertising funds for the solicitation of franchise sales, but any marketing materials we produce may designate "Franchises Available."

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Restaurant and participate in any local marketing and promotional programs we establish from time to time. In addition to the Brand Development Fee (if applicable), you are required to spend 2% of your Gross Sales on approved local marketing and promotion. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Brand Development Fund.

C. Approved Materials. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Restaurant or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities, provided that they are current, in good condition, in good taste and accurately depict the Trademarks. If you have not received our written (including via email) disapproval of the materials within 10 days from the date we received such materials, the materials will be deemed approved. We may require you (in writing) to withdraw and/or discontinue the use of any promotional or advertising materials, even if previously approved, if in our judgment, such materials may be harmful to the System. You must withdraw and discontinue use of such materials within 5 days of our notice, unless we designate a longer time period in our communication. Any point-of-sale posters or other promotional materials used by you must be current and in good condition. We may make available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials. All materials containing our Trademarks or other intellectual property must include the applicable designation - service mark ^{sm}, trademark ™, registered ® or copyright ©, or any other designation we specify.

D. Advertising Cooperatives. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must contribute a minimum of 2% of Gross Sales to the local cooperative, which satisfies the local marketing requirement described in subsection 8.B. If, however, the cooperative votes to spend a percentage greater than 2% per location, you must contribute such amount. Each Rock & Brews® restaurant, including those operated by us, our parent company or our affiliates (except Non-Traditional Locations) within a designated local advertising area is a member of the local advertising cooperative and each restaurant has one vote on all matters requiring a vote. Each advertising cooperative will be required to adopt governing bylaws that meet our approval. We will provide each advertising cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this section. We reserve the right to administer the advertising cooperatives' funds and require payment from its members via electronic funds transfer. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at least 2%. The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative. Each advertising cooperative must engage the services of a professional advertising agency or media buyer that meets with our approval and has expertise in the industry and in the particular market. Further, you must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request Also, each advertising cooperative must submit to us its meeting minutes upon our request We have the right to require advertising cooperatives to be formed, changed, dissolved or merged

E <u>Participation in Certain Programs and Promotions</u> You must participate in all required advertising and promotional programs we establish If the promotional program involves alcohol, or any Menu Item that is listed on the then-current Rock & Brews® printed menu (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than the every-day menu price You must use and honor only system-wide gift cards, certificates and checks that we designate and you must obtain all certificates, cards or checks from an approved supplier We reserve the right to develop a gift card program and require that you participate in any such gift card program

F <u>Consent to Use of Certain Information</u> By executing this Agreement, you hereby grant us the non-exclusive right and license to use, to the extent permitted under applicable law, without any further consent and without payment of any additional consideration, in perpetuity, (i) any photographs or video taken by us or our representatives at or of your Restaurant, (ii) any financial information you provide to us hereunder with respect to your Restaurant's financial performance, and/or (iii) your biographical information provided by you to us hereunder, in each case to be used in connection with our promotional, marketing and advertising activities and efforts promoting the Rock & Brews System and brand, including the sale of additional franchises You will cooperate with us in connection with the foregoing, including by assisting us in obtaining consents from any other persons appearing in any such photographs or video

G <u>Franchise Opportunities Inquiries</u> Subject to any legal restrictions, you must include a sign (supplied by us) in a conspicuous place within the Premises as well as on all menus, containing substantially the following statement "Rock & Brews Franchise Opportunities Available " All inquiries must be immediately referred to us You have no authority to act for us in franchise sales

H <u>New Restaurant Opening Promotion</u> You must conduct certain advertising and public relations activities in connection with the opening of your Restaurant We require you to spend, in addition to the required local advertising contribution described above, $30,000 for such opening activities, which must be spent some time within 45 days prior and 45 days following the opening of your Restaurant, unless otherwise approved by us In addition, you must perform opening advertising and promotions as required by this section every time that you (i) relocate the Restaurant or (ii) reopen the Restaurant after having it closed for 30 days or more You must provide to us proof of these expenditures We have the right, but not the obligation, to collect and administer these funds on your behalf

8 <u>FEES, REPORTING AND AUDIT RIGHTS</u> You must pay the fees described below and comply with the following provisions

A <u>Initial Franchise Fee</u> You must pay to us a nonrefundable Initial Franchise Fee of $50,000 <u>for a traditional restaurant and $100,000 for a non-traditional location other than a hotel or casino, in which case the Initial Franchise Fee is $250,000</u> - The Initial Franchise Fee, payable in full on the date you sign this Agreement, is earned upon receipt and is in consideration for our expenses incurred and services rendered in granting you the franchise rights

B Art Package and Installation Fee You must also pay us a one-time, nonrefundable Art Package and Installation Fee of $10,000, payable in full before we start the design of your art package and no later than 30 days prior to the Restaurant opening This fee is earned upon receipt and is consideration for the design, layout and 3D modeling, and installation of your Restaurant's art package, which includes two site visits to your Restaurant (including our travel and lodging expenses), with the first visit to measure the Restaurant site for the art layout and the second visit to oversee the art installation at the Restaurant

C Opening Expenses Training for the management staff is included in the Initial Franchise Fee, excluding the trainees' expenses such as wages, travel, meals, and lodging, for which you remain responsible In addition, up to five of our representatives will travel to your Restaurant to provide on-site assistance for up to seven days prior to the opening and up to seven days following the opening of your Restaurant If our representative, in our discretion, is required to spend more than two weeks at your Restaurant providing assistance, you must pay our then-current per diem fee and reimburse each additional representative's expenses for each additional day of assistance

D Royalty Fee In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us a weekly Royalty Fee on a Wednesday of each week The Royalty Fee for the initial term of this Agreement shall be an amount equal to 5% of Gross Sales~~, provided however that the Royalty Fee will be subject to a 1% abatement for the first five years of the initial term of this Agreement during which period you will pay a Royalty Fee of 4% of Gross Sales~~ The amount of the Royalty Fee for any renewal term shall be that provided in the franchise agreement executed for such renewal term

E Brand Development Fee In addition, you must pay to us a weekly Brand Development Fee in an amount equal to 1% of Gross Sales (the "Brand Development Fee") ~~We reserve the right to increase this percentage upon 60 days' written notice to you provided however, that we may not increase the Brand Development Fee by more than ½% per year and that the Brand Development Fee will not exceed 3% of Gross Sales during the initial term of this Agreement~~ These fees are not held by us in trust and become our property to be spent in accordance with Section 8 of this Agreement

F Computations and Remittances Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each week's operation and remittance for the amounts must be made to us on or before Wednesday of the following week, accompanied (or preceded, as applicable) by any reports we may require under subsection J of this Agreement We reserve the right to change the reporting day of the week for any or all amounts You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you Further, if you are delinquent in the payment of any amounts owed to us, we may require you to prepay estimated Royalty Fees and Brand Development Fees

If the Royalty Report has not been received by us when due, then we may process an EFT for the Royalty Fee for the week based on (a) information regarding your Gross Sales for the preceding week, or (b) the most recent Royalty Report provided to us by you, provided that if we receive the Royalty Report after we process the electronic transfer of funds ("EFT") and the Royalty Report reflects (i) that the actual amount of the Royalty Fee due was more than the amount of the EFT processed by us, then we shall be entitled to withdraw additional money through EFT from your designated bank account for the difference, or (ii) that the actual amount of the Royalty Fee due was less than the amount of the EFT processed by us, then we shall return the excess amount to you within five business days of notice by you or discovery by us if the excess is greater than $150, but if the excess withdrawn by us is $150 or less, then we will credit the excess amount to the payment of the next Royalty Fee due

G Electronic Transfer of Funds You must sign an electronic transfer of funds authorization, attached as Appendix D, to authorize and direct your bank or financial institution to transfer electronically, on a weekly basis, directly to our or our affiliates' account and to charge to your account all amounts due to us or our affiliates You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subsection

H Interest Charges, Late Fees Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual In addition to interest charges on late Royalty Fee and Brand Development Fee payments, you must pay to us a service charge of $100 for each delinquent report or payment that you owe to us under this Agreement A payment is delinquent for any of the following reasons (i) we do not receive the payment on or before the date due, or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment

I Financial Planning and Management You must record daily all sales on a cash register tape or similar device You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Restaurant operations You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe The records that you are required to keep for your Restaurant must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time You also must preserve and retain the books, records and reports for not less than 36 months You must allow us electronic and manual access to any and all records relating to your Restaurant

J Reports and Audit By Monday of each week (or the next business day if any Monday is not a business day), you must provide us with a report of Gross Sales for the preceding week ending Sunday ("Royalty Report") We may require that you submit additional reports, including, but are not limited to, the following information (i) amount of gross receipts of the Restaurant, amount of sales tax and the computation of the Royalty Fee and the Brand Development Fee, (ii) quantities of products purchased and the sources from which each were obtained, (iii) if we request, copies of your most recent sales tax return, monthly cash register sales summary or details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items, and (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we may periodically prescribe We may require that the annual financial statements be reviewed or audited by a certified public accountant You must certify all reports to be true and correct You must submit to us all reports by the dates and in the form and content as we periodically prescribe You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Restaurant are kept and to evaluate, copy and audit such books and records We also have the right to request information from your suppliers and vendors If any evaluation or audit reveals any understatement of your Gross Sales, Royalty Fees or Brand Development Fees in any month by an individual or combined total of 2% or more from data reported to us, then, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement), you must reimburse us for all audit costs, including, but not limited to, related professional fees, travel, and room and board expenses Furthermore, we may conduct additional periodic audits and/or evaluations of your books and records, at your sole expense, as we reasonably deem necessary You acknowledge and agree that if you intentionally understate or underreport Gross Sales, Royalty Fees or Brand Development Fees, or if a subsequent audit or evaluation conducted within a 3-year period reveals any understatement or a variance of these fees by an individual or combined total of 2% or more, in addition to any other remedies provided in this Agreement, at law or in equity, we have the right to terminate this Agreement in accordance with Subsection 13 B 2 To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subsection 11 D 8 or where your information is grouped with similar information from other restaurants to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis

9 <u>YOUR OTHER OBLIGATIONS, NONCOMPETE COVENANTS</u> You agree to comply with the following terms and conditions

A <u>Payment of Debts</u> You agree to pay promptly when due (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business, (ii) all amounts required to discharge all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Restaurant, and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Restaurant If you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree to reimburse us promptly on demand for any such payment

B <u>Indemnification</u> You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of your Restaurant You agree to fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Restaurant (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason, however, if we incur any liability, cost, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such liability, cost, loss or damage

C Insurance No later than ten days before you open your Restaurant you must purchase and maintain, during the term of this Agreement, in full force and effect, at your expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing) (1) comprehensive general liability, including broad form contractual liability, employment practices coverage, broad form property damage, personal injury, facilities, completed operations, products liability, automobile (covering all vehicles used in the delivery of products from the Restaurant, including owned, hired and non-owned vehicles), fire legal liability and liquor liability in the minimum amount of $1,000,000, (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Restaurant with an agreed amount endorsement equal to 100% of the property's value, (3) employer's liability, workers' compensation, dram shop, and any other insurance that may be required by statute or rule of the state or locality in which the Restaurant is located and operated, (4) business interruption insurance of at least 50% of your annual gross sales excluding payroll, including naming us as an additional insured and loss payee for royalties that would have been paid by you during the preceding 12 month period, (5) any insurance coverages required by the terms of the lease for the Restaurant premises, and (6) any other insurance coverages we may require in the future In addition, related to any construction, renovation or remodeling of the Restaurant, you must maintain builders risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us The required liability insurance must (x) name Rock & Brews Franchising, LLC and affiliates (collectively, "R&B Entities") as additional insureds, (y) provide severability of interests and/or separation of insureds coverage, and (z) be primary and non-contributory with any insurance policy carried by R&B Entities and include a waiver of subrogation in favor of R&B Entities

You must deliver to us or our designee at commencement and thereafter annually or at our or our designee's request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subsection The insurance certificate must show compliance with all required insurance specifications We also may request copies of all policies and/or loss data By providing written notice to you, we may from time to time modify the required minimum limits and require additional insurance coverage, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Rock & Brews system, standards of liability and higher damage awards If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so You must pay these amounts to us immediately upon written notice

D Noncompete Covenants You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement You therefore agree to the following noncompetition covenants

1 Unless otherwise specified, the term "you" as used in this subsection 10 D includes, collectively and individually, your Control Person, all Principal Owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you We may require you to obtain from your Control Person and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subsection 10 D

2 You covenant that during the term of this Agreement you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any restaurant or food business other than one authorized by this Agreement or any other agreement between us and you, except any interest you may have, at the Effective Date of this Agreement, in a restaurant or food business, other than a casual or fast casual restaurant, the existence of such interest we have approved in writing Under no circumstances may you be a member of a franchisee advisory council, committee, board or other similar group for a restaurant or food business, unless you receive our prior written approval

3 Except for any interest you or your affiliate have in another restaurant or food business pursuant to an agreement with us or our affiliate, you covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Restaurant or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a restaurant that offers, sells or offers to sell any product or guest engagement tool (as such products and guest engagement tools are defined from time to time in our System standards consistent with Section 6 O above), and which is either in test at one or more Rock & Brews® restaurants or that is available in 10% or more of the Rock & Brews® restaurants in operation in the U S on the date of termination or expiration of this Agreement Without limiting the generality of the foregoing, this means that you may not, directly or indirectly, have any interest in (i) a restaurant that sells or offers to dispense prepared food products and beverages the same as or similar to the type sold in Rock & Brews® restaurants, (ii) a music entertainment-oriented restaurant or bar business, (iii) any business establishment that sells or offers to dispense prepared gourmet burgers, sandwiches, pizza, salads and beer or (iv) a restaurant with a trade dress and style of service similar to Rock & Brews restaurants

a At the premises of the former Restaurant,

b Within a 5-mile radius of the former Restaurant, or

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c Within a 5-mile radius of the location of any other business or restaurant using the Rock & Brews® System, whether franchised or owned by us or our affiliates

4 You agree that the length of time subparagraph 10 D 3 will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement

10 TRANSFER OF FRANCHISE You agree that the following provisions govern any transfer or proposed transfer

A Transfers We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Restaurant Consequently, neither your interest in this Agreement or you nor in the Restaurant may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subsection 11 F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subsection 11 C is paid, and the transfer conditions described in subsection 11 D are satisfied Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer that requires compliance with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 11

1 Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Owner that results in any addition or deletion of any person or entity who qualifies as a Principal Owner,

2 Any change in the general partner of a franchisee that is a general, limited or other partnership entity, or

3 For purposes of this subsection 11 A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or any Principal Owner, which we have not approved in advance in writing

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subsection 11 F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subsection 11 C, and satisfy the transfer conditions described in subsection 11 D In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you

You may not place in, on or upon the location of the Restaurant, or in any communication media or any form of advertising, any information relating to the sale of the Restaurant or the rights under this Agreement, without our prior written consent

B Consent to Transfer We will not unreasonably withhold our consent to transfer, provided that all of the conditions described in this Section 11 have been satisfied Application for our consent to a transfer and tender of the right of first refusal provided for in subsection 11 F must be made by submission of our form of application for consent to transfer You also agree to submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require under our then-current transfer procedures The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subsection 11 C

C Transfer Fee The transfer fee shall be equal to (i) 50% of the then current initial franchise fee, if the assignee is not a current franchisee under the Rock & Brews® System or (ii) 20% of the then current initial franchise fee, if the assignee is a current franchisee under the Rock & Brews® System Payment of the transfer fee is a condition of transfer under subsection 11 D If you are an individual, we will not impose a transfer fee for a one-time transfer to a corporate entity you form for the convenience of ownership

D Conditions of Transfer We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following

1 Assignee Requirements The assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed transfer

2 Payment of Amounts Owed All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Restaurant premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full

3 Reports You must have provided all required reports to us in accordance with subsections I and J

4 Modernization You must have complied with the provisions of subsection 5 E Upgrade of the Restaurant to our then-current standards must occur within 90 days of the transfer

5 Guarantee In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be

6 General Release You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Restaurant or the parties' business relationship, in the form we designate, releasing us and our affiliates

7 Execution of Then-Current Franchise Agreement The assignee executes our then-current form of franchise agreement (modified to reflect that the term is only the remainder of the term under this Agreement and other modifications to reflect that the agreement relates to a transfer), the terms of which may differ from this Agreement, including higher/additional fees and modifications to the Designated Area (although in no event will the revised Designated Area have a residential population of less than the residential population in the Designated Area that existed as of the Effective Date)

8 Training The assignee must, at your or assignee's expense, comply with the training requirements of subsection 7 B

9 Financial Reports and Data We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Restaurant and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Restaurant and the proposed transfer You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Restaurant and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure

10 Other Franchise Agreements You must be in full compliance with all your obligations under any and all Franchise Agreements and Area Development Agreements executed between you and us

11 Other Conditions You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies, provided, that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement

E Death, Disability or Incapacity If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under subsection 11 B, comply with the training requirements of subsection 7 B if the Principal Owner also was the Control Person (unless the heir or successor-in-interest finds another Principal Owner to qualify as the Control Person), pay the applicable transfer fee under subsection 11 C, and satisfy the transfer conditions under subsection 11 D, as in any other case of a proposed transfer, all within 12 months of the death or within six months after notice of the disability or incapacity During any transition period to an heir or successor-in-interest, the Restaurant still must be operated in accordance with the terms and conditions of this Agreement If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subsection 11 F

F Right of First Refusal If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subsection 11 E or any transfer described in subsection 11 A, you first must offer to sell to us your interest under the same terms In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer

If the proposed transfer results from a transfer under subsections 11 A 1 through 11 A 3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Restaurant Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subsections 11 A 1 through 11 A 3, insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subsection 14 B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested

We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us, provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 11 You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subsection 11 F You understand that, for purposes of this Section 11 F, we may effectuate our right of first refusal rights through an affiliate or other third party that we designate

G Transfer to Immediate Family Members and Among Principal Owners If the transfer is between an original Principal Owner or an individual who has been a Principal Owner for at least five years and an immediate family member of that owner, or if the transfer is among individuals who have each been Principal Owners for at least five years, then the following apply (i) no transfer fee will be payable to us, although you must reimburse us for our reasonable costs and expenses in an amount not to exceed $3,000, (ii) we will waive our right of first refusal described in subsection 11 F, and (iii) we will not require the execution of the then-current franchise agreement, as required by subsection 11 D 7, provided that we must approve in writing any family member assignee All other provisions of this Section 11 apply in full force and effect to the type of transfer described in this subsection, including without limitation, the requirement that the assignee meet our then-current requirements for new franchisees, including financial qualifications and experience standards

H Transfer by Us We have the right to sell or assign, in whole or in part, our interest in this Agreement

11 DISPUTE RESOLUTION The following provisions apply with respect to dispute resolution

A Mediation, Arbitration

(i) Except for disputes that involve injunctive relief or specific performance actions covered under subsection 12 B, the parties agree to mediate any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship, or the business, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement Mediation will be conducted in the county in which our headquarters are then located (currently, Los Angeles County, California), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties Persons authorized to settle the dispute must attend any mediation session The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential

(ii) Except as provided in subsection 12 B, all disputes not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association The arbitration must take place in the county in which our headquarters are then located (currently, Los Angeles County, California), or at such other place as may be mutually agreeable to the parties Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties The arbitrators must follow the law and not disregard the terms of this Agreement The decision of the arbitrators will be final and binding on all parties to the dispute, however, the arbitrators may not, under any circumstances (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set A judgment may be entered upon the arbitration award by any court of competent jurisdiction

B Injunctive Relief Notwithstanding subsection 12 A above, you recognize that the Restaurant is one of a large number of restaurants and stores identified by the Trademarks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons to collect sums of money due to us, to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks, to compel you to compile and submit required reports to us, or to permit evaluations or audits authorized by this Agreement

C Attorneys' Fees The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs

12 DEFAULT AND TERMINATION The following provisions apply with respect to default and termination

A Defaults You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, actions by you, a Principal Owner, or a guarantor that infringe upon, harm or contest our parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks or impair or tend to impair your reputation, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors

B Termination by Us We have the right to terminate this Agreement in accordance with the following provisions

1 Termination After Opportunity to Cure Except as otherwise expressly provided in this subsection 13 B or elsewhere in the Agreement (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults, (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement, (iii) the termination will be accomplished by delivering to you written notice of termination that will identify the grounds for the termination, and (iv) the termination will be effective immediately upon our issuance of the written notice of termination

2 Immediate Termination With No Opportunity to Cure In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination (i) any material misrepresentation or omission in your franchise application, (ii) your voluntary abandonment of this Agreement or the Authorized Location (iii) the loss or revocation of your liquor license or suspensions totaling 90 days over any 5 year period, (iv) the loss of your lease, the failure to timely cure a default under the lease, or the loss of your right of possession or failure to reopen or relocate under subsection 5 D, (v) the closing of the Restaurant by any state or local authorities for health or public safety reasons, (vi) any unauthorized use of the Confidential Information, (vii) voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any

similar voluntary or involuntary arrangement for the disposition of assets fór the benefit of creditors, (viii) any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, (ix) conviction of you, any Principal Owners, the Control Person, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, (x) any actions that infringe upon, harm or contest or parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks or impair or tend to impair your reputation, (xi) intentionally understating or underreporting Gross Sales, Royalty Fees or Brand Development Fees or any understatement or 2% variance on a subsequent audit within a 3 year period under subsection J, (xii) failure to open the Restaurant by the Required Open Date, failure to execute the lease (including the Lease Addendum) or the Purchase Agreement for the Restaurant by the date stated subsection 5 A, failure to start substantial construction of the Restaurant by the date established in subsection 5 B, or failure to secure financing for the construction of the Restaurant by the date set forth in subsection 5 B, (xiii) violation by you of the provisions of subsection 15 P, (xiv) any unauthorized transfer or assignment in violation of Section 11 or (xv) any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period

3 <u>Immediate Termination After No More than 24 Hours to Cure</u> If a default under this Agreement occurs that violates any health, safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Restaurant presents a health or safety hazard to your customers or to the public (for example, improper cooking or storage procedures used for chicken wings) (i) you will have no more than 24 hours after we provide written notice of the default to cure the default, and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination

4 <u>Effect of Other Laws</u> The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you

C <u>Termination by You</u> You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement, provided that - (i) you provide us with written notice of the breach that identifies the grounds for the breach, and (ii) we fail to cure the breach within 30 days after our receipt of the written notice However, if the breach cannot reasonably be cured within 30 days, you have the right to terminate this Agreement if, after our receipt of a written notice from you, we do not within 30 days undertake and continue efforts to cure the breach until completion Your termination of this Agreement under this Section will not release or modify your Post-Term obligations under Section 14 of this Agreement

13 <u>POST-TERM OBLIGATIONS</u> Upon the expiration or termination of this Agreement

A <u>Reversion of Rights, Discontinuation of Trademark Use</u> All of your rights to use the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party All of your right, title and interest in, to and under this Agreement will become our property Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Restaurant (although we will not assume any past due obligations) You must immediately comply with the post-term non-compete obligations under subsection 10 D, cease all use and display of the Trademarks and of any proprietary material (including the manuals and the product preparation materials) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Restaurant and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates In addition, If we terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fee you paid or owed to us during the 12-month period immediately preceding termination multiplied by (x) 24 (being the number of months in two full years), or (y) the actual number of months remaining under this Agreement had it not been terminated, whichever is higher You must immediately return to us, at your expense, all copies of the manuals and product preparation materials then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subsection 6 J You must promptly at your expense and subject to subsection 14 B, remove or obliterate all Restaurant signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Restaurant as to differentiate the Restaurant unmistakably from duly licensed restaurants identified by the Trademarks If you refuse to comply with the provisions of the preceding sentence, we have the right to enter the Authorized Location and remove all Restaurant signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement

B <u>Purchase Option</u> We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant that are owned by you or any of your affiliates, including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, liquor license and inventory of the Restaurant at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Restaurant's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section within 30 days after the date of the expiration or termination of this Agreement If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party

If the Agreement is terminated, expires or otherwise is cancelled, the price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a Rock & Brews® Restaurant and the appraiser will designate a price for each category of asset (e g , land, building, equipment, fixtures, etc), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System In the event of expiration, however, the parties agree that you may elect not to include the land in the appraisal and option to purchase process In this instance, you may elect to lease the land to us or our designee for a lease term of at least 10 years with two 5-year options to renew and for a primary rate equal to fair market value according to the applicable Building Office Management Association Guidelines, unless otherwise agreed to by the parties

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner We and you will each pay one-half of the appraiser's fees and expenses Our interest in the assets of the Restaurant that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefor and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased

If we do not exercise our option to purchase under this subsection, you may sell or lease the Restaurant premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, not to use the premises for the operation of a restaurant business that has a menu or method of operation similar to that employed by our company-owned or franchised restaurants

C <u>Claims</u> You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the Rock & Brews® business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement, provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations

14 <u>GENERAL PROVISIONS</u> The parties agree to the following provisions

A <u>Severability</u> Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy

B <u>Waiver/Integration</u> No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us This Agreement together with the addenda and appendices hereto and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business There are no representations or warranties of any kind, express or implied, except as contained herein and in the aforesaid application Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you

C <u>Notices</u> Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows

1 If intended for us, addressed to ________________, Rock & Brews Franchising, LLC, 321 12th Street, Suite 200, Manhattan Beach, California 90266,

2 If intended for you, addressed to you at, ____________________________ ________________________________ or at the Authorized Location, or,

in either case, as the intended party may change such address by written notice to the other party Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subsection

D <u>Authority</u> Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by the Control Person or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents

E <u>References</u> If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement include all of the individuals Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement

F <u>Guarantee</u> All Principal Owners of a franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement within 10 days from the date such person or entity becomes a Principal Owner, provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all the obligations of a Principal Owner under this Agreement at the time such person or entity becomes a Principal Owner Before approving and entering into any transaction that would make any person or entity a Principal Owner, you must notify such person about the content of this subsection

G <u>Successors/Assigns</u> Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties

H <u>Interpretation of Rights and Obligations</u> The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties

1 Applicable Law and Waiver Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of the Authorized Location You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located

2 Our Rights Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subsection 5 E and other express limitations set forth in this Agreement

3 Our Reasonable Business Judgment Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

I Venue Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the state or federal district court located in the county in which our headquarters are then located (currently, Los Angeles County, California) Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts The provisions of this subsection will survive the termination of this Agreement You are aware of the business purposes and needs underlying the language of this subsection and, with a complete understanding thereof, agree to be bound in the manner set forth

J Jury Waiver All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement

K Waiver of Punitive Damages You and your affiliates and we and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained

L Relationship of the Parties You and we are independent contractors Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other Neither party may obligate the other or represent any right to do so This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier

M Force Majeure In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder

N Adaptations and Variances Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised restaurant or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such restaurant or store, franchisee's business or the System We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement

O Notice of Potential Profit We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Restaurant on the sale of which we and/or our affiliates may make a profit Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons You agree that we and/or our affiliates are entitled to said profits and/or consideration

~~PP Interference with Employment Relations During the term of this Agreement, neither we nor you may employ or seek to employ, directly or indirectly any person who is at the time or was at any time during the prior 12 months employed in any type of management or certified trainer position by the other party In the event that you violate this provision we will have the right to terminate this Agreement without opportunity to cure pursuant to subsection 13 B 2 In addition, any party who violates this provision agrees to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to 2 times the annual compensation that the person being hired away was receiving at the time the violating party offers her/him employment You agree that this amount is for the damages that the non-violating party will suffer for the loss of the person hired away by the other party including the costs of finding, hiring and training a new employee and for the loss of the services and experience of the employee hired away and that it would be difficult to calculate with certainty the amount of damage that the non-violating party will incur Notwithstanding the foregoing, if a court determines that this liquidated damages payment is unenforceable then the non-violating party may pursue all other available remedies, including consequential damages This subsection will~~

~~not be violated if (i) at the time we or you employ or seek to employ the person, the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Restaurant to us or any of our affiliates~~

Q Effective Date We will designate the "Effective Date" of this Agreement in the space provided on the cover page If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement However, as described in subsection 5 A, you do not have the right to, and may not, open and commence operation of a Restaurant at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below

FRANCHISEE

Date ______________________________

____

By ______________________________

Its ______________________________

____

By ______________________________

Its ______________________________

____

By ______________________________

Its ______________________________

US

ROCK & BREWS FRANCHISING, LLC

Date ______________________________

____

By ______________________________

Its ______________________________

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between ROCK & BREWS FRANCHISING, LLC ("we" or "us") and ______________________________ (the "Franchisee"), dated ______________________________, 20__________ and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in subsection 10 D, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement

The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability, and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person, (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned, and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns

FRANCHISEE ______________________________

PERSONAL GUARANTORS

______________________________ Individually	______________________________ Individually
______________________________ Print Name	______________________________ Print Name
______________________________ Address	______________________________ Address
______________________________ City State Zip Code	______________________________ City State Zip Code
______________________________ Telephone	______________________________ Telephone

	Individually			Individually	
	Print Name			Print Name	
	Address			Address	
City	State	Zip Code	City	State	Zip Code
	Telephone			Telephone	

OWNERSHIP AND MANAGEMENT ADDENDUM TO
ROCK & BREWS® FRANCHISE AGREEMENT

1 Control Person You represent and warrant to us that the following person, and only the following person, is the Control Person

NAME	TITLE	ADDRESS

2 Ownership You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, have ownership interests in the franchisee entity

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

3 Change You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information

4 Effective Date This Addendum is effective as of this __________ day of _______ _______, 20__

______________________________ Your Initials

______________________________ Our Initials

Appendix A to the Franchise Agreement

Trademarks

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement

Service Mark	Rock & Brews (standard word mark)
Registration No	43,487,63
Registration Date	06/11/2013
Service Mark	Rock & Brews (standard word mark)
Registration No	33,893,78
Registration Date	02/26/2008

We may amend this Appendix A from time to time in order to make available additional Trademarks or to delete those Trademarks that become unavailable You agree to use only those Trademarks that are then-currently authorized

The Trademarks must be used only in the manner that we specify No deviations will be permitted

Appendix B to the Franchise Agreement

The Designated Area

The Authorized Location for your Restaurant as set forth in Section 2 A of your Franchise Agreement is as follows ______________________________

As stated in Subsection 2 B of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Designated Area in which you will locate and operate the Restaurant is defined as follows

____
____
____
____
____

The Designated Area is considered fixed as of the date of the Franchise Agreement

FRANCHISEE

____
By ______________________________
Its ______________________________

____
By ______________________________
Its ______________________________

____
By ______________________________
Its ______________________________

US

ROCK & BREWS FRANCHISING, LLC

____
By ______________________________
Its ______________________________

Appendix C to the Franchise Agreement

Addendum to Lease

This Addendum to Lease ("Addendum"), dated ______________, 20___, is entered into between ______________________("Landlord"), and ______________________(" Tenant")

RECITALS

A The parties have entered into a Lease Agreement, dated _________, 20__, (the "Lease") pertaining to the premises located at ____ (the "Premises")

B Landlord acknowledges that Tenant has agreed to operate a Restaurant at the Premises pursuant to Tenant's Franchise Agreement (the "Franchise Agreement") with Rock & Brews Franchising, LLC ("R&B") under the name "Rock & Brews" or other name designated by R&B (the "Restaurant")

C The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum to provide R&B the opportunity to preserve the Premises as a R&B branded restaurant as provided herein

AGREEMENT

Landlord and Tenant agree to amend the Lease as follows

1 Remodeling and Decor Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Restaurant on the Premises Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval

2 Assignment by Tenant

(a) Tenant does not have the right to sublease or assign the Lease to any third party without R&B's and Landlord's written approval

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to R&B, its affiliates or its parent company, during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent No assignment will be effective, however, until R&B or its designated affiliate (the " R&B Entity") gives Landlord written notice of its acceptance of the assignment R&B will be responsible for the lease obligations incurred after the effective date of the assignment

(c) If R&B elects to assume the Lease, under this subsection or unilaterally assumes the lease as provided for in subsection 3(a) or 4(a), Landlord and Tenant agree that (i) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord prior to the date of assignment and assumption, and (ii) R&B will have the right to sublease the Premises to another franchisee with Landlord's prior reasonable approval, provided the franchisee meets R&B's then-current standards and requirements for franchisees and agrees to operate the Restaurant as a Rock & Brews restaurant pursuant to a Franchise Agreement with R&B Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, R&B shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by Landlord

3 Default and Notice

(a) Landlord shall send R&B copies of all notices of default it gives to Tenant concurrently with giving such notices to Tenant If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give R&B written notice thereof, specifying the defaults Tenant failed to cure R&B has the right, but not the obligation, to unilaterally assume the Lease if Tenant fails to cure R&B shall have 15 days from the date R&B receives such notice to exercise, by written notice to Landlord and Tenant, its right for R&B or a R&B Entity to assume the Lease R&B shall have an additional 15 days from the expiration of Tenant's cure period in which to cure the default or violation

(b) All notices to R&B must be sent by registered or certified mail, postage prepaid, to the following address

Rock & Brews Franchising, LLC
321 12th Street, Suite 200
Manhattan Beach, CA 90266
Attention ________________

R&B may change its address for receiving notices by giving Landlord written notice of the new address Landlord agrees that it will notify both Tenant and R&B of any change in Landlord's mailing address to which notices should be sent

4 Termination, Non-Renewal, Expiration If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension thereof, R&B has the right, but not the obligation, to unilaterally assume the Lease by giving Landlord written notice Within 30 days after receipt of such notice, Landlord shall give R&B written notice specifying any defaults of Tenant under the Lease

5 Access to Premises Following Expiration or Termination of Lease Upon the expiration or termination of the Lease, Landlord will cooperate with and assist R&B in gaining possession of the Premises and if a R&B Entity does not elect to enter into a new lease for the Premises with Landlord on terms reasonably acceptable to the R&B Entity, Landlord will allow R&B to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, except for any damages caused by R&B's willful misconduct or gross negligence to remove all signs, awnings, licensed art work and all other items identifying the Premises as a Rock & Brews® Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the Rock & Brews® marks and system In the event R&B exercises its option to purchase assets of Tenant, Landlord must permit R&B to remove all such assets being purchased by R&B

6 Additional Provisions

(a) Landlord hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum

(b) Landlord further acknowledges that Tenant is not an agent or employee of R&B and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind R&B or any affiliate of R&B, and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against R&B or any affiliate of R&B, unless and until the Lease is assigned to, and accepted in writing by, R&B or its parent company

(c) R&B Entity may elect not to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining R&B's prior written approval, which shall not be unreasonably withheld or delayed

7 Modification No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained the written consent of R&B

8 Reaffirmation of Lease Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum as though copied herein in full In the event of any conflict between the terms of this Addendum and those in the Lease, the terms of this Addendum shall control

9 Beneficiary Landlord and Tenant expressly agree that R&B is a third party beneficiary of this Addendum

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below

TENANT	LANDLORD
______________________________	______________________________
By______________________________	By______________________________
Its______________________________	Its______________________________

Appendix D to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee ____________________
Location ____________________
Date ____________________

NEW	CHANGE

Attention Bookkeeping Department
The undersigned hereby authorizes Rock & Brews Franchising, LLC, its parent company or any affiliated entity (collectively, "R&B"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Brand Development Fees or other amounts that become payable by the undersigned to R&B The dollar amount to be debited per payment will vary

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by R&B

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries

*** We also need a VOIDED Check ***

Sincerely yours,

____
Account Name

____
Street Address

____
City State Zip Code

____
Telephone Number

By____________________

Its____________________

Date____________________

____
Bank Name

____
Branch

____
Street Address

____
City State Zip Code

____
Bank Telephone Number

____
Bank's Account Number

____
Customer's Account Number

ACKNOWLEDGMENT ADDENDUM TO
ROCK & BREWS® FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a Rock & Brews® franchise The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business Please review each of the following questions carefully and provide honest responses to each question

Acknowledgments and Representations*

- Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement, **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration, **or** (c) if you are a resident of **Iowa or Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration?
  Check one (_) Yes (_) No If no, please comment ______________________________
  ____

2 Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No If no, please comment ______________________________
____

3 If the Franchisor made any unilateral changes to the Franchise Agreement or Area Development Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement or Area Development Agreement was executed? Check one (_) Yes (_) No If no, please comment ______________________________
____

4 Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No If no, please comment ______________________________
____

5 Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________________
____

6 Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Rock & Brews Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any Rock & Brews® location or business, or the likelihood of success at your Franchised Business? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________________
____

7 Did any employee or other person speaking on behalf of Rock & Brews Franchising, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the

Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document Check one (__) Yes (__) No If yes, please comment ______________

____

____

8 Do you understand that the franchise granted is for the right to develop and operate the Restaurants in the Designated Territory, as stated in Subsection 2 B, and that, according to Subsection 2 D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks, (ii) inside your Designated Territory using any trademarks other than the Rock & Brews® Trademark, and (iii) inside the Designated Territory using the Rock & Brews® Trademark, for facilities at Non-Traditional Locations and Limited Seating Facilities (subject to your right of first refusal with respect to Limited Seating Facilities, as detailed in the Franchise Agreement)? Check one (__) Yes (__) No If no, please comment ______________

____

9 Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding?
Check one (__) Yes (__) No If no, please comment ______________________________

____

10 Do you understand that the success or failure of your Restaurant will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the Rock & Brews® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one (__) Yes (__) No If no, please comment ______________________

____

11 Do you understand that the profitability of individual restaurants depends on a number of factors that may vary due to individual characteristics of the Business? Further, do you understand that net profitability will be affected by required contributions for advertising and promotions as well as royalty fees paid to us? Check one (__) Yes (__) No If no, please comment ______________

____

12 Do you understand that the current economy and financial situation in the U S and abroad could have a negative impact on the restaurant industry, the Rock & Brews® franchise system and your business? Check one (__) Yes (__) No If no, please comment ____________________

____

13 Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subsection 10 D and that an injunction is an appropriate remedy to protect the interests of the Rock & Brews® system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subsection 10 D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement?
Check one (__) Yes (__) No If no, please comment ______________________________

____

14 Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Rock & Brews® brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, training, supervision and termination of your employees and all other employment and employee related matters? Check one (__) Yes (__) No If no, please comment ____

____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH

NOTE IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT

Signed ____________________________
Print Name ________________________
Date ______________________________

APPROVED ON BEHALF OF ROCK & BREWS FRANCHISING, LLC

By ______________________________
Title ____________________________
Date ____________________________

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law Except to the extent we have negotiated changes to the Franchise Agreement that differ from the FDD, nothing in this Acknowledgement Addendum or in any related agreement is intended to disclaim representations made in Rock & Brews Franchising, LLC's 2018 FDD that was furnished to you

EXHIBIT D

AREA DEVELOPMENT AGREEMENT

Rock & Brews® Area Development Agreement

Rock & Brews Franchising, LLC

321 12th Street, Suite 200

Manhattan Beach, CA 90266

TABLE OF CONTENTS

Rock & Brews®
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this ____ day of ______________, 20___, by and between Rock & Brews Franchising, LLC, a California limited liability company with its principal business located at 321 12th Street, Suite 200, Manhattan Beach, CA 90266 ("we" or "us"), and "Developer" or "you" as identified on the Data Sheet attached as Appendix A (the "Data Sheet") If the developer is a corporation, partnership, limited liability company or other legal entity, certain provisions of the Agreement also apply to its owners

RECITALS

A We and our affiliates have developed a unique system for full service restaurants that recreate the atmosphere of a rock concert backstage beer garden, offering high quality foods such as hand-made burgers, sandwiches, pizza, salads, and a wide variety of domestic and imported beers on tap, using certain standards and specifications,

B Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary products,

C Our affiliate company, RNB Licensing, LLC ("RNB"), owns the ROCK & BREWS® Trademark and other trademarks used in connection with the operation of a ROCK & BREWS® restaurant,

D RNB has granted to us the right to sublicense the right to develop and operate ROCK & BREWS® restaurants,

E You desire to develop and operate several ROCK & BREWS® restaurants, and

F We have agreed to grant you the right to develop several ROCK & BREWS® restaurants subject to the terms and conditions of this Agreement

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows

DEFINITIONS

1 For purposes of this Agreement, the terms below have the following definitions

A "Gross Sales" means and includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant whether under any of the Trademarks or otherwise, including , without limitation, any cover charges or fees, your share of the revenues from any vending or similar activities in your Restaurant or on its premises (excluding receipts from the operation of any public telephone installed in the Restaurant), catering and other off-site activities and events, and all license and use fees Gross Sales excludes sales taxes For avoidance of doubt, the following items are included within the definition of Gross Sales (i) the full value of meals furnished to your employees as an incident to their employment except that the value of any discounts extended to your employees may be credited against Gross Sales during the week in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due, and (ii) all proceeds from the sale of coupons, gift certificates or vouchers, provided that at the time the coupons, gift certificates or vouchers are redeemed the retail price may be credited against Gross Sales during the week in which the coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due

B "Menu Items" means the hand-made burgers, sandwiches, pizza, salads, required minimum number and variety of domestic and imported beers on tap, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time

C "Manual" or "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for your ROCK & BREWS® Restaurant, all of which we may change from time to time

D "Owner" means any person or entity who, now or hereafter, directly or indirectly owns an interest in the developer when the developer is a corporation, limited liability company, or a similar entity other than a partnership entity If the developer is a partnership entity, then each general partner is an Owner, regardless of the percentage of ownership interest If the developer is one or more individuals, each individual is an Owner of the developer Your Owner(s) are identified on the Data Sheet Every time there is a change in the persons who are your Owners, you must, within 10 days from the date of each change, update the Data Sheet As used in this Agreement, any reference to Owner includes all Owners

E "Restaurants" means the ROCK & BREWS® Restaurants you develop and operate pursuant to this Agreement

F "System" means the ROCK & BREWS® System, which consists of distinctive and high quality food and beverage products (including hand-made hamburgers, sandwiches, pizza, salads and a wide variety of domestic imported beers on a minimum number of taps as we designate) prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, artwork, furnishings and materials that feature rock music, videos and an art gallery called "The Great Wall of Rock" (the art gallery, band posters/artwork and other related music memorabilia are proprietary to the System) and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which attempt to recreate the atmosphere of a rock concert backstage beer garden, and all of which we may modify and change from time to time

G "Trademarks" means the ROCK & BREWS® Trademark and Service Mark that have been registered in the United States and elsewhere and the trademarks, service marks and trade names set forth in each Franchise Agreement, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurants Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurants from time to time

GRANT OF DEVELOPMENT RIGHTS

2 The following provisions control with respect to the rights granted hereunder

A We grant to you, under the terms and conditions of this Agreement, the right to develop and operate the number of ROCK & BREWS® Restaurants set forth in Appendix C (the "Restaurants") within the territory described on Appendix B (the "Development Territory")

B You are bound by the development schedule set forth in Appendix C (the "Development Schedule") Time is of the essence for the development of each Restaurant in accordance with the Development Schedule Each Restaurant must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4 B below

C If you are in compliance with the Development Schedule, we will not develop or operate or grant anyone else a franchise to develop and operate a ROCK & BREWS® Restaurant business (except for Non-Traditional Locations as defined in Section 2 D or as otherwise set forth in this Agreement) in the Development Territory prior to the earlier of (i) the expiration or termination of this Agreement, (ii) the date on which you must execute the Franchise Agreement for your last Restaurant pursuant to the terms of the Development Schedule or (iii) the date on which the Authorized Location for your final Restaurant under this Agreement is determined Notwithstanding anything in this Agreement, upon the earliest occurrence of any of the foregoing events (i) the Development Territory will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, ROCK & BREWS® Restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Restaurant

D The rights granted under this Agreement are limited to the right to develop and operate Restaurants located in the Development Territory, and do not include (i) any right to sell products and Menu Items identified by the Trademarks at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), other than at Restaurants within the Development Territory, (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Restaurants at any time or at any location outside of the Development Territory You may not use the words ROCK & BREWS® or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity

You acknowledge and agree that we and our affiliates have the right to operate and franchise others the right to operate restaurants or any other business within and outside the Development Territory under trademarks other than the ROCK & BREWS® Trademarks, without compensation to any franchisee, except that our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Development Territory that compete with ROCK & BREWS® restaurants will only occur through some form of merger or acquisition with an existing restaurant or retail chain business Outside of the Development Territory, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned ROCK & BREWS® restaurants and offer, sell or distribute any products or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to any franchisee

We and our affiliates have the right to offer, sell or distribute, within and outside the Development Territory, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to any franchisee The distribution channels or methods ("Alternative Methods of Distribution") include, without limitation, grocery stores, club stores, convenience stores, wholesale, business or industry locations (e g manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce)

You acknowledge and agree that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as ROCK & BREWS® restaurants As a result, you agree that the following locations ("Non-Traditional Locations") are excluded from the Development Territory and we have the right to develop or franchise such locations (1) military bases, (2) public transportation facilities (including airports and other transportation terminals), (3) sports facilities (including arenas, stadiums and race tracks), (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) casinos, and (7) community and special events

E This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks or operate a ROCK & BREWS® restaurant by virtue of this Agreement You have no right under this Agreement to sublicense or subfranchise others to operate a business or restaurant or use the System or the Trademarks

DEVELOPMENT FEE

3 Simultaneously with the execution of this Agreement, you must pay a Development Fee as described below

A As consideration for the rights granted in this Agreement, you must pay us a "Development Fee" in the amount designated on the Data Sheet, representing the entire Initial Franchise Fee for your first Restaurant and 50% of the Initial Franchise Fee for each additional Restaurant to be developed under this Agreement

The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon receipt and, except as may be noted in the Franchise Agreement associated with that portion of the Development Fee, is nonrefundable The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement as specified in Section 3 B

B You must submit a separate application for each Restaurant to be established by you within the Development Territory as further described in Section 4 Upon our consent to the site of your Restaurant, a separate Franchise Agreement must be executed for each such Restaurant, at which time the balance of the Initial Franchise Fee for that Restaurant is due and owing Such payment represents the balance of the appropriate Initial Franchise Fee, as described above in Section 3 A Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Restaurant

DEVELOPMENT SCHEDULE

4 The following provisions control with respect to your development rights and obligations

A You are bound by and strictly must follow the Development Schedule By the dates set forth in the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Restaurants described in the Development Schedule You also must comply with the Development Schedule requirements regarding (i) the opening date for each Restaurant and (ii) the cumulative number of Restaurants to be open and continuously operating for business in the Development Territory If you fail to either execute a Franchise Agreement or to open a Restaurant according to the dates set forth in this Agreement, we have the right to immediately terminate this Agreement pursuant to Section 7 B

B You may not develop a Restaurant unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requiring that we send you our then current disclosure documents, (b) confirming your intention to develop the particular Restaurant and (c) sending us all information necessary to complete the Franchise Agreement for the particular Restaurant, and (ii) all of the following conditions have been met (these conditions apply to each Restaurant to be developed in the Development Territory)

1 Your Submission of Proposed Site You must find a proposed site for the Restaurant which you reasonably believe to conform to our site selection criteria, as modified by us from time to time, and submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require) for such site

2 Our Consent to Proposed Site You must receive our written consent to your proposed site We agree not to unreasonably withhold consent to a proposed site In approving or disapproving any proposed site, we will consider such matters as we deem material, including demographic characteristics of the proposed site, traffic patterns, visibility, business mix, parking, layout and dimensions of location, physical characteristics of the site, and other commercial characteristics (including the purchase or lease obligations for the proposed site) We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for the Restaurant You will pay our site evaluation fee for each on-site evaluation we conduct Our consent to a proposed site, however, does not in any way constitute a guaranty by us as to the success of the Restaurant

3 Your Submission of Information You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Restaurant, financial statements and other information regarding you, the operation of any of your other Restaurants within the Development Territory and the development and operation of the proposed Restaurant (including, without limitation, investment and financing plans for the proposed Restaurant) as we may reasonably require

4 Your Compliance with Our Then-Current Standards for Franchisees You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Restaurant

You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Restaurants, and preserve and enhance the reputation and goodwill of all ROCK & BREWS® restaurants and the goodwill of the Trademarks Our confirmation that you meet our then-current standards for the development of a new Restaurant, however, does not in any way constitute a guaranty by us as to your success

5 <u>Good Standing</u> You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Restaurants

6 <u>Execution of Franchise Agreement</u> You and we must enter into our then-current form of Franchise Agreement for the proposed Restaurant You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement Except as specifically set forth in this Agreement, the establishment and operation of each Restaurant must be in accordance with the terms of the applicable Franchise Agreement

C You must construct and equip each Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, design and layout of the building You may not commence construction on any Restaurant until you have received our written consent to your building plans

D You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Restaurants within the Development Territory, and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Restaurants you develop within the Development Territory

E You recognize and acknowledge that this Agreement requires you to open Restaurants in the future pursuant to the Development Schedule You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement You are obligated to execute all the Franchise Agreements and open all the Restaurants on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Restaurants, or (iii) any other circumstances, financial or otherwise The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Restaurants

TERM

5 Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2 C, the term of this Agreement and all rights granted to you will expire on the date that your last ROCK & BREWS® Restaurant is scheduled to be opened under the Development Schedule

YOUR DUTIES

6 You must perform the following obligations

A You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement

B You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of an ROCK & BREWS® Restaurant and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurants You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees

C You must comply with all requirements of federal, state and local laws, rules and regulations

D You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Development Fee or other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or paid by us directly In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us not been required

DEFAULT AND TERMINATION

7 The following provisions apply with respect to default and termination

A The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule

B You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed), (v) execution is levied against your business or property, (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed, (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix C, (viii) you violate the provisions of Section 10 O, (ix) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (x) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions

C If you fail to comply with the Development Schedule, we may terminate this Agreement, reduce the number of Restaurants you have the right to develop hereunder, terminate or reduce the Development Territory, repurchase any Restaurants open by you under this Agreement or exercise any other rights and remedies that we may have under the law

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8 Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and

A All remaining rights granted to you to develop Restaurants under this Agreement will automatically be revoked and will be null and void You will not be entitled to any refund of any fees You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us We will be entitled to develop and operate, or to franchise others to develop and operate, ROCK & BREWS® Restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated

B You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours except in connection with the business operations of any existing, Restaurants that have been developed prior to the termination of this Agreement and that are still operating under a valid Franchise Agreement

C You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name or any of the words ROCK & BREWS® or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement

D You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction

E You must within 30 days of the termination or expiration pay all sums owing to us and our affiliates

All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement

F If this Agreement is terminated, you may continue to operate any Restaurants open and operating at the time of the termination, unless the termination of this Agreement constitutes a termination under the terms of the separate Franchise Agreement for each Restaurant Under such circumstances, we will have the option to purchase from you all assets used in the Restaurants that have been developed prior to the termination of this Agreement

We have the unrestricted right to assign this option to purchase We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to assets, (ii) liens and encumbrances relating to the assets, and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise The purchase price for the assets of the Restaurants will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Restaurant (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Restaurant if you are in compliance with the terms and conditions of the Franchise Agreement for that Restaurant) The purchase price must be paid in cash at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you, and (ii) all licenses and permits of the Restaurants that may be assigned or transferred If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale

G All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire

TRANSFER

9 The following provisions govern any transfer

A We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity

B This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer your rights and interests under the relevant Franchise Agreements for Restaurants in the Development Territory as dictated by the circumstances In this event, the transferee will be required, as a condition of approval of the transfer, to assume transferor's development obligations, including the payment of any remaining initial franchise fees Accordingly, the assignment terms and conditions of the Franchise Agreements will apply to any Transfer of your rights and interests under this Agreement As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you

MISCELLANEOUS

10 The parties agree to the following provisions

A You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, managers, members, shareholders, representatives and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Restaurants, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims") Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our affiliates' active or passive negligence), latent or other defects in any Restaurant, or your employment practices If a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost

B Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses

C No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us

D This Agreement together with all schedules, addenda and appendices to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law

E Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows

1 If intended for us, addressed to

Rock & Brews Franchising LLC
321 12th Street, Suite 200
Manhattan Beach, CA 90266

2 If intended for you, addressed to you at the address set forth on the Data Sheet, or,

in either case, to such other address as may have been designated by notice to the other party Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph

F Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by the Owner or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents

G The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties

1 Applicable Law and Waiver Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 10 N of this Agreement, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Development Territory is located, excluding any conflicts of laws provisions

2 Our Rights Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement

3 Our Reasonable Business Judgment Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

H Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 10 N must be brought in the state or federal district court located in Los Angeles County, California Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts The provisions of this Section will survive the termination of this Agreement You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding, agree to be bound in the manner set forth

I All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement

J You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained

K If you are a corporation, partnership, limited liability company, partnership or other legal entity, all of your owners must execute the form of undertaking and guarantee at the end of this Agreement Any person or entity that at any time after the date of this Agreement becomes an owner must also execute the form of undertaking and guarantee at the end of this Agreement

L You and we are independent contractors Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other Neither party may obligate the other or represent any right to do so This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence

M In the event of any failure of performance of this Agreement according to its terms by any party (other than payment of money), the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement

N Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures Any arbitration must be on an individual basis, and the parties and arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or proceeding involving third parties If a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts The arbitration must take place in Los Angeles, California, or such other place as we mutually agree The arbitrator must follow the law and not disregard the terms of this Agreement The arbitrator must have at least 5 years of significant experience in franchise law A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters The decision of the arbitrator will be final and binding on all parties to the dispute, however, the arbitrator may not under any circumstances (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set

Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted below), the parties must first meet to mediate the dispute Specifically, no litigation or arbitration action may be commenced until the earlier of thirty (30) days from written notice by one party to the other of a request to initiate mediation, or the mutual agreement by both parties that mediation has been unsuccessful if the notified party fails to respond to the requesting party within thirty (30) days of notification The mediation will be held in Los Angeles, California Any such mediation will be non-binding and conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes Prior to the mediation, each party involved in the mediation must sign the standard confidentiality agreement designated by us or the mediator The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute or any related matter Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purposes, provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation The parties will share equally all fees and expenses of the mediator

Nothing in this Agreement bars either party's right to obtain injunctive relief against threatened conduct that will cause loss or damages to the other party, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions Furthermore, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons to collect sums of money due to us, to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks, to compel you to compile and submit required reports to us, or to permit evaluations or audits authorized by this Agreement

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs

Q. ~~O. During the term of this Agreement, neither we nor you may employ or seek to employ, directly or indirectly any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by the other party or any of its affiliates, or by any franchisee in the system If you violate this provision, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7 B In addition, any party who violates this provision agrees to compensate the former employer for all costs and expenses incurred in losing and replacing the employee up to a maximum of $25,000 plus attorneys fees and expenses This subparagraph will not be violated if (i) at the time we or you employ or seek to employ the person the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Restaurant(s) to us or any of our affiliates The parties acknowledge and agree that any franchisee from whom an employee was hired by you in violation of this subparagraph shall be a third-party beneficiary of this provision, but only to the extent that they may seek compensation from you~~

~~P~~ We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement

US 121890445 v694

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below

DEVELOPER

____

Date _______________________

By _________________________

____

Title _______________________

Witness _____________________

(Please type or print)

Signature ___________________

Date _______________________

By _________________________

____

Title _______________________

Witness _____________________

(Please type or print)

Signature ___________________

FRANCHISOR

Rock & Brews Franchising LLC

Date _______________________

By _________________________

____

Title _______________________

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND

PERSONALLY BY THE TERMS AND CONDITIONS
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "Agreement") between Rock & Brews Franchising LLC ("we" or "us") and ______________________________ (the "Developer"), dated ____________________, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the arbitration and other dispute resolution provisions of the Agreement

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability, and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person, (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned, and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns

DEVELOPER ______________________

PERSONAL GUARANTORS

Individually	Individually
Print Name	Print Name
Address	Address
City State Zip Code	City State Zip Code
Telephone	Telephone

Individually	Individually
Print Name	Print Name
Address	Address
City State Zip Code	City State Zip Code
Telephone	Telephone

APPENDIX A

DATA SHEET

1 **Developer** ______________________________
____
____
____

2 **Development Fee** The amount of the Development Fee you must pay to us pursuant to Section 3 A is $__________

3 **Owner** You represent and warrant to us that the following person(s) or entity(ies), and only the following person(s) or entity(ies), will be your Owner(s)

Name	Home Address	Percentage of Ownership

4 **Effective Date** ______________________________

YOU

By ______________________________

Title ______________________________

WE Rock & Brews Franchising LLC

By ______________________________

Title ______________________________

APPENDIX B

DESCRIPTION OF DEVELOPMENT TERRITORY

____
____
____
____
____
____
____
____
____

DEVELOPER	FRANCHISOR
______________________	Rock & Brews Franchising LLC
By ______________________	By ______________________
Title ______________________	Title ______________________
By ______________________	
Title ______________________	

APPENDIX C

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Area Development Agreement is that the following number of ROCK & BREWS® Restaurants must be opened and continuously operating in the Development Territory in accordance with the following Development Schedule

Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which the Restaurant Must be Opened and Continuously Operating for Business in the Territory	Cumulative number of Restaurants Required to be Open and Continuously Operating for Business in the Development Territory as of the Date in Preceding Column
1	Date of this Agreement		1
2			2

For purposes of determining compliance with the above Development Schedule, only the Restaurants actually open and continuously operating for business in the Development Territory as of a given date will be counted toward the number of Restaurants required to be open and continuously operating for business

DEVELOPER

____

By ______________________________

Title ______________________________

By ______________________________

Title ______________________________

FRANCHISOR

Rock & Brews Franchising LLC

By ______________________________

Title ______________________________

ACKNOWLEDGMENT ADDENDUM TO

ROCK & BREWS®™ AREA DEVELOPMENT AGREEMENT

As you know, you and we are entering into Area Development Agreement for the development and operation of ROCK & BREWS®™ restaurants The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business Please review each of the following questions carefully and provide honest responses to each question

Acknowledgments and Representations*

1 Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Area Development Agreement? Check one (_) Yes (_) No If no, please comment ____

____

2 Have you studied and reviewed carefully our Disclosure Document and Area Development Agreement? Check one (_) Yes (_) No If no, please comment ______________________________

____

3 Did you understand all the information contained in both the Disclosure Document and Area Development Agreement? Check one (_) Yes (_) No If no, please comment ________________

____

4 Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________________________

____

5 Except as stated in Item 19 of the Disclosure Document did~~5 Did~~ any employee or other person speaking on behalf o BREWS® location or business, or the likelihood of success at your franchised business? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______

____

6 Do you understand that the profitability of individual restaurants depends on a number of factors that may vary due to individual characteristics of the Business? Further, do you understand that net profitability will be affected by required contributions for advertising and promotions as well as royalty fees paid to us? Check one (__) Yes (__) No If no, please comment ________________

____

7 Did any employee or other person speaking on behalf of Rock & Brews Franchising LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document Check one (__) Yes (__) No If yes, please comment ________________

____

8 Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Development Territory, as stated in Subparagraph 2 B, and that, according to Subparagraph 2 D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Development Territory using any trademarks, (ii) inside your Development Territory using any trademarks other than the ROCK & BREWS® Trademark, and (iii) inside the Development Territory using the ROCK & BREWS® Trademark, for facilities at Alternative Methods of Distribution and Non-Traditional Locations? Check one (__) Yes (__) No If no, please comment ____

9 Do you understand that the success or failure of the development and operation of your Restaurants will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the ROCK & BREWS® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Restaurant may change? Check one (__) Yes (__) No If no, please comment ____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH

<u>NOTE</u> IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT

Signed ________________	Signed ________________
Print Name ________________	Print Name ________________
Date ________________	Date ________________
	APPROVED ON BEHALF OF Rock & Brews Franchising LLC
Signed ________________	By ________________
Print Name ________________	Title ________________
Date ________________	Date ________________

*All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law

EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

OPERATIONS MANUAL TABLE OF CONTENTS

TOTAL PAGES 1,478

EXHIBIT F

SAMPLE RELEASE

RELEASE OF CLAIMS

For and in consideration of the agreements and covenants described below, Rock & Brews Franchising, LLC ("Franchisor"), and ________________ ("Franchisee"), enter into this Release of Claims (the "Agreement") as of the date Franchisor signs below (the "Effective Date")

RECITALS

A Franchisor and Franchisee entered into a Franchise Agreement dated ________________, ____

B [NOTE Describe the circumstances relating to the release]

C Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement

AGREEMENTS

1 **Consideration** [NOTE Describe the consideration paid]

2-3 [NOTE Detail other terms and conditions of the release]

4 **Release of Claims by Franchisor [NOTE Only included in the event of a termination or transfer]** Except as provided below and in consideration of, and only upon full payment of $__________ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which are hereby acknowledged, Franchisor, for itself and for each of its affiliates, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives (collectively, "Franchisor Releasor"), does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns (collectively, "Franchisee Releasees") of, from, in respect of and in relation to any and all actions, causes of actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments and demands, executions, debts, obligations, liabilities, costs and expenses, damages, of any kind whatsoever, whether liquidated or unliquidated, joint or several, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, which the Franchisor Releasor ever had, now has or which Franchisor Releasor hereinafter can, will or may have, against Franchisee Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date, related to the Franchise Agreement This release does not release Franchisee Releasees for any post-termination obligations, including any indemnification, confidentiality or covenant not to compete obligations contained in the Franchise Agreement Further, this release does not release Franchisee Releasees from any obligations he or they may have under this Agreement

5 **Release of Claims by Franchisee** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which are hereby acknowledged, Franchisee, for himself

and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns and on behalf of any other party claiming an interest through Franchisee, in their corporate and individual capacities (collectively, "Franchisee Releasor"), does hereby release and forever discharge Franchisor and its affiliates, subsidiaries, divisions, insurers, indemnitors, attorneys, predecessors, successors, and assigns, together with all of their respective past and present directors, officers, shareholders, employees, attorneys, agents, heirs, executors, administrators, assigns and representatives, in their corporate and individual capacities (collectively, "Franchisor Releasees"), of, from, in respect of and in relation to any and all actions, causes of actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments and demands, executions, debts, obligations, liabilities, costs and expenses, damages, of any kind whatsoever, whether liquidated or unliquidated, joint or several, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, which the Franchisee Releasor ever had, now has or which Franchisee Releasor hereinafter can, will or may have, against Franchisor Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date, for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any agreement between the Franchisee Releasor and Franchisor Releasees or the relationship between Franchisee Releasor and Franchisee Releasees through and including the Effective Date

6 **Unconditional General Release** The releases of the claims as set forth above in Section 4 and Section 5 are intended by the Franchisor Releasor and Franchisee Releasor (each a "Releasor") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Releasees and Franchisor Releasees (each a "Releasee"), respectively, regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein In making this voluntary express waiver, each Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts Each Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Agreement and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement and the releases contained herein Each Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship Each Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor "

7 **Entire Agreement** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement

8 **Voluntary Nature of Agreement** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms

9 **Governing Law and Jurisdiction** This Agreement will be construed and enforced in accordance with the law of the state of ____________

10 **Attorneys' Fees** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach

Dated _______________, 201__ Rock & Brews Franchising, LLC

By ________________________________

Its ____________________________

Dated _______________, 201__ FRANCHISEE ________________________

By ________________________________

EXHIBIT G

LIST OF FRANCHISEES

Below are the names, addresses and telephone numbers for each franchisee (and affiliated area developers*) that had a Restaurant open as of December 31, 2018~~2017~~

None of the area developers operated any Restaurants as of December 31, 2018. Each area developer has formed a separate entity, an affiliate which affiliate became our franchisee operating a Restaurant, as identified in the footnotes to this Exhibit G.

ARIZONA

R&B Florida, LLC*
4455 E Camelback Rd E-180
Phoenix, AZ 85018
407-956-4124

R&B Southwest, LLC*
4455 E Camelback Rd E-180
Phoenix, AZ 85018
505-340-2953

CALIFORNIA

Mesko Restaurant Group II, LLC
7777 Beach Blvd
Buena Park, CA
714-266-0314

Mesko Restaurant Group III
3550 Grand Oaks
Corona, CA 92881
951-432-7640

Mesko Restaurant Group V
467 Stonewood Street
Downey, CA 90241

Mesko Restaurant Group IV
12225 E Foothill Blvd
Rancho Cucamonga, CA 91739
909-922-8586

Mesko Restaurant Group, LLC
6300 Pacific Coast Hwy
Redondo Beach, CA 90277
310-378-4970

MRG Management, Inc
200 Nut Tree Prky
Vacaville, CA 95678
707-414-3577

FLORIDA

R&B Oviedo Restaurant, LLC[1]
7131 Red Bug Lake Road
Oviedo, FL 32765
407-956-4124

TCRB Lee Vista, LLC
8909 Regents Park Dr , Suite 420-2
Tampa, FL 33647

R&B Orlando, LLC
8060 Margaritaville Blvd
Kissimmee, FL 34737
407-890-0104

KANSAS

Kanbrews, LLC[2]
5701 W 135th St
Overland Park, KS 66223
913-499-6495

Kirk Williams*
4100 SW Southgate Dr
Topeka, KS 66609
913-499-6495

MISSOURI

Kanbrews STL
17258 Chesterfield Airport Rd
Chesterfield, MO 63005
636-536-2739

NEW MEXICO

R&B ABQ Restaurant, LLC[3]
4800 Montgomery Blvd NE
Albuquerque, NM 87109
505-340-2953

[1] The franchisee that operates this Restaurant is an affiliate of an area developer R&B Florida, LLC

[2] The franchisee that operates this Restaurant is an affiliate of an area developer Kirk Williams

[3] The franchisee that operates this Restaurant is an affiliate of an area developer, R&B Southwest LLC

~~OKLAHOMA~~

~~Kanbrews II, LLC~~[4]
2737 W Memorial Rd
Oklahoma City, OK 73134
405-286-1464

TEXAS

R&B The Colony Restaurant, LLC[5]
5351 Nebraska Furniture Mart Dr
The Colony, TX 75056
972-584-1670

*Designates an area developer

TEXAS

R&B The Colony Restaurant, LLC[6]
5351 Nebraska Furniture Mart Dr
The Colony, TX 75056
972-584-1670

*Designates an area developer

---

[4] ~~The franchisee that operates this Restaurant is an affiliate of an area developer Kirk Williams~~

[5] ~~The franchisee that operates this Restaurant is an affiliate of an area developer R&B Florida LLC~~

[6] The franchisee that operates this Restaurant is an affiliate of an area developer R&B Florida, LLC

~~None of the area developers operated any Restaurants as of December 31, 2017. Each area developer has formed a separate entity, an affiliate which affiliate became our franchisee operating a Restaurant as identified in the footnotes to this Exhibit G.~~

Franchisees and area developers that had not opened a Restaurant yet as of December 31, 2018~~2017~~

CALIFORNIA

R&B Of The Pacific, Inc *
1308 Kansas Ave Suite 6
Modesto, CA 95351

MRG Management, Inc
200 Nut Tree Prky
~~Vacaville, CA~~ 95678

FLORIDA

R&B Orlando, LLC
8060 Margaritaville Blvd
Kissimmee, FL 34737

*Designates an area developer

Franchisees that Left the System During 2018.~~2017~~

OKLAHOMA

Kanbrews II LLC
2737 W Memorial Rd
Oklahoma City, OK 73134
405-286-1464

~~None~~

EXHIBIT H

STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE

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

The following statement is added to Item 3

Neither Franchisor 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 8 78(a) et seq , suspending or expelling such persons from membership in such association or exchange

The following statements are added to Item 17

1 **The Franchise Agreement requires you to sign 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 Sections 31000 through 31516) Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043)**

2 California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise

3 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 contains a provision that is inconsistent with the law, the law will control

4 The franchise agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

5 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

6 The franchise agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

7 The franchise agreement requires binding arbitration The arbitration will occur in the county where our headquarters are then located (currently, Los Angeles County, California) with the costs being borne by the non-prevailing party ~~Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and~~

US 2159114961482112v6 v2

~~Professions Code Section 20040 5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California~~

8 Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________ between Rock & Brews Franchising, LLC ("Franchisor") and ______________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of California, (b) Franchisee is a resident of the State of California, and/or (c) the Franchised Business will be located or operated in the State of California

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

3 Payment of all initial fees is postponed until after all of Franchisor's initial obligations are complete and Franchisee is open for business

4 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

5 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR **Rock & Brews Franchising, LLC**	**FRANCHISEE** ______________________________
By ____________________________	By ____________________________
Printed Name ____________________	Printed Name ____________________
Title ___________________________	Title ___________________________
Date ___________________________	Date ___________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
REQUIRED FOR CALIFORNIA DEVELOPERS

This Addendum to the Area Development Agreement ("Development Agreement") dated ________________________ between Rock & Brews Franchising, LLC ("Franchisor") and ____________________________________ ("Developer") is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of California, (b) Developer is a resident of the State of California, and/or (c) the Development Territory will be located or operated in the State of California

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

3 Payment of all initial fees is postponed until after all of Franchisor's initial obligations are complete and Developer is open for business

4 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

5 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

FRANCHISOR **Rock & Brews Franchising, LLC**	**DEVELOPER** ______________________________
By ______________________________	By ______________________________
Printed Name ______________________	Printed Name ______________________
Title ____________________________	Title ____________________________
Date ____________________________	Date ____________________________

~~HAWAII ADDENDUM~~

~~THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.~~

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.~~

~~THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.~~

ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures The following statement is added to Item 17

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

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of the State of Illinois is void " This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims according to the provisions of Title 9 of the United States Code To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois may be unenforceable as to any cause of action which otherwise is enforceable in the courts of the State of Illinois

Except for those cases in which Franchisor is entitled to the entry of temporary and permanent injunctions and orders of specific performance in accordance with the terms of the Franchise Agreement and claims of promissory fraud, all disputes must be arbitrated in the county in which Franchisor's principal offices are located at the time the demand for arbitration is filed

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________ between Rock & Brews Franchising, LLC ("Franchisor") and ______________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois, (b) Franchisee is a resident of the State of Illinois, and/or (c) the Franchised Business will be located or operated in the State of Illinois

2 The following sentence is added to the end of Section 15 I

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois

3 The last sentence of Section 15 H(1) is deleted and replaced by the following

Notwithstanding anything herein to the contrary, Illinois law governs the agreements between the parties to this franchise

4 Your rights upon termination and non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

5 Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of the State of Illinois is void " To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control

6 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

7 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR **Rock & Brews Franchising, LLC**	**FRANCHISEE** ______________________________
By ____________________________	By ____________________________
Printed Name __________________	Printed Name __________________
Title __________________________	Title __________________________
Date __________________________	Date __________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS

This Addendum to the Aiea Development Agreement ("Development Agreement") dated ______________________ between Rock & Brews Franchising, LLC ("Franchisor") and ________________________________ (' Developer") is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integial part of, and are incorporated into the Development Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Illinois, (b) Developer is a resident of the State of Illinois, and/or (c) the Development Territory will be located or operated in the State of Illinois

2 Section 10 G(1) is modified to include the following

Notwithstanding anything herein to the contrary, Illinois law governs the agreements between the parties to this franchise

3 The following Sentence is added to the end of Section 10 H

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Area Development Agreement which designates juiisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Area Development Agreement may piovide for arbitration in a forum outside of Illinois

4 Your rights upon termination and non-renewal of the Development Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision puiporting to bind any person acquiiing any franchise to waive compliance with any provision of this Act or any other law of the State of Illinois is void " To the extent that any provision of the Area Development Agreement is inconsistent with Illinois law, Illinois law will control

5 Any capitalized teims that are not defined in this Addendum shall have the meaning given them in the Development Agreement

6 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

FRANCHISOR **Rock & Brews Franchising, LLC**	**DEVELOPER** ____________________________
By ______________________	By ______________________
Printed Name ______________	Printed Name ______________
Title ______________________	Title ______________________
Date ______________________	Date ______________________

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~~MARYLAND ADDENDUM TO~~
~~FRANCHISE DISCLOSURE DOCUMENT~~

~~**Item 5, Additional Disclosures** The following statements are added to Item 5~~

> ~~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~~

~~**Item 11, Additional Disclosures** The following statement is added to Item 11~~

> ~~Upon franchisee's written request, we will send to the franchisee an annual unaudited accounting of the Fund expenditures~~

~~**Item 17, Additional Disclosures** The following statements are added to Item 17~~

> ~~The general release required as a condition of renewal sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law~~
>
> ~~The "Summary" column of Item 17(h) of the Disclosure Document, pertaining to "Cause defined — defaults that cannot be cured" is supplemented to state that the provision in the Franchise Agreement which provides for termination upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U S C , Section 101 et seq)~~
>
> ~~Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland~~
>
> ~~Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT~~
~~REQUIRED FOR MARYLAND FRANCHISEES~~

~~This Addendum to Franchise Agreement ("Franchise Agreement") dated~~ ________________ ~~between Rock & Brews Franchising, LLC ("Franchisor") and~~ ____________________ ~~("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.~~

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Franchised Business will be located or operated in the State of Maryland.~~

~~2. The following sentence is added to the end of Section 15.B:~~

~~Representations in the Franchise Agreement 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.~~

~~3. The following sentence is added to the end of Sections 4.B and 11.D:~~

~~The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~4. The following sentence is added to the end of Section 9.A:~~

~~Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement.~~

~~5. The following sentence is added to the end of Section 15.I:~~

~~Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.~~

~~6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

~~7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~

~~Franchisor and Franchisee have executed this Addendum to the Franchise Agreement Required for Maryland Franchisees simultaneously with the execution of the Franchise Agreement.~~

~~FRANCHISOR~~ **~~Rock & Brews Franchising, LLC~~**	**~~FRANCHISEE:~~** ____________________
~~By~~ ____________________	~~By~~ ____________________
~~Printed Name~~ ________________	~~Printed Name~~ ________________
~~Title~~ ____________________	~~Title~~ ____________________
~~Date~~ ____________________	~~Date~~ ____________________

~~ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT~~
~~REQUIRED FOR MARYLAND DEVELOPERS~~

~~This Addendum to Area Development Agreement ("Development Agreement") dated ________________ between Rock & Brews Franchising LLC ("Franchisor") and ______________________ ("Developer") is entered into simultaneously with the execution of the Development Agreement.~~

~~1. The provisions of this Addendum form an integral part of and are incorporated into the Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Developer was made in the State of Maryland; (b) Developer is a resident of the State of Maryland; and/or (c) the Franchised Business will be located or operated in the State of Maryland.~~

~~2. The following sentence is added to the end of Section 10.D:~~

~~Representations in the Development Agreement 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.~~

~~3. The following sentence is added to the end of Section 3:~~

~~Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by Developer shall be deferred until the first franchise under the Development Agreement opens.~~

~~4. The following sentence is added to the end of Sections 4.B.7:~~

~~The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~5. The following sentence is added to the end of Section 10.H:~~

~~Developer may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Development Agreement may provide for arbitration in a forum outside of Maryland.~~

~~6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.~~

~~7. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.~~

~~Franchisor and Developer have executed this Addendum to the Area Development Agreement Required for Maryland Developers simultaneously with the execution of the Area Development Agreement~~

~~**FRANCHISOR**~~ ~~**Rock & Brews Franchising, LLC**~~	~~**DEVELOPER**~~ ________________________
~~By~~ ________________________	~~By~~ ________________________
~~Printed Name~~ __________________	~~Printed Name~~ __________________
~~Title~~ ________________________	~~Title~~ ________________________
~~Date~~ ________________________	~~Date~~ ________________________

~~MINNESOTA ADDENDUM TO~~
~~FRANCHISE DISCLOSURE DOCUMENT~~

~~**Item 13, Additional Disclosure.** The following statement is added to Item 13:~~

> ~~We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).~~

~~**Item 17, Notice of Termination.** The following statement is added to Item 17:~~

> ~~With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.~~

~~**Item 17, Governing Law, Jurisdiction and Venue and Choice of Forum.** The following statement is added to the cover page and Item 17:~~

> ~~Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~**Item 17, General Release. The following statement is added to Item 17:**~~

> ~~Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 - 80C.22.~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR MINNESOTA FRANCHISEES~~

~~This Addendum to the Franchise Agreement ("Franchise Agreement") dated ___________ between Rock & Brews Franchising, LLC ("Franchisor") and ___________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.~~

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Franchised Business will be located or operated in the State of Minnesota.~~

~~2. The following sentence is added to the end of Section 13.B:~~

~~With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.~~

~~3. The following sentence is added to the end of Sections 4.B and 11.D:~~

~~Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.~~

~~4. Section 12.B is deleted and replaced with the following:~~

~~Franchisor may seek the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (1) Franchisee's use of the Trademarks; (2) the construction and equipping of the Franchised Business; (3) the obligations of Franchisee upon termination or expiration of this Agreement; (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Franchised Business; and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees. A court will determine if a bond is required.~~

~~5. The following sentences are added to the end of Sections 12.A, 12.B and 15.I:~~

~~Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

7 ~~Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect~~

~~**FRANCHISOR**~~ ~~**Rock & Brews Franchising, LLC**~~	~~**FRANCHISEE**~~ ____________________________
~~By~~ ____________________________	~~By~~ ____________________________
~~Printed Name~~ ____________________	~~Printed Name~~ ____________________
~~Title~~ __________________________	~~Title~~ __________________________
~~Date~~ __________________________	~~Date~~ __________________________

~~**NEW YORK ADDENDUM TO**~~
~~**FRANCHISE DISCLOSURE DOCUMENT**~~

~~**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, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271 THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT**~~

~~2 The following is added at the end of Item 3~~

~~Except as provided above, with regard to the franchisor its predecessor, a person identified in Item 2 or an affiliate offering franchises under the franchisor's principal trademark~~

~~A No such party has an administrative criminal or civil action pending against that person alleging a felony a violation of a franchise, antitrust, or securities law, fraud, embezzlement fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations~~

B ~~No such party has pending actions, other than routine litigation incidental to the business which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations~~

~~C No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or within the 10 year period immediately preceding the application for registration has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise antifraud, or securities law fraud embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations~~

~~D No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State or Canadian franchise, securities, antitrust trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department including, without limitation, actions affecting a license as a real estate broker or sales agent~~

~~3 The following is added to the end of Item 4~~

~~Neither the franchisor its affiliate, its predecessor officers or general partner during the 10-year period immediately before the date of the offering circular (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 1 year after that officer or general partner of the franchisor held this position in the company or partnership~~

4 ~~The following is added to the end of Item 5~~

~~The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion~~

~~5 The following is added to the end of the 'Summary' sections 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 Sections 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 or area development agreement~~

~~8 The following is added to the end of the "Summary" sections of Item 17(v), titled~~ ~~**"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:~~

~~The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or upon the area developer by Article 33 of the General Business Law of the State of New York.~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT~~
~~REQUIRED FOR NEW YORK FRANCHISEES~~

~~This Addendum to the Franchise Agreement ("Franchise Agreement") dated ____________________ between Rock & Brews Franchising LLC ("Franchisor") and ______________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.~~

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) the Franchised Business will be located or operated in the State of New York.~~

~~2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 – 695 may not be enforceable.~~

3. ~~The following sentence is added to the end of Sections 4.B and 11.D:~~

~~Any provision in the Franchise Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.~~

~~4. The following sentence is added to the end of Section 13.C:~~

~~Notwithstanding the foregoing, the franchisee may terminate the agreement on any grounds available by law.~~

~~5. The following sentence is added at the end of Section 11.H:~~

~~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.~~

~~6. The following sentence is added to the end of Section 15.H(1):~~

~~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.~~

~~7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

~~8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~

~~[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]~~

~~**FRANCHISOR:**~~	~~**FRANCHISEE**~~
~~**Rock & Brews Franchising, LLC**~~	______________________
~~By~~ ______________________	~~By~~ ______________________
~~Printed Name~~ ______________________	~~Printed Name~~ ______________________
~~Title~~ ______________________	~~Title~~ ______________________
~~Date~~ ______________________	~~Date~~ ______________________

~~ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT~~
~~REQUIRED FOR NEW YORK DEVELOPERS~~

~~This Addendum to the Area Development Agreement ("Development Agreement") dated ______________________ between Rock & Brews Franchising LLC ("Franchisor") and ______________________________________ ("Developer") is entered into simultaneously with the execution of the Development Agreement.~~

~~1.~~ ~~The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Developer was made in the State of New York; (b) Developer is a resident of the State of New York; and/or (c) the franchised business will be located or operated in the State of New York.~~

~~2.~~ ~~Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 – 695 may not be enforceable.~~

3 ~~The following sentence is added to the end of Section 7:~~

~~The area developer may terminate the agreement on any grounds available by law.~~

~~4.~~ ~~The following sentence is added at the end of Section 9.A:~~

~~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 area development agreement.~~

~~5.~~ ~~The following sentence is added to the end of Section 10.G.1:~~

~~The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the area developer by article 33 of the General Business law of the state of New York.~~

~~6.~~ ~~Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.~~

~~7.~~ ~~Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.~~

~~[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]~~

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~~**FRANCHISOR**~~
~~**Rock & Brews Franchising, LLC**~~

~~By~~ ______________________

~~Printed Name~~ ______________________

~~Title~~ ______________________

~~Date~~ ______________________

~~**DEVELOPER**~~
____

~~By~~ ______________________

~~Printed Name~~ ______________________

~~Title~~ ______________________

~~Date~~ ______________________

~~NORTH DAKOTA ADDENDUM TO~~
~~FRANCHISE DISCLOSURE DOCUMENT~~

~~**Item 17, Additional Disclosures** The following statements are added to Item 17~~

~~Pursuant to the North Dakota Franchise Investment Law any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void Any mediation or arbitration will be held at a site agreeable to all parties The laws of the State of North Dakota will govern any dispute~~

~~Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Rock & Brews Franchising, LLC may have incurred under the North Dakota Franchise Investment Law~~

~~Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law~~

~~The Franchise Agreement includes a waiver of exemplary and punitive damages That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement~~

~~The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Rock & Brews Franchising LLC in enforcing the agreement For North Dakota franchisees the prevailing party is entitled to recover all costs and expenses, including attorneys' fees~~

~~The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement~~

~~The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement state that franchisee must consent to the jurisdiction of courts in the state in which franchisor's headquarters are then located (currently California) That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document, Franchise Agreement and Area Development Agreement~~

~~The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages The Commissioner has determined this to be unfair unjust and inequitable within the intent of the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement~~

~~The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT~~
~~REQUIRED FOR NORTH DAKOTA FRANCHISEES~~

~~This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________ between Rock & Brews Franchising, LLC ("Franchisor") and ________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.~~

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota, (b) Franchisee is a resident of the State of North Dakota, and/or (c) the Franchised Business will be located or operated in the State of North Dakota.~~

~~2. Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.~~

~~3. Covenants not to compete are generally considered unenforceable in the State of North Dakota.~~

~~4. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.~~

~~5. The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.~~

~~6. The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.~~

7. ~~The requirement that mediation or arbitration be held in the state in which franchisor's headquarters are then located (currently California) may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.~~

~~8. The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.~~

9.

~~The Franchise Agreement states that franchisee must consent to the jurisdiction of courts in the state in which franchisor's headquarters are then located (currently California). That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.~~

~~**FRANCHISOR**~~ ~~**Rock & Brews Franchising, LLC**~~	~~**FRANCHISEE**~~ ________________________
~~By~~ ________________________	~~By~~ ________________________
~~Printed Name~~ ____________________	~~Printed Name~~ ____________________
~~Title~~ ________________________	~~Title~~ ________________________
~~Date~~ ________________________	~~Date~~ ________________________

~~ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT~~
~~REQUIRED FOR NORTH DAKOTA DEVELOPERS~~

~~Notwithstanding anything to the contrary in the Area Development Agreement to which this Addendum is attached, the following terms and conditions shall control:~~

1. ~~The Area Development Agreement states that Developer must consent to the jurisdiction of courts in the state in which franchisor's headquarters are then located (currently California). That requirement will not apply to North Dakota Developers and is deemed deleted in each place it appears in the Area Development Agreement.~~

2. ~~The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.~~

~~FRANCHISOR:~~ **~~Rock & Brews Franchising, LLC~~**	**~~DEVELOPER:~~** ______________________
~~By~~ ______________________	~~By~~ ______________________
~~Printed Name~~ ______________________	~~Printed Name~~ ______________________
~~Title~~ ______________________	~~Title~~ ______________________
~~Date~~ ______________________	~~Date~~ ______________________

~~RHODE ISLAND ADDENDUM TO~~
~~FRANCHISE DISCLOSURE DOCUMENT~~

~~Item 17, Additional Disclosure. The following statement is added to Item 17.~~

~~Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."~~

~~ADDENDUM TO THE FRANCHISE AGREEMENT~~
~~REQUIRED FOR RHODE ISLAND FRANCHISEES~~

~~This Addendum to the Franchise Agreement ("Franchise Agreement") dated ____________________ between Rock & Brews Franchising LLC ("Franchisor") and ______________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.~~

~~1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island, (b) Franchisee is a resident of the State of Rhode Island and/or (c) the Franchised Business will be located or operated in the State of Rhode Island.~~

~~2 The following sentence is added to the end of Section 15.1:~~

~~Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."~~

~~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.~~

~~FRANCHISOR~~	**~~FRANCHISEE~~**
~~Rock & Brews Franchising, LLC~~	____________________
~~By~~ ____________________	~~By~~ ____________________
~~Printed Name~~ ________________	~~Printed Name~~ ________________
~~Title~~ ____________________	~~Title~~ ____________________
~~Date~~ ____________________	~~Date~~ ____________________

~~ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT~~
~~REQUIRED FOR RHODE ISLAND DEVELOPERS~~

~~This Addendum to the Area Development Agreement ("Development Agreement") dated ______________ between Rock & Brews Franchising LLC ("Franchisor") and ______________ ("Developer") is entered into simultaneously with the execution of the Development Agreement.~~

~~1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Developer was made in the State of Rhode Island; (b) Developer is a resident of the State of Rhode Island; and/or (c) the Franchised Business will be located or operated in the State of Rhode Island.~~

~~2. The following sentence is added to the end of Sections 10.N:~~

~~Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a area development agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."~~

~~3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.~~

~~4. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.~~

~~**FRANCHISOR:**~~ ~~**Rock & Brews Franchising, LLC**~~	~~**DEVELOPER:**~~ ______________
~~By:~~ ______________	~~By:~~ ______________
~~Printed Name:~~ ______________	~~Printed Name:~~ ______________
~~Title:~~ ______________	~~Title:~~ ______________
~~Date:~~ ______________	~~Date:~~ ______________

~~VIRGINIA ADDENDUM TO~~
~~FRANCHISE DISCLOSURE DOCUMENT~~

~~**Item 17, Additional Disclosure** In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor for use in the Commonwealth of Virginia shall be amended as follows:~~

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

WASHINGTON ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 ('Act"), which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of your franchise There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise

Collection of all initial fees and payments owed to Franchisor or an affiliate will be deferred until such time as the Franchisor completes its initial obligations and Franchisee commences business operations

In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________________________ between Rock & Brews Franchising, LLC ("Franchisor") and ____________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Washington, (b) Franchisee is a resident of the State of Washington, and/or (c) the Franchised Business will be located or operated in the State of Washington

2 The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 ("Act"), which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of your franchise There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise

3 The following sentence is added to the end of Section 9 A of the Franchise Agreement Collection of all initial fees and payments owed to Franchisor or an affiliate will be deferred until such time as Franchisor completes its pre-opening obligations under the Franchise Agreement and Franchisee is open for business

4 In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

5 In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

6 A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

7 Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

8 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

9 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

The undersigned does hereby acknowledge receipt of this addendum

FRANCHISOR **Rock & Brews Franchising, LLC**	**FRANCHISEE** ______________________________
By ____________________________	By ____________________________
Printed Name ____________________	Printed Name ____________________
Title ___________________________	Title ___________________________
Date ___________________________	Date ___________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
REQUIRED FOR WASHINGTON DEVELOPERS

This Addendum to the Area Development Agreement ("Development Agreement") dated _________________________ between Rock & Brews Franchising, LLC ("Franchisor") and ______________________________________ ('Developer") is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Washington, (b) Developer is a resident of the State of Washington, and/or (c) the franchised business will be located or operated in the State of Washington

2 The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 ("Act"), which may supersede the Development Agreement in Developer's relationship with Franchisor including the areas of termination and renewal of your franchise There also may be court decisions which may supersede the Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise

3 The following sentence is added to the end of Section 3 of the Development Agreement

Notwithstanding the foregoing, collection of all initial fees and payments owed to Franchisor or an affiliate will be deferred until such time as Franchisor completes its pre-opening obligations under each Franchise Agreement executed under the Development Agreement and the applicable Franchisee's franchised business is open for business Without limiting the foregoing, collection of the Development Fee owed to Franchisor will be deferred as follows the Franchisor may not collect the first $50,000 of the Development Fee (plus any additional initial fees due with respect to the first franchised business) until such time that the Franchisor completes its pre-opening obligations under the Franchise Agreement for the first franchised business developed under the Development Agreement and such first franchised business opens for business The Franchisor may only collect an additional increment of the Development Fee, in the amount of $25,000 each (plus any additional initial fees due with respect to such subsequent franchised business), at the time the Franchisor completes its pre-opening obligations under the Franchise Agreement for each subsequent franchised business developed under the Development Agreement and such subsequent franchised business opens for business

4 In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

5 In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

6 A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

7 Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

8 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

9 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

The undersigned does hereby acknowledge receipt of this addendum

FRANCHISOR **Rock & Brews Franchising, LLC**	**DEVELOPER** ____________________
By ____________________	By ____________________
Printed Name ________________	Printed Name ________________
Title ____________________	Title ____________________
Date ____________________	Date ____________________

EXHIBIT I

RECEIPTS

RECEIPT

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

If Rock & Brews Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale

New York requires that Rock & Brews Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Iowa and Michigan require that Rock & Brews Franchising, LLC gives 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 Rock & Brews 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 agency listed on Exhibit A

The franchisor is Rock & Brews Franchising, LLC, located at 321 12th Street, Suite 200, Manhattan Beach, CA 90266, (310) 545-9977

Issuance Date March 27, 2019~~7, 2018~~

The name, principal business address and telephone number of each franchise seller offering the franchise (check as applicable) David Furano, 321 12th Street, Suite 200, Manhattan Beach, CA 90266, (310) 545-9977

Rock & Brews Franchising, LLC authorizes the respective state agencies identified on Exhibit A and the agent for service of process identified in Item 1 to receive service of process for it

I have received a Franchise Disclosure Document dated March 27, 2019~~7, 2018~~ This Disclosure Document included the following Exhibits A) List of State Agencies, B) Financial Statements, C) Franchise Agreement, D) Area Development Agreement, E) Operations Manual Table of Contents, F) Sample Release, G) List of Franchisees and Area Developers, H) State Addenda, and I) Receipts

Date ____________________________ Signed ______________________________________
Print Name ___________________________________
Address ______________________________________
City __________________________ State ____________
Phone (___) ___________________ Zip____________

Date ____________________________ Signed ______________________________________
Print Name ___________________________________
Address ______________________________________
City __________________________ State ____________
Phone (___) ___________________ Zip____________

Copy of Franchisee

RECEIPT

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

If Rock & Brews Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale

New York requires that Rock & Brews Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Iowa and Michigan require that Rock & Brews Franchising, LLC gives 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 Rock & Brews 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 agency listed on Exhibit A

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Date ______________________ Signed ______________________
Print Name ______________________
Address ______________________
City ______________________ State ____________
Phone (   ) ______________________ Zip ____________

Date ______________________ Signed ______________________
Print Name ______________________
Address ______________________
City ______________________ State ____________
Phone (   ) ______________________ Zip ____________