FRANCHISE DISCLOSURE DOCUMENT

Rise & Dine Restaurants, Inc.
An Ohio Corporation
274 Marconi Blvd., Suite 100
Columbus, Ohio 43215
(614) 396-5030
www.sunnystreetcafe.com

As a Sunny Street Café franchisee, you will operate a restaurant featuring traditional breakfast, brunch, lunch, and catering items.

The total investment necessary to begin operation of a Sunny Street Café Restaurant is $464,545 to $1,307,514. This includes $40,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Scott Moffitt at 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215, 614-396-5030. The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 3, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Ohio. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.

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

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "RDRI," "we" and "us" refer to Rise & Dine Restaurants, Inc., the franchisor of the Sunny Street Café System, and "you" refers to the person or legal entity who buys the franchise. If you are a corporation or another type of entity, certain provisions of this disclosure document also apply to your owners and will be noted.

We are offering, under the terms of this disclosure document, the opportunity to become a franchisee and operate one or more Sunny Street Café Restaurants ("Franchised Restaurant").

RDRI is an Ohio corporation formed in January 2008. Our agents for service of process in various states are listed in Exhibit B.

We do business under the names "Sunny Street Café." We currently only franchise restaurants under the name Sunny Street Café; however, we previously franchised and operated restaurants under the name "Rise & Dine Restaurant." We have been franchising Rise & Dine Restaurants or Sunny Street Café Restaurants since January 2008, which is when we acquired the Rise & Dine franchise system. We have not offered franchises in any other line of business, although we may do so in the future. We do not operate any Sunny Street Café Restaurants ourselves and we generally do not engage in any business not described in this Item 1.

Our Predecessors and Affiliates. We did not have predecessors in the past 10 years.

RDRI's affiliate, Buckeye Peach's LLC ("BP") is located at 873 Clubview Boulevard North, Columbus, Ohio 43235. BP is a Sunny Street Café area representative in Ohio. BP has been an area representative since July 2006. Companies affiliated with BP currently operate four Sunny Street Café Restaurants in Ohio. RDRI's affiliate, Cardinal SCC, LLC ("Cardinal") has been a Sunny Street Café area representative for Missouri since 2010. Companies affiliated with Cardinal currently operate four Sunny Street Café Restaurants in Missouri. We also have affiliated companies in Texas that currently operate two Sunny Street Café Restaurants.

Our affiliate Best Restaurant Equipment & Design, Inc. ("Best Restaurant") located at 4020 Business Park Drive, Columbus, Ohio 43204 offers restaurant design services and restaurant equipment, furniture and smallwares to our franchisees.

BP, Cardinal, and Best Restaurant have not offered franchises in any line of business. However, we offer and sell area representative opportunities for individuals to act as our franchise sale and support representatives for a designated territory for the Sunny Street Café Restaurants pursuant to a separate Franchise Disclosure Document. Other than the company-owned area representatives, there are no franchised area representatives.

Sunny Street Café Restaurants. Sunny Street Café Restaurants specialize in the preparation and service of breakfast, which is served all day, and lunch. The Restaurants feature several varieties of omelets and eggs served with hash browns, grits, fresh fruit and premium coffee. Additionally, we serve buttermilk pancakes, stuffed biscuits with gravy, and our signature French Toast Crunch. Our lunch offerings include a variety of sandwiches and wraps, and fresh salads. All menu items are available for dine-in, carryout or delivery. Sunny Street Café Restaurants also offer catering.

Sunny Street Café Restaurants typically operate in retail strip shopping centers and similar locations. Restaurants are generally open from 6:30 a.m. to 2:30 p.m. daily. Restaurants typically seat around 120 customers and feature attractive, warm and welcoming décor and friendly, customer-oriented servers.

If you and the area in which you are interested meet certain qualifications, you may buy the rights to develop multiple Franchised Restaurants under a Development Agreement. You must develop a minimum of three (3) Franchised Restaurants under a Development Agreement. If you do so, upon establishing each additional outlet under the Development Schedule, you may be required to sign our then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this disclosure document.

Laws and Regulations. The restaurant industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality. For certain classes of employees in restaurants, the wage laws are different from other businesses.

The menu labeling provisions of the Patient Protection and Affordable Health Care Act require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you also must comply. You should consult with your attorney concerning all laws and regulations that may affect your restaurant operations, including any permits and licenses necessary to operate in your market.

Competition and General Market. The breakfast, brunch and lunch restaurant industry is highly developed and highly competitive. You will be competing with a large number of other restaurants, including national and regional restaurant chains. The ability of each Sunny Street Café Restaurant to compete depends on its location, ingress and egress, signage, parking, service, overhead, changing local market and economic conditions, and many other factors both within and outside your control. Sales are not seasonal.

Under the terms of this disclosure document, you can buy a franchise to develop and operate one Franchised Restaurant, or, if you and the area in which you are interested meet certain qualifications, you can buy the rights to develop multiple Franchised Restaurants under a Development Agreement (Exhibit C). If you have entered a Development Agreement, before we will consider a site for the Franchised Restaurant, you must sign a Franchise Agreement (Exhibit D), which will govern the development and operation of the Franchised Restaurant. We will provide you a fully-signed Franchise Agreement when we accept a site for the Franchised Restaurant. If you have not entered a Development Agreement, we may accept a site for the Franchised Restaurant either before or after execution of the Franchise Agreement.

Your receipt of this disclosure document does not mean that you will be approved as a franchisee or that you may open a Franchised Restaurant. Before you may open a Franchised Restaurant, we must approve you as a franchisee, we must accept in writing the location of your proposed Franchised Restaurant, you must attend and successfully complete our management training program, and RDRI and you must sign the Franchise Agreement. You should not, among other things, acquire any interest in a site for a Franchised Restaurant until, at the earliest, you are approved by us as a franchisee (or, if you already are a franchisee, until you have been approved for expansion) and we accept in writing the site for your Franchised Restaurant.

ITEM 2

BUSINESS EXPERIENCE

Chairman: Michael J. Stasko

Mr. Stasko founded RDRI in January 2008 and has served as Chairman of the Board of Directors since that time in Columbus, Ohio. Mr. Stasko also served as RDRI's Chief Executive Officer from January 2008 to December 2023. He also runs our area representatives BP and Cardinal. Mr. Stasko is also the President of Ohio-based Best Restaurant Equipment & Design, Inc., a restaurant design and equipment supplier; a business he has been affiliated with for more than 30 years.

Chief Executive Officer: Scott A. Moffitt

Mr. Moffitt has served as RDRI's Chief Executive Officer since January 2024. Mr. Moffitt previously served as President and Chief Operating Officer of RDRI in Columbus, Ohio, from April 2010 to December 2023.

President: Michael Stasko Jr.

Mr. Stasko has served as RDRI's President since January 2024. Mr. Stasko previously served as Vice President of Brand Strategy and previously our Director of Business Development of RDRI in Columbus, Ohio, from January 2008 to December 2023.

Director of Operations: Kim Kidwell

Ms. Kidwell has served as Director of Operations for RDRI in Columbus, Ohio, since December 2018, and previously as Restaurant Operations Manager from October 2016.

Controller: Lindsay Hammer

Ms. Hammer has served as Controller for RDRI in Columbus, Ohio, since July 2022, and previously as Assistant Controller starting in June 2021. From December 2015 to May 2020, she was Vice President of Finance for Bottleneck Management, Inc., in Chicago, IL.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Development Fee

If you enter into a Development Agreement, you must pay, at the time you sign the Development Agreement, a Development Fee equal to the sum of: (A) $35,000 for the first Franchised Restaurant to be developed under the terms of the Development Agreement; (B) $35,000 for the second Franchised Restaurant to be developed under the terms of the Development Agreement; and (C) $17,500 for each additional Franchised Restaurant beyond the second to be developed under the terms of the Development Agreement. The Development Fee is fully earned by RDRI and is not refundable.

Initial Franchise Fee

You must pay an Initial Franchise Fee prior to execution of the Franchise Agreement. The Initial Franchise Fee for a Franchised Restaurant is $35,000, less any Development Fee paid for the Franchised Restaurant. The Initial Franchise Fee is fully earned by RDRI and is not refundable.

Other Initial Fees

Upon signing the Franchise Agreement, you must deposit $5,000 with us to be spent on your grand opening advertising and marketing program within 90 days of opening. We will return this money to you after you submit evidence to us that you have made the appropriate expenditures on your grand opening advertising and marketing program.

ITEM 6

OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty	5.25% of Gross Sales with a minimum of $250 per week	For each week, by the following Tuesday by electronic funds transfer ("EFT") **(2)**	"Gross Sales" includes all revenue from the sale of all services and products and all other income of every kind and nature (including stored value gift cards and gift certificates when redeemed, on-premise sales, other sales made or sold, at, in, upon, or from the Franchised Business, and any other type of sale) related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit. Gross Sales will not include: **(1)** any bona fide documented federal, state, or municipal sales taxes collected by you from customers and paid by you to the appropriate taxing authority; **(2)** the sale of food, beverage or merchandise for which refunds have been made in good faith to customers; **(3)** the sale of equipment used in the operation of the Franchised Business; **(4)** authorized customer promotional discounts; or **(5)** employee meal discounts.

Type of Fee (1)	Amount	Due Date	Remarks
Advertising	A weekly advertising obligation of up to 4% of Gross Sales. **(3)** Currently, your advertising obligation is 2.5% of Gross Sales	Same as royalty	Advertising fees are divided between a brand fund, a regional advertising fund (if established) and/or local marketing as described in Item 11. Currently, 0.5% of Gross Sales is paid to the Brand Fund. We will use contributions to the Brand Fund to reimburse us for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs.
Interest	Interest on the amount owed from the date due until paid	When any payment is overdue	Interest is due on the amount owed from the date due until paid at the maximum rate permitted by applicable law, not to exceed 1.5% per month or portion of a month.
Late Fee	$100	When any weekly payment is overdue	For any weekly payment not received by us by the due date, in addition to the amount owed and any interest due on that amount, you will owe us a late fee of $100.
Additional Opening Assistance	You will be required to pay all travel, food and lodging costs incurred by our representatives	Immediately upon receipt of expenses	We will provide up to 2 days of pre-opening supervision and assistance and up to 5 days of supervision and assistance after opening, at no additional cost.
Operational or Marketing Assistance	You will be required to pay us for the cost of travel, food lodging and salary of our assigned personnel	Immediately upon receipt of expenses	If we determine that you are in need of special, extraordinary operational or marketing assistance, we may assign up to two people to assist you at your restaurant, not to exceed 14 days in any three-month period.
Product Testing	Actual cost of testing	As incurred	You may be required to pay the cost of testing of items if the supplier of the item has not previously been approved by us or if the item fails to conform to our specifications.
Non-compliance fee	$500 per instance	On demand	We may charge you $500 for any aspect of your business which is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Collection Costs and Expenses	Our costs and expenses	On demand, if required	These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of those costs and expenses.

Type of Fee (1)	Amount	Due Date	Remarks
Audit and Inspection Costs	Deficiency in royalty fees and advertising contributions, plus interest and costs	Immediately upon receipt of the audit or inspection report	The interest rate is the same as the interest rate for late payments. If an inspection or audit finds that there is an understatement of Gross Sales of more than 3%, you also must reimburse us for any and all costs associated with the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs).
Reimbursement of Insurance Costs	Cost of obtaining coverage	Immediately upon receipt of invoice	If you fail to procure or maintain the required insurance, we may procure the insurance and charge its cost to you. We collect the cost of the insurance coverage for the insurance company with which we place the coverage.
Renewal Fee	$10,000, plus any out-of-pocket costs incurred by us (such attorney fees)	At the time the new franchise agreement is signed	
Transfer Fee	$10,000, plus any out-of-pocket costs incurred by us (such as a broker fee or attorney fees)	Prior to transfer	There is no fee if you transfer to a non-arm's length business entity formed for the convenience of ownership or for approved intra-family transfers.
Offering Fee	$1,000	Prior to offering	You may sell ownership interests in the franchisee or developer, whether by private offering or otherwise, only with the prior written consent of us and the payment of the offering fee.
Indemnification	The losses and expenses incurred by us	As incurred	You must indemnify and hold us and our affiliates harmless in all actions arising out of or resulting from or connected with your activities under the Franchise and/or Development Agreement, excluding our gross negligence or willful misconduct.
Costs and Attorneys' Fees	Our costs and expenses	As incurred	If we prevail in litigation regarding enforcement of the terms of any agreement with you, you must pay our attorneys' fees and costs.

NOTES

(1) Unless otherwise noted, all fees are imposed by and payable to us, and are non-refundable. We do not represent that all fees are uniform; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

(2) You must pay us the royalty fee applicable to the Gross Sales and other amounts under the Franchise Agreement by electronic funds transfer (EFT). Royalty fees for each week (Monday through Sunday) are due on the following Tuesday. You must sign such documents (including independent transfer authorizations) as we deem necessary to facilitate the EFT payment. You must execute and deliver to us appropriate pre-authorized draft forms for your checking account prior to the opening of your Franchised Restaurant so that we may withdraw monies on a timely basis.

(3) We have the right, following written notice to you, to reallocate your Advertising Obligation and to increase the Advertising Obligation. However, if we establish a Regional Advertising Fund covering the location of your Restaurant, we will not increase the Advertising Obligation by more than 1% of Gross Sales in any 12-month period.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment (1)	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee	$35,000 - $35,000	Lump Sum	At signing	Us
Rent - 3 Months **(2)**	$15,019 - $38,014	As Arranged	Monthly	Landlord
Security Deposits	$6,000 - $13,000	As Arranged	As Incurred	Various Third Parties
Architectural and Design Fees **(3)**	$0 - $25,000	As Arranged	As Incurred	Architect, Engineers
Leasehold Improvements **(4)**	$145,000 - $643,000	As Arranged	As Incurred	Contractors, Suppliers
Furnishings, Fixtures, Signage & Equipment **(5)**	$218,026 - $450,000	As Arranged	As Incurred	Various Suppliers or Manufacturers
Opening Inventory **(6)**	$12,000 - $15,000	As Arranged	As Incurred	Various Suppliers
Grand Opening Advertising and Promotions **(7)**	$5,000 - $8,000	As Arranged	Prior to opening of Franchised Restaurant	Us, Local Media, Promotional Expenses
Training and On-Site Assistance Expenses **(8)**	$5,000 - $10,000	As Arranged	As Incurred	Employees, Airlines, Hotels, Restaurants
Liability and Property Insurance	$4,500 - $6,500	As Arranged	As Incurred	Insurers
Catering Van **(9)**	$0 - $4,000	As Arranged	As Incurred	Vehicle lessor
Miscellaneous Costs **(10)**	$4,000 - $10,000	As Arranged	As Incurred	Suppliers, Government Agencies
Additional Funds - 3 months **(11)**	$15,000 - $50,000	As Arranged	As Incurred	Employees, Suppliers, Utilities
TOTAL	$464,545 - $1,307,514			

NOTES

(1) As detailed above, the estimated initial investment required for you to open a Franchised Restaurant is a substantial one. Because of wide variations from one region of the country to another, for key elements of the investment, such as real estate and construction costs, with which we will have no involvement, the initial investment may at present be estimated only within a broad range. Since none of these costs, except the Initial Franchise Fee, are paid to us, whether any of these costs are refundable will vary based on the practice in the area where the Franchised Restaurant is located.

(2) If you do not own a suitable restaurant site, you will need to lease the land and building for the Franchised Restaurant. Approximately 3,000-3,400 square feet are typically necessary for a location in a retail strip shopping center. Our estimate assumes you rent the site. If you purchase real estate, your costs will be different.

(3) The lower-end estimate assumes your location was previously operated as a restaurant, and that the layout and condition of the location do not require architectural or engineering drawings in order to adapt the location to operate as a Sunny Street Café.

(4) This estimate is based on remodeling and interior finish-out of an existing building shell, including architecture and design fees, construction costs, electrical work, mechanical work, plumbing, painting, carpentry, lighting fixtures, floor coverings, wall coverings, windows and window coverings. The cost of the improvements will vary depending upon the size of the premises, geographic location, material costs, labor costs and other economic factors, as well as the availability of contributions from the landlord.

The lower-end estimate assumes your location was previously operated as a restaurant.

You should check with the relevant regulatory agencies to identify costs for required permits, certifications, taxes and other fees, which can vary dramatically depending on the location. You must use architects and contractors approved by us and comply with all architectural, mechanical and structural systems and specifications required by us. In addition to the architect, you must use the services of Best Restaurant Equipment & Design, Inc. or another design firm approved by us.

(5) You must purchase certain items of furnishings, fixtures, signage and equipment. The amount of furnishings, fixtures, signage and equipment will depend to some extent on the size of the building. The total costs of furnishings, fixtures, signage and equipment will depend on the suppliers, your location, distance from the suppliers, transportation costs and similar variables. The lower-end estimate assumes your location was previously operated as a restaurant.

(6) The total cost of the opening inventory will depend on individual suppliers, your location, transportation costs, season, available suppliers and similar variables.

(7) Grand Opening advertising and promotions include local marketing, direct mail, signs and banners as well as holding a Grand Opening Event. As described in Item 5, you must deposit $5,000 with us to be spent on your grand opening advertising and marketing program within 90 days of opening. We will return this money to you after you submit evidence to us that you have made the appropriate expenditures on your grand opening advertising and marketing program.

(8) You will be required to pay all expenses associated with initial training, including the costs of transportation, lodging and food for the management persons attending training. The amount of these expenses will depend on the distance they must travel, type of accommodations, the number attending and their wages.

(9) We recommend (but do not require) that you have a van to operate catering services from your Sunny Street Café beginning with your date of opening. We do not require any particular make or model of the van. Your catering van must have our required vehicle wrap and exterior décor, and it must be kept in excellent or better repair, appear clean and dent-free, and present a first-class image appropriate to our system. The low-end cost estimate assumes you do not have a van when you open. The high-end cost estimate assumes you lease the van. It includes the estimated cost of the van décor and catering equipment.

(10) These costs include utility deposits, installation of telephones, business licenses, uniforms, and office and cleaning supplies and other prepaid expenses.

(11) This estimates your initial start-up expenses. These expenses include payroll costs, taxes and bank charges. This figure is an estimate, and we cannot guarantee that you will not have additional expenses starting the business. It does not include advertising or royalty payments made to us. It does not include a salary or compensation for you. Your costs will depend on factors such as how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for a Sunny Street Café Restaurant; the prevailing wage rate; competition; and the sales level reached during the initial period. In compiling these estimates for additional funds, we have relied upon the following factors, basis and experience: we and our affiliates have developed Sunny Street Cafés and we have supported franchisees in developing Sunny Street Cafes. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Where we have issued standards and specifications, you must use only ingredients, food products, spices, seasonings, mixes, beverages, materials, supplies used in the preparation of food products, furniture, fixtures, equipment, smallwares, forms, paper and plastic products and packaging and other materials that meet those standards and specifications. Our standards and specifications are contained in the Operations Manual, and lists of approved suppliers will be provided to you periodically. As of the date of this disclosure document, except Best Restaurant Equipment & Design, Inc. as described below in this Item 8, neither we nor any of our affiliates are approved suppliers for any product. We will notify you of any change in our standards or specifications to allow you to comply as soon as is practicable.

You are required to purchase and serve certain brands of beverages, condiments and other food items produced by specified manufacturers. We may approve one or more suppliers for any goods or materials, and we may approve a supplier only as to certain goods or materials. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Sunny Street Café Restaurants. Approval of a supplier may be conditioned on requirements relating to their price and service, number of vendors, ability to make deliveries according to our requirements and their size and stability. We periodically reevaluate approved vendors and they must send us a monthly or periodic statement of their latest product listings and prices. Our criteria for supplier approval is available to you upon request.

Except as described below in this Item 8 regarding Best Restaurant Equipment & Design, Inc., which our Chairman Michael Stasko is President of, there are no approved suppliers in which any of our officers owns an interest.

If you propose to purchase any goods or materials (that you are not required to purchase from us or a specified supplier) from a supplier that is not an approved supplier, that supplier must submit to us a written request for our approval. While there is no fee for our approval, the supplier must submit a list of products currently offered, their prices and a sample of the product for which approval is sought. We have the sole

discretion to grant or revoke approval of a supplier based on the supplier's ability to meet our specifications and standards for quality, timeliness and overall performance. We will notify you within 30 days of our decision to approve, disapprove or revoke approval of a supplier.

You must obtain and install an approved electronic, touch-screen computerized point-of-sales ("POS") system along with appropriate printers and screens; see Item 11 for specific details. You must also subscribe to a credit card and gift card processing service that interfaces with your POS system. Our current approved suppliers of these services are Valutec, Toast and WorldPay. We do not supply POS systems or credit card processing services.

Purchase agreements may be negotiated with all approved suppliers and will include, but not be limited to the following: price, specifications, payment terms, rebates, incentives, delivery requirements, ordering requirements and credits. We are not obligated to negotiate system-wide contracts with suppliers. We and our affiliates may receive and retain fees, rebates, commissions, field-of-use license royalties, or other consideration from approved suppliers based on sales to franchisees. Currently, our soft drink supplier, Coca-Cola Company, pays us rebates based upon per case volume purchases and gallons sold. We also receive rebate payments from Pilgrim's Pride, Pierce Chicken, McCain Foods, Gordon Food Service, Consolidated Concepts, Inc., CH Guenther, and Hormel Foods. We may require you to use a particular distributor. As of the date of this disclosure document, our required distributor is Gordon Food Service and its affiliated entities. In 2024, our rebate revenue was $400,641.45, which comprised 21.21% of our total revenue of $1,888,773.10. We did not derive any revenue from required sales of goods or services to our franchisees in 2024. This information was derived from our audited financial statements.

For all construction, remodeling and related improvements, you must comply with our current Sunny Street Café Design and Construction Standards. You must retain, at your expense, an architect licensed in the state in which your Franchised Restaurant will be located to develop blueprints and plans necessary to construct or remodel the Franchised Restaurant. The architect must be selected from our list of approved architects or approved by us if the architect is not on the approved list.

In addition to the architect, you must use the services of Best Restaurant Equipment & Design, Inc. ("Best Restaurant") located at 4020 Business Park Drive, Columbus, Ohio 43204 (tel: 614-488-2378) or another design firm approved by us. Our Chairman, Michael J. Stasko serves as President of Best Restaurant. Best Restaurant, or another approved designer, will work with your approved architect to design your Franchised Restaurant to our standards and specifications. Best Restaurant charges $10,000 in design fees per Franchised Restaurant but will waive those fees if you also purchase your restaurant equipment, furniture and smallwares from it. In 2025, Best Restaurant earned $0 in revenue from providing its design services and/or sales of restaurant equipment, furniture and smallwares to our franchisees, which compromised 0% of its total revenue.

You must retain a general contractor to construct or modify your Franchised Restaurant. The general contractor must comply with our design and construction standards. The general contractor must be selected from our list of approved contractors or approved by us if the contractor is not on the approved list. At all times, we reserve the right to observe and monitor the construction process and to freely communicate with you, your architect, designer, general contractor and lender in matters concerning the timely and proper construction or remodeling of your Franchised Restaurant.

Except as provided in the preceding paragraphs, neither we or our affiliates, nor any person affiliated with us or our affiliates, currently derive revenue as a result of required purchases or leases from approved suppliers, architects, designers or contractors. The cost of products and equipment meeting our specifications that you must purchase represents 70-90% of your total purchases for the establishment and operation of your Franchised Restaurant. We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers. No purchasing or distribution cooperative currently exists.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and Development Agreement. 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 Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 5.B.-C. DA: Sections 5.B.-E.	Items 7 & 11
b. Pre-opening purchases/leases	FA: Sections 5.F. & K. DA: Section 5	Item 7 & 8
c. Site development and other pre-opening requirements	FA: Sections 5.B.-D. & F., 7, 11.D. DA: Sections 3 & 5	Items 6, 7 & 11
d. Initial and ongoing training	FA: Sections 5.D.-E. DA: Not Applicable	Item 6, 7 & 11
e. Opening	FA: Sections 5.C. & F DA: Not Applicable	Item 11
f. Fees	FA: Sections 4, 5.K., 10, 16.A, Exhibit A DA: Section 4 & Exhibit B	Items 5 & 6
g. Compliance with standards and policies/operating manual	FA: Sections 5.A., F., G., I., J., K., & M, 8 DA: Not Applicable	Items 8 & 11
h. Trademarks and proprietary information	FA: Sections 6, 8.C., 10.D. & F., 17.B. DA: Sections 2 & 11.B.	Items 13 & 14
i. Restrictions on products/services offered	FA: Sections 5.I.-K. DA: Not Applicable	Item 16
j. Warranty and customer service requirements	FA: Not Applicable DA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Sections 1.A.-B. DA: Sections 1.A., 2 & Exhibit A	Item 12
l. Ongoing product/service purchases	FA: Section 5.J. & M DA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Section 5.I. DA: Not Applicable	Items 11
n. Insurance	FA: Section 11 DA: Section 6	Items 6 & 7
o. Advertising	FA: Section 10 & Exhibit A DA: Not Applicable	Items 6, 7 & 11
p. Indemnification	FA: Section 19.B. DA: Section 13	Item 6

Obligation	Section in Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
q. Owner's participation/ management/staffing	FA: Section 17.A. DA: Section 11.A.	Item 11 & 15
r. Records and reports	FA: Sections 4.C., 5.K., 9 DA: Not Applicable	Item 6
s. Inspections and audits	FA: Sections 5.M., 9.D. & E. DA: Not Applicable	Items 6 & 11
t. Transfer	FA: Section 13 DA: Section 8	Item 17
u. Renewal	FA: Section 2.B. DA: Not Applicable	Item 17
v. Post-termination obligations	FA: Section 15 DA: Section 10	Item 17
w. Non-competition covenants	FA: Section 17 DA: Section 11	Item 17
x. Dispute resolution	FA: Section 24 DA: Section 18	Item 17

ITEM 10

FINANCING

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

ITEM 11

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

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

Our Pre-Opening Obligations

Before you open your Franchised Restaurant, we will:

1. Provide you with the following site selection assistance: **(A)** our site selection guidelines and, as you may request, a reasonable amount of consultation regarding those guidelines; and **(B)** the on-site evaluation as we may consider advisable as part of our evaluation of your request for site approval. (Development Agreement § 5.B., Franchise Agreement § 3.B.)

2. If you sign a Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We will advise you in writing within 30 days after receipt of all required site information and materials whether we have accepted a particular site. If we do not respond within that time period, we will have been deemed to have denied acceptance of the site. (Development Agreement § 5.D., Franchise Agreement § 3.B.)

3. Review your construction plans and specifications for compliance with our standard plans, specifications and construction schedule. It will be your responsibility to have prepared all required construction plans and specifications and you must ensure that these plans and specifications comply with applicable local and state laws, regulations and ordinances. You may only use architects, designers and general contractors whom we have approved. (Franchise Agreement § 5.B.)

4. Review the design, construction or remodeling of the Franchised Restaurant to ensure conformity with our guidelines. (Franchise Agreement § 3.C.)

5. Loan you a copy of, or electronic access to, our confidential and proprietary Operations Manual, which contains information and knowledge that is unique, necessary and material to the Sunny Street Café System. The Operations Manual remains our property. We may revise the contents of the Operations Manual, and you agree to comply with each new or changed section. (Franchise Agreement § 8). The Table of Contents of the Operations Manual, as of the date of this disclosure document, is attached as Exhibit E. As of that date, the Operations Manual contained approximately 175 pages.

6. Provide our Initial Training Program to you and/or 2 or 3 management persons, as determined by us, per Franchised Restaurant. The details of the Initial Training Program are described later in this Item. (Franchise Agreement § 5.D.)

7. Provide you with up to 2 days of on-site, pre-opening supervision and assistance by a representative of ours and up to 5 days of on-site supervision and assistance after opening. (Franchise Agreement § 3.E.)

Our Obligations During Operation of the Franchise

During the operation of your Franchised Restaurant, we will:

1. Collect, administer and spend for advertising and promotion purposes monies paid into the Brand Fund and any Regional Advertising Fund (each Fund is described below). (Franchise Agreement § 10)

2. Advise you of the advertising media and expenditures we have authorized for local marketing. We may also provide you a marketing manual, guidelines for creating a marketing plan, scripts and branding tools. You must submit any sales promotional materials and advertising that have not been prepared by us or previously accepted by us, along with the identification the proposed media in which you propose to place the advertisement for our approval. We will be deemed to have disapproved the advertising materials and their proposed placement if we do not otherwise advise you within 10 days after our receipt of the materials. (Franchise Agreement § 10.D.)

3. Review any of your proposed website, social networking site or account, or other internet sites that use the Proprietary Marks. We will grant or withhold our consent in our sole discretion and may condition our consent on various requirements. We may designate the form and content of your website and/or require that your website be hosted by us or one of our designees. We may in our discretion manage all websites, social networking sites and accounts, and other internet sites on behalf of Sunny Street Café and all individual Franchised Restaurants. (Franchise Agreement 10.F.)

4. We may change or modify the Sunny Street Café System, including modifications to the Operations Manual, the menu and menu formats, the required equipment, the signage, the building and premises of the Franchised Restaurant (including the trade dress, decor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and means of reporting and of payment of any monies owed to us (including electronic means of reporting and payment) and the adoption and use of new or modified Proprietary Marks or copyrighted materials. (Franchise Agreement § 3.H.)

5. Provide our Initial Training Program, at our discretion, to any persons subsequently employed by you in the position of manager. Provide refresher courses, seminars and other training programs to you and your employees as we may require. We will provide instructors and training materials for all required training but you will be responsible for all other expenses incurred by you or your employees while attending training, including the cost of transportation, lodging and wages. (Franchise Agreement §§ 5.D. & E.)

6. Provide to you periodic advice and written materials concerning techniques of managing and operating the Franchised Restaurant, including new developments and improvements in restaurant equipment, food products, packaging and preparation. We may also assign our representatives to assist you on-site at your Franchised Restaurant if we determine that the Franchised Restaurant is in need of extraordinary operational or marketing assistance. You will be required to pay all travel, food, lodging and salary of the assigned representative. (Franchise Agreement § 3.G.)

7. Upon your request, we will provide recommended prices for menu items. We have the right to require you to offer particular menu items at specific prices we determine if we are promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law). (Franchise Agreement § 3.H)

Advertising

As stated in Item 6, during the term of the Franchise Agreement, you will have an Advertising Obligation of up to 4% of Gross Sales. You will pay that portion of the Advertising Obligation as we direct to the Brand Fund as described in the next paragraph. The remainder of the Advertising Obligation, if any, is paid to a Regional Advertising Fund, if one is established, and/or shall be spent by you for local marketing. There currently is no franchisee advertising council that advises us on advertising policy.

We have established and will maintain and administer a fund to pay for costs associated with the creation and development of brand advertising, marketing, public relations, promotional programs and materials (which may be national or regional in scope) and other activities that we may, in our sole discretion, consider appropriate ("Brand Fund"). Some activities that we may fund include advertising campaigns in various media, point-of-purchase materials, reviews of locally-produced ads, free standing inserts, brochures, purchasing and/or developing promotional materials, market research, celebrity endorsements, trade shows, association dues, search engine optimization costs and holding an annual franchise convention. We shall direct all programs supported by the Brand Fund, with final discretion over the creative concepts, materials and media used in the programs and their placement. Sunny Street Café Restaurants operated by us will contribute on the same basis as comparable franchisees.

We will not use the Brand Fund to defray any of our general operating expenses, except for reasonable administrative costs and overhead that we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs, which includes the salaries of personnel who devote time to Brand Fund activities. We will not use the Brand Fund for any activity whose sole purpose is the marketing of franchises. Any point-of-sale materials produced with Brand Fund monies will be made available to you at a reasonable cost and the proceeds will be credited to the Brand Fund. In 2024, we spent approximately 39% of the Brand Fund on our marketing agency, 57% on direct advertising and marketing efforts, approximately 1% on administrative expenses, and 3% on guest experience promotions.

We have the right, in our sole discretion, to establish one or more cooperative regional advertising funds ("Regional Advertising Fund"). We determine the geographic area of a Regional Advertising Fund. If a Regional Advertising Fund is established for the geographic area where your Franchised Restaurant is located, you will be obligated to contribute to the advertising fund. Sunny Street Café Restaurants operated by us or our affiliates in an area covered by a Regional Advertising Fund will contribute to the fund on the same basis as comparable franchisees. We or our designee will direct all advertising, marketing and public relations

programs and activities financed by a Regional Advertising Fund and we will have sole discretion over the creative concepts, materials and endorsements used in those programs. Regional Advertising Funds do not operate from written governing documents at this time. As of the date of this disclosure document, there is one Regional Advertising Fund.

We are not required to have independent audits of either the Brand Fund or any Regional Advertising Fund but we will make unaudited statements of contributions and expenditures available upon written request no sooner than 150 days after the close of the fiscal year. We or our designee have the right to terminate (and later restart) the Brand Fund or any Regional Advertising Fund. We will separately account for the Brand Fund and each Regional Advertising Fund but will not segregate monies from the various funds. In spending advertising monies from any of the funds, we are not obligated to make expenditures for any franchisee that are equivalent or proportionate to that franchisee's contribution or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditure of the funds. We will attempt to spend all monies in the Brand Fund and all Regional Advertising Funds each year. Any funds not spent will be rolled over to the following year.

You will be required to spend that portion of the Advertising Obligation not otherwise spent or contributed to the Brand Fund or a Regional Advertising Fund on local marketing in authorized advertising media and for authorized advertising expenditures. We or our designee will periodically advise you of the authorized advertising media and expenditures. We may also provide you with a marketing manual, guidelines for creating a marketing plan, scripts and branding tools.

You may develop advertising/marketing materials for your own local use; however, we must approve these advertising/marketing materials in advance of use. If our written consent is not received within 10 days after the date we received the material, the material may not be used. All advertising and promotional materials must bear the Proprietary Marks in the form, color, location and manner that we prescribe. None of your advertising/marketing shall contain any statement or material that may be considered: **(1)** in bad taste or offensive to the public or to any group of persons; **(2)** defamatory of any person or an attack on any competitor; **(3)** infringing another person's trade name or trademark; **(4)** contrary to our standards for the brand or **(5)** not in accordance with any federal or state law. We own all advertising and promotional materials developed by you. We may require you to discontinue the use of any advertising or marketing materials.

We have the right, following written notice to you, to reallocate the Advertising Obligation and to increase the Advertising Obligation. However, if we establish a Regional Advertising Fund that covers your Franchised Restaurant, we will not increase the Advertising Obligation by more than 1% of Gross Sales in any 12-month period.

Point of Sale System

You must purchase and install a touch-screen, computerized point-of-sales ("POS") system approved by us as well as compatible printers, screens and modems. Currently, the system we require is Toast. We estimate that the cost of purchasing the POS system ranges from $7,000 to $20,000. This system is capable of capturing all financial data generated through the operation of the Franchised Restaurant including sales, product mix, food, paper and labor data. The data processed in your POS system must be accessible to us through the Internet at all times. There are no contractual limitations on our right to access this information and data.

We estimate that the current annual cost of an optional and/or required maintenance/support contract, including upgrades/updates, may range from $4,000 to $10,000, depending on numbers and types of equipment. Upgrade and maintenance costs are subject to change, without notice.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates to your computerized systems. You will need to enter into a monthly subscription contract with the POS provider.

You are required to upgrade or update your POS system, computer and other electronic communication equipment and systems as required by us as applicable technology evolves. There is no contractual limitation on the frequency and the cost of this obligation to update your equipment and systems.

Selecting the Location of the Franchised Restaurant

We do not select the site for the Franchised Restaurant. Your Development Agreement will specify an area in which you select the site for the Franchised Restaurant, which is subject to our approval. We will provide you with our site selection guidelines and such on-site evaluation as we deem advisable. For each proposed site for a Franchised Restaurant, you must submit a site application containing the information (as we may reasonably require) that you reasonably believe conforms to site selection criteria that we establish periodically for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. Within 30 days after receipt of this information, we will advise you in writing whether we have approved a particular site. If we do not respond within that time period, we will be deemed to have denied approval of the site. Our approval or denial of approval of a site may be subject to reasonable conditions as determined in our sole discretion. We typically do not own your premises and lease it to you.

You also must furnish us with the financial statements and other information regarding you and the development and operation of the proposed Franchised Restaurant, including investment and financing plans for the proposed Franchised Restaurant, as we reasonably may require.

If we have not accepted a site for the Franchised Restaurant within 90 days of the date of our execution of the Franchise Agreement, we can terminate the Franchise Agreement, and we will not refund the Initial Franchise Fee or any portion of the Development Fee (if applicable).

Time Between Signing the Franchise Agreement and Opening

The time between signing a Franchise Agreement and opening the Franchised Restaurant is typically 6-18 months, which includes our 4-week initial training period. You must begin construction of the Franchised Restaurant no later than 60 days after securing a site acceptable to us, and no later than 30 days from the date of plan approval by appropriate governmental authorities. You must provide us with written notice of the start of construction of the Franchised Restaurant within 7 days after its commencement. The factors that affect the length of time required to open usually include the ability to locate and obtain a satisfactory site and adequate financing, complete necessary construction or remodeling without significant delay, obtain required permits, licenses and approvals, comply with local ordinance or building code requirements, and obtain and install all necessary equipment, fixtures and signs.

Training and Development

We offer a mandatory Initial Training Program which you and/or, as determined by us, a minimum of 2 and a maximum of 3 management persons per Franchised Restaurant must attend and successfully complete to our satisfaction before you open your Franchised Restaurant for business. There is no specific required time period after signing your Franchise Agreement or before opening your business to complete the Initial Training Program, other than the requirement that you complete the Initial Training Program prior to opening. At our discretion, any persons subsequently employed by you in the position of manager shall also attend and successfully complete to our satisfaction the Initial Training Program.

Trainees will be instructed in the full range of functions involved in the operation of a Sunny Street Café Restaurant, including instruction in the operation of all equipment, personnel, food preparation and accounting techniques. The Initial Training Program lasts four weeks and consists of classroom and on-the-

job training. You will be trained at a Sunny Street Café Restaurant or other location as designated by us. Currently, our designated training restaurants are located in the metro area of Columbus, Ohio. The Initial Training Program will be scheduled pursuant to our annual training calendar and is contingent on the availability of space, the number of trainees and the availability of instructors. There currently is no tuition fee for the Initial Training Program. You must pay all travel, living and other expenses incurred by you and your employees while attending training. We reserve the right to dismiss from the Initial Training Program any person whom we do not believe will perform acceptably in the position for which he or she has been hired by you.

Training classes will be directed by Kim Kidwell. Her experience is described in Item 2. She has more than 17 years of experience in our industry and 7 years with us or our affiliates.

Training classes are held at one of the Sunny Street Café restaurants operated by our affiliates.

TRAINING PROGRAM

The Initial Training Program materials focus on mastering all skill positions within a Sunny Street Café Restaurant as well as basic orientation to management skills, including opening and closing routines, ordering inventory, receiving and storage. The following chart summarizes the subjects taught during the training program:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation	2	0	Designated Training Restaurant
Sanitation	4	0	Designated Training Restaurant
Menu Knowledge	0	20	Designated Training Restaurant
Register POS/Cashier	0	10	Designated Training Restaurant
Security	0	2	Designated Training Restaurant
Prep	0	25	Designated Training Restaurant
Production Line	0	35	Designated Training Restaurant
Service Standards	0	20	Designated Training Restaurant
Office Org. Orientation	0	2	Designated Training Restaurant
Accounting	6	0	Designated Training Restaurant
Pars/Production	0	16	Designated Training Restaurant
Inventory	0	8	Designated Training Restaurant
Ordering	0	2	Designated Training Restaurant
Receiving & Storage	0	2	Designated Training Restaurant
Expo	0	20	Designated Training Restaurant
Manager Open/Shift Execution	0	16	Designated Training Restaurant
Manager Close/Shift Execution	0	16	Designated Training Restaurant
TOTALS	6	194	

The instructional materials used during training include our Manual, other written forms, and on-the-job demonstration and practice. In addition to the Initial Training program, we may also require you, your managers and such other employees as we designate to attend refresher courses, seminars and other training programs. In such cases, we will provide instructors and training materials but you are responsible for all other

expenses incurred by you and your employees while attending training, including transportation, lodging and wages.

ITEM 12

TERRITORY

Development Agreement

If you sign a Development Agreement, you will be granted the right to develop franchised Sunny Street Café Restaurants in certain trade areas ("Designated Trade Areas") located within a certain geographic area ("Development Territory"). A description of the Development Territory and any Designated Trade Areas will be attached as an exhibit to the Development Agreement. Each Franchised Restaurant to be developed by you must be located in a Designated Trade Area at a specific location accepted by us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply.

You will not receive any 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.

If you comply with the Development Agreement and all other agreements with us or our affiliates, and you are current on all obligations due us and our affiliates, we will not operate or license others to operate a Sunny Street Café Restaurant in the Development Territory during the term of the Development Agreement ("Development Term"). Your limited protection from additional development under the Development Agreement does not apply to Sunny Street Café Restaurants under development or in operation in the Development Territory as of the date you sign the Development Agreement. At the conclusion of the Development Term, the limited protection from additional development in the Development Territory ends.

We may, however, operate or license others to operate, in the Development Territory, Sunny Street Café Restaurants that are located in airports, malls, train stations, bus stations, travel plazas, stadiums, convention centers, military facilities, schools, colleges, universities, hospitals, recreational theme parks, casinos, Indian reservations, business or industrial contract foodservice settings or any similar captive market location.

In addition, we may: (1) operate or license others to operate, during the Development Term, any restaurant, other than a Sunny Street Café Restaurant, in the Development Territory; (2) operate or license others to operate, during the Development Term, any restaurant, including a Sunny Street Café Restaurant, at any location outside of the Development Territory; (3) operate or license others to operate, after the Development Agreement terminates or expires, any restaurant, including a Sunny Street Café Restaurant, in or outside of the Development Territory; (4) merchandise and distribute goods and services identified by the Proprietary Marks at any location, including within the Development Territory, through any other method or channel of distribution; (5) develop and operate, or license others to develop and operate, other franchise systems in the Development Territory for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (6) sell and distribute products identified by the Proprietary Marks to any restaurant, other than a Sunny Street Café Restaurant, in the Development Territory so long as the restaurant is not licensed to use the Proprietary Marks in connection with its retail sales.

Your only right to develop or operate additional Franchised Restaurants is specified in the Development Agreement. You have no other rights to develop or operate additional Franchised Restaurants.

If you are in default under the Development Agreement or any Franchise Agreement, we may terminate the agreement and/or modify the territory. There are no other circumstances in which we can modify your protected development territory.

There are no restrictions on the areas in which you or we may advertise or solicit customers, nor must we pay any compensation to you for soliciting or accepting orders from inside the Development Territory. The rights we reserve include the right to use any other channel of distribution, including the Internet, to make sales in the Development Territory using the Proprietary Marks or different proprietary marks.

Franchise Agreement

Under the Franchise Agreement, you will be licensed to develop and operate a Franchised Restaurant at a designated location. You will not receive any exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You do not receive the right under the Franchise Agreement to develop or operate more than one Franchised Restaurant. Our prior written consent is required before you relocate the Franchised Restaurant.

You may only sell products from the Franchised Location; you may not use any other method or channel of distribution. There are no restrictions on the areas in which you may advertise or solicit customers. There are no restrictions on the areas in which we may advertise or solicit customers, nor must we compensate you for soliciting or accepting orders. We reserve the right to merchandise and distribute goods and services identified by the Proprietary Marks (or different proprietary marks) through any method or channel of distribution, including the Internet.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that business sells or will sell goods or services similar to those you will offer. However, the Franchise Agreement does not prohibit us from doing so.

ITEM 13

TRADEMARKS

We grant to you the right to operate a restaurant under the name "Sunny Street Café" and to use our other current or future trademarks in the operation of your Franchised Restaurant. By trademarks, we mean trade names, trademarks, service marks and logos used to identify Sunny Street Café Restaurants.

The following principal trademarks have been registered on the Principal Register of the United States Patent and Trademark Office, and all required affidavits of continued use have been filed:

Mark	Registration No.	Registration Date
SUNNY STREET CAFÉ A BRIGHT SPOT FOR BREAKFAST AND LUNCH	3836123	8/17/2010
SUNNY STREET CAFÉ	3839004	8/24/2010
SUNROAST	4275116	1/15/2013
A BRIGHT SPOT FOR BREAKFAST AND LUNCH	5306083	10/10/2017

Mark	Registration No.	Registration Date
SUNNY STREET CAFE	6151713	9/15/2020
FRIED CHICKA BANG!	6443143	8/3/2021

There are no currently effective material determinations of the patent and trademark office, the trademark trial and appeal board, the trademark administrator of any state or any court involving the principal trademarks. There also are no pending infringement, opposition or cancellation proceedings or any pending material litigation involving the principal trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks. We do not know of any infringing uses that could materially affect your use of the trademarks.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the trademarks. The Franchise Agreement does require that you notify us immediately if any litigation involving the trademarks is instituted or threatened against you. We have the right to control any administrative proceeding or litigation involving the trademarks. You must also fully cooperate in defending or settling the litigation. You may not directly or indirectly contest the validity or our ownership of the trademarks.

If we should elect to use a principal name other than "Sunny Street Café" to identify the Sunny Street Café System, we may select another name, and notify you to change all or some items bearing the Proprietary Marks to the new name within a reasonable period of time as determined by us. After such period, you would no longer have the right to use the name "Sunny Street Café". Your rights under the franchise agreement do not change, other than the discontinuation of the "Sunny Street Café" name.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or copyrights that are material to your Franchised Restaurant or the Sunny Street Café System. However, we claim copyright protection in the Operations Manual and related materials, including certain forms, architectural, engineering and construction plans, advertising materials, product specifications, computer programs, newsletters, training materials, and operations and accounting materials. These materials have not been registered with the United States Registrar of Copyrights. We may seek registered copyrights for these materials in the future.

There are no currently effective material determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

The Operations Manual and these other materials contain our detailed standards and specifications for managing and operating your Franchised Restaurant. For example, the Operations Manual and other proprietary information discuss the selection, purchase, storage, preparation, packaging, ingredients, recipes, services and sale of the products and beverages you will sell at your Franchised Restaurant. The Manual also contains information on management and employee training, marketing, advertising and sales promotions, signs, fixtures and furnishings, employee dress attire and appearance standards, menu concept, and business practices and procedures, such as bookkeeping, accounting, records retention and other business systems.

The Operations Manual and all other materials and information provided or disclosed to you regarding the Sunny Street Café System are disclosed in confidence. You may not disclose any part of this information to anyone who is not your employee, and you will disclose to your employees only those parts of the Sunny Street Café System that an employee needs to know. You also must agree not to contest our interest in the trade secrets and confidential and proprietary information that comprises the Sunny Street Café System.

All customer data and other non-public data generated by your business is confidential Information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Sunny Street Café business.

You must disclose to us all ideas, plans, improvements, concepts, methods and techniques relating to your Sunny Street Cafe business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so as appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are not obligated to participate personally in the direct operation of the Franchised Restaurant, although we do encourage your personal participation. If you do not personally participate, you must designate a qualified individual to serve as manager of your Franchised Restaurant. All managers, and you if you participate personally, must complete to our satisfaction the Initial Training Program and any refresher training as further described in Item 11. Your managers are not required to own an equity interest in the franchisee entity. You must have a system in place to ensure your managers keep confidential our trade secrets and confidential and proprietary information. If requested by us, you must require your managers, and any other employee we designate, to execute a Confidentiality Agreement.

If the Franchisee will be a business entity, owners who hold a direct or indirect equity interest in the entity must jointly and severally guarantee the Franchisee's payment and performance under the Franchise Agreement by executing a guarantee. The form of guarantee is attached to the Franchise Agreement as an exhibit. We do not require Franchisee owners' spouses to sign a guarantee, unless the spouse is also an owner.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Restaurant solely for the operation of a Sunny Street Café Restaurant, and you must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Restaurant at its maximum capacity and efficiency for the minimum number of days and hours as we specify in the Operations Manual or otherwise in writing.

You must meet and maintain the highest applicable health standard and rating. You must operate the Franchised Restaurant in strict conformity with the methods, standards and specifications as we prescribe in the Operations Manual or otherwise in writing, which may include requirements that the materials bear the Proprietary Marks.

You must offer for sale and sell all and only those products and services as are expressly authorized by us in the Operations Manual or otherwise in writing. We have the right to change the menu items, ingredients, products, materials, supplies and paper goods or the standards and specifications of each and there are no limits on our ability to do so. You must promptly comply with the new requirements. We do not limit the guests to whom you may sell goods or services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

DEVELOPMENT AGREEMENT

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 1.A.	The term is from date of execution of the Development Agreement to the first to occur of: the date the last Franchised Restaurant required by the Development schedule opens for business; or the date that the last Franchised Restaurant is required to be opened under the terms of the Development Schedule.
b. Renewal or extension	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 9	We may terminate upon default. Default or termination of your Development Agreement does not give us the right to terminate your Franchise Agreement. However, if you default under your Franchise Agreement, we have the right to terminate your Development Agreement.
g. "Cause" defined-curable defaults	Section 9.B.(1-2)	You have 10 days to cure monetary defaults. You have 30 days to cure defaults other than those discussed in paragraph h. below.

Provision	Section in Development Agreement	Summary
h. "Cause" defined-non-curable defaults	Sections 9.A.(1-12); 9.B.(3)	Non-curable defaults include: failure to obtain site acceptance on schedule; failure to open and operate scheduled number of Franchised Restaurants by specified deadlines (unless you request, and we grant you, an extension); begin construction before receipt of fully-signed Franchise Agreement; insolvency; bankruptcy; execution levied against your business or property; material breach of covenants; violation of ethics and values; transfer without our prior written consent; material misrepresentation; falsification of reports; felony charge or conviction; commit or be accused of any act likely to adversely affect the brand, material breach of any representation or warranty; default beyond cure period under other agreements with us or our affiliates (including any Franchise Agreement), under any real estate, equipment lease or financing instrument relating to a Franchised Restaurant, or with any vendor or supplier to a Franchised Restaurant; and default after receipt of 2 or more notices of default within 12 months.
i. Your obligations on termination/non-renewal	Section 10	Obligations include: forfeiture of right to develop; return of materials to us; continued observance of covenants; payment of amounts due us; forfeiture of Development Fee; no operation of business under any name or in any manner that suggests connection to us and our affiliates; cease use of our materials; and not assisting anyone not licensed by us to construct a restaurant substantially similar to a Sunny Street Café Restaurant.
j. Assignment of contract by us	Section 8.E	There are no restrictions on our right to assign.
k. "Transfer" by you-defined	Section 8.A.(1)	Any sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you or the Development Agreement.
l. Our approval of transfer by you	Sections 8.A.-B.	No transfers without our prior written consent.
m. Conditions for our approval of transfer	Sections 8.A.(2); 8.B.	Conditions include: obligations assumed by transferee; payment of monies owed to us; no default beyond applicable cure period; transferee completes training; qualified transferee; transferee executes standard development agreement; signed release; and payment of transfer fee. Conditions for transfer of ownership interests through offering: payment of offering fee and delivery of opinion letters from legal counsel regarding use of Proprietary Marks on offering documents.
n. Our right of first refusal to acquire your business	Section 8.C.	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	

Provision	Section in Development Agreement	Summary
p. Your death or disability	Section 8.D.	Executor, administrator or personal representative must apply to us in writing within 2 months for consent to transfer your interest.
q. Non-competition covenants during the term of the franchise	Section 11.C.	No attempt to divert customer or potential customer of any Sunny Street Café restaurant to any competitor; no employing as a shift leader or higher a person employed by us; no interest in any restaurant business with table service that specializes in breakfast and lunch.
r. Non-competition covenants after the franchise is terminated or expires	Section 11.C.	No activity as described in paragraph q. above for 2 years. Ownership restriction applies to restaurant businesses located within the Development Territory, within 2 miles of the border of the Development Territory or within 2 miles of any then-existing Sunny Street Café restaurant.
s. Modification of the agreement	Section 16	No modification generally without signed agreement.
t. Integration/ merger clause	Section 16	Only the terms of the Development Agreement, the documents referred to in and the attachments to the Development Agreement are binding. Any other oral or written promises related to the subject matter of the Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Section 18.B.	Subject to state law, you can only file suit where our principal offices are located, which currently is Ohio; we may file suit in the jurisdiction where our principal offices are located at the time the suit is filed or in the jurisdiction where you reside or do business or where the claim arose.
w. Choice of law	Section 18.A.	Ohio law applies (subject to applicable state law).

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.A.	10 years from the date the Franchised Restaurant opens
b. Renewal or extension	Section 2.B.	You can renew for one successor term of 10 years.
c. Requirements for you to renew or extend	Section 2.B.	In order to renew at the end of the initial term of the Franchise Agreement you must give timely notice; have complied with the original Franchise Agreement and the Sunny Street Café system; not be in default under any agreement with us or our affiliates; have not defaulted more than twice under the franchise agreement;

Provision	Section in Franchise Agreement	Summary
		complied with all requirements of ethics and values; secure the right from your landlord to continue operating at the Franchised Location; renovate and modernize the Franchised Restaurant to reflect the then-current image of Sunny Street Café restaurants; sign general release; comply with training requirements; and pay a renewal fee. You also must sign our then-current form of franchise agreement, which may contain materially different terms and conditions than your original Franchise Agreement.
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 14	We may terminate upon default. If you sign a Development Agreement, default or termination of your Development Agreement does not give us the right to terminate your Franchise Agreement. However, if you default under your Franchise Agreement, we have the right to terminate your Development Agreement.
g. "Cause" defined-curable defaults	Section 14.B.	You have 10 days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in paragraph h. below.
h. "Cause" defined-non-curable defaults	Section 14.A.	Non-curable defaults include: insolvency; felony charge or conviction; commit or be accused of any act likely to adversely affect the brand; material breach of covenants; failure to open the Franchised Restaurant within 270 days after effective date of Agreement; disclosure of the contents of the Operations Manual or other confidential information; knowingly submitting false reports to us, engaging in any business under a name or mark confusingly similar to the Proprietary Marks; default beyond cure period under other agreements with us or our affiliates (other than a Development Agreement), under any real estate, equipment lease or financing instrument relating to a Franchised Restaurant, or with any vendor or supplier to a Franchised Restaurant; misuse of our marks; slander or libel of us; threat or danger to public health or safety which you do not cure within 48 hours after becoming aware thereof; two consecutive failures of a government health inspection, committing two defaults within 12 months; and closure of the Franchised Restaurant for 2 or more consecutive business days, or closure of the Franchised Restaurant intermittently; material breach of laws; violate company ethics and values.

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/ nonrenewal	Section 15	Obligations include: cease operating the Franchised Restaurant; discontinue use of the System, the Proprietary Marks and the Operations Manual; payment of sums due; discontinue use of confidential methods, procedures and techniques; comply with the covenants list in paragraph r below; complete de-identification of the Franchised Restaurant (unless we direct otherwise); and return the Operations Manual and all training materials, marketing materials, records, files, instructions and correspondence containing confidential information.
j. Assignment of contract by us	Section 13.E	There are no restrictions on our right to assign.
k. "Transfer" by you-defined	Section 13.A.(1)	Any sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, your rights to use the System or Proprietary Marks, the assets of the Franchised Business, your leasehold rights, or you.
l. Our approval of transfer by you	Section 13.A.	No transfers without our prior written consent.
m. Conditions for our approval of transfer	Sections 13.A.(2) & 13.B.	Conditions include: obligations assumed by transferee; payment of monies owed to us; no default beyond applicable cure period; transferee completes training; qualified transferee; transferee executes standard franchise agreement; signed release; and payment of transfer fee. Conditions for transfer of ownership interests through offering: payment of offering fee and delivery of opinion letters from legal counsel regarding use of Proprietary Marks on offering documents.
n. Our right of first refusal to acquire your business	Section 13.C.	We or our designee can match any offer for your business.
o. Our option to purchase your business	Section 16	Upon the expiration or termination of the Franchise Agreement, we can purchase some or all of the Assets (as defined in the Franchise Agreement) at a price agreed upon or set by appraisers.
p. Your death or disability	Section 13.D.	Executor, administrator or personal representative must transfer to a third party approved by us within 2 months.
q. Non-competition covenants during the term of the franchise	Section 17.C.	No attempt to divert customer or potential customer of any Sunny Street Café restaurant to any competitor; no employing as a shift leader or higher a person employed by us; no interest in any restaurant business with table service that specializes in breakfast and lunch.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.C.	No activity as described in paragraph q. above for 2 years. Ownership restriction applies to restaurant businesses at the Restaurant Location, or located within a 2 mile radius of the Franchised Restaurant or any then-existing Sunny Street Café restaurant.

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	Section 22	No modification generally without signed agreement, but we may modify the System and the Operations Manual.
t. Integration/merger clause	Section 22	Only the terms of the Franchise Agreement, the Operations Manual, the documents referred to in and the attachments to the Franchise Agreement are binding. Any other oral or written promises related to the subject matter of the Franchise Agreement may not be enforceable. No provision in the Franchise Agreement is intended to disclaim representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Section 24.B.	Subject to state law, you can only file suit where our principal offices are located, which currently is Ohio; we may file suit in the jurisdiction where our principal offices are located, where you reside or do business, where the Franchised Restaurant is or was located or where the claim arose.
w. Choice of law	Section 24.A.	Ohio law applies (subject to applicable state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Table 1
Franchised Restaurant Sales

	2022	2023	2024
Number of Restaurants	12	12	12
Average Sales	$1,131,152.20	$1,266,491.90	$1,261,524.00
Median Sales	$1,147,582.84	$1,337,417.25	$1,310,574.00
Lowest Sales	$731,422.54	$791,878.63	$675,759.00

Highest Sales	$1,544,805.13	$1,633,352.83	$1,639,920.00
# (%) Surpassing Average	7 (58.3%)	8 (66.7%)	8 (66.7%)

Table 2
Company Restaurant Expenses - 2024

	Average % of Sales	# (%) Surpassing Average	Median % of Sales
Labor – Hourly	20.83%	5 (50%)	20.03%
Food Costs	21.65%	5 (50%)	21.60%
Total Controllables	13.82%	5 (50%)	13.55%

Notes:

1. Table 1 and Table 2 are historic financial performance representations. They are not projections of future performance. We use a 52-week or 53-week fiscal year; 2024 had 52 weeks while 2023 had 53 weeks. Table 1 is based on the reported sales of franchised restaurants and reflects all of the franchised restaurants opened for the entire year (other than temporary closures). Table 2 is based on our internal data from the ten stores owned and operated by our affiliates for all of 2024.

2. "Sales" means the grand total of all sale transactions reported in a period, after taxes and reductions (such as coupons and employee discounts).

3. The "# (%) Surpassing Average" column indicates the number and percent of Restaurants in the category which exceeded the average for the category. With respect to Labor, Food Costs, and Total Controllables in Table 2, a store is considered "surpassing average" if its expenses were lower than the average.

4. In Table 2, "Labor - Hourly" excludes the salary and compensation paid the store general manager.

5. In Table 2, "Total Controllables" is comprised of paper, cleaning, repairs and maintenance, smallwares, office supplies, uniforms, laundry, utilities, contract services, floors/carpets, credit card fees, and advertising.

6. Table 2 is not a complete list of all expenses incurred by our affiliates in operating Sunny Street Café Restaurants. It does not include rent and real estate costs, bank charges, accounting and legal fees, security, and certain other "non-controllable" costs. It does not include overhead and administrative costs associated with operating multiple restaurants.

7. As a franchisee, you would have additional costs for royalties and other fees under the Franchise Agreement.

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

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Rise & Dine Restaurants, Inc. 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Moffitt, Chief Executive Officer, 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215 (tel: 614-396-5030), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024 (3)

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2022	12	12	0
	2023	12	12	0
	2024	12	12	0
Company-Owned	2022	10	10	0
	2023	10	10	0
	2024	10	10	0
Total Outlets	2022	22	22	0
	2023	22	22	0
	2024	22	22	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Years 2022 to 2024 (1) (2)

State	Year	Number of Transfers
Ohio	2022	0
	2023	0
	2024	1
Total	2022	0
	2023	0
	2024	1

Table No. 3

Status of Franchised Outlets
For Years 2022 to 2024 (3)

State	Year	Outlets At Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations – Other Reason	Outlets at End of Year (3) (4)
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Ohio	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Texas	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Total	2022	12	0	0	0	0	0	12
	2023	12	0	0	0	0	0	12
	2024	12	0	0	0	0	0	12

Table No. 4

Status of Company-Owned Outlets
For Years 2021 to 2023 (3)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Missouri	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Ohio	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Texas	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

Table No. 4

Status of Company-Owned Outlets
For Years 2021 to 2023 (3)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
	2024	2	0	0	0	0	2
Total	2022	10	0	0	0	0	10
	2023	10	0	0	0	0	10
	2024	10	0	0	0	0	10

NOTES

(1) Attached as Exhibit F is a list of the name, city and state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during RDRI's last fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Sunny Street Cafe System.

During our last three fiscal years, neither we nor our predecessors have signed any confidentiality agreements with current or former franchisees that would restrict them from speaking openly with you about their experiences with us.

(2) Attached as Exhibit G is a list of the name of each current Sunny Street Café franchisee and the address and telephone number of each of their franchised restaurants.

(3) "Company-owned" refers to restaurants operated by our affiliates.

Table No. 5

Projected Openings
As of End of Fiscal Year 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Illinois	1	1	0
Ohio	0	1	1
TOTALS	**1**	**2**	**1**

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit H are the audited consolidated financial statements for RDRI with balance sheets for the three most recent fiscal years and statements of operations, stockholders equity, and cash flows for each of the three most recent fiscal years.

ITEM 22

CONTRACTS

The following agreements related to a Franchised Restaurant are attached as Exhibits to this disclosure document:

Exhibit C	Development Agreement (with Guaranty)
Exhibit D	Franchise Agreement (with Guaranty)

ITEM 23

RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date of you received this disclosure document and return one copy to us.

EXHIBIT A

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California
Commissioner of Department of Financial Protection and Innovation
1515 K Street Suite 200
Sacramento, CA 95834
866-275-2677
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov

Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
P.O. Box 40
Honolulu, HI 96810
(808) 586-2722

Illinois
Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

Maryland
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota
Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1500

New York
New York State Department of Law
Investor Protection Bureau
28 Liberty St. 21st Floor
New York, NY 10005
212-416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Department of Consumer & Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Building 68-2
Cranston, RI 02920-4407
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 South Euclid Suite 104
Pierre, SD 57501-3185
(605) 773-3563

Virginia
State Corporation Commission
1300 East Main Street
9th Floor
Richmond, VA 23219
(804) 371-9051

Washington
Department of Financial Institutions
P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Wisconsin
Division of Securities
Department of Financial Institutions
4822 Madison Yards Way
Madison, WI 53705
(608) 266-0448

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Illinois:

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Ohio:

Timothy E. Miller
2 Miranova Place
Suite 700
Columbus OH 43215

EXHIBIT C

DEVELOPMENT AGREEMENT

SUNNY STREET
CAFE

RESTAURANT DEVELOPMENT AGREEMENT

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GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

EXHIBIT A – DEVELOPMENT TERRITORY AND DESIGNATED TRADE AREAS

EXHIBIT B – DEVELOPMENT INFORMATION

RESTAURANT DEVELOPMENT AGREEMENT

THIS AGREEMENT is made as of _____ ("Effective Date") between Rise & Dine Restaurants, Inc., an Ohio corporation, with offices at 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215 ("RDRI") and _____ a, _____ with offices at the location stated on Exhibit B ("Developer").

RECITALS:

RDRI, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive restaurant operating system ("System") relating to the establishment and operation of high-quality Sunny Street Café restaurants featuring all day breakfast and fresh, delicious breakfast and lunch menu items for on-premises, take-home, and catering service, and other specialties and related items ("Restaurant(s)").

The distinguishing characteristics of the System include, but are not limited to, special recipes and menu items; distinctive exterior and interior design, decor, and furnishings; uniform standards; specifications and procedures for operations; consistency and uniformity of products and services offered; procedures for quality control, training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by RDRI from time to time.

RDRI identifies the System by means of certain proprietary trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to "SUNNY STREET CAFÉ", and such other trade names, service marks and trademarks as are designated (and may hereafter be designated) by RDRI in writing for use in connection with the System (collectively, "Proprietary Marks").

RDRI continues to develop, use and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.

Developer desires to be granted the opportunity, subject to the terms and conditions of this Agreement, to develop franchised Sunny Street Café restaurants ("Franchised Restaurants") in the trade areas identified in attached Exhibit A ("Designated Trade Areas"), all of which are located in the geographic area identified in attached Exhibit A ("Development Territory").

Developer understands and acknowledges the importance of RDRI's high and uniform standards of quality, operations and service and the necessity of developing Franchised Restaurants in strict conformity with this Agreement.

RDRI is willing to grant Developer the opportunity to develop Franchised Restaurants in Designated Trade Areas in the Development Territory, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other as set forth herein, hereby agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

A. Grant. RDRI hereby grants to Developer, subject to the terms, conditions, provisions and limitations of this Agreement, the right to develop Franchised Restaurants in each of the Designated Trade Areas (all of which are located in the Development Territory) during the Development Term. The Development Term begins on the date this Agreement is signed by RDRI and terminates on the first to occur of the date that the last

Franchised Restaurant is required to be opened or the date the last Franchised Restaurant is opened. There is no renewal term for this Agreement. Each Franchised Restaurant shall be located at a specific location accepted by RDRI in a Designated Trade Area ("Authorized Location").

B. Development Rights Only. This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Sunny Street Café restaurants or use the System. In addition, this Agreement does not give Developer any right to license others to operate Sunny Street Café restaurants or use the System. This Agreement only gives Developer the right to enter into Franchise Agreements for the operation of Franchised Restaurants at Authorized Locations, subject to Developer's compliance with this Agreement. Each Franchised Restaurant developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate Franchise Agreement.

C. Forms of Agreement. Developer acknowledges that, over time, RDRI has entered and likely will continue to enter into agreements with other developers and franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that RDRI and other developers and franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. LIMITED EXCLUSIVE RIGHTS

The System (including the products sold under the Proprietary Marks) has been developed, and is designed, to function effectively in a wide variety of retail environments, many of which are not practically available to Developer. Accordingly, RDRI reserves to itself the rights to: **(A)** operate and license others to operate restaurants identified in whole or in part by the name and mark "Sunny Street Cafe" in the Development Territory that are located in airports, train stations, bus stations, travel plazas, stadiums, arenas, convention centers, military facilities, schools, colleges, universities, hospitals, recreational theme parks, business or industrial foodservice venues, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location; **(B)** award national or regional licenses to third parties to sell products under the name and mark "Sunny Street Cafe" in foodservice facilities primarily identified by the third party's trademark; **(D)** develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark "Sunny Street Cafe" in the Development Territory; **(E)** merchandise and distribute products identified by some or all of the Proprietary Marks in the Development Territory through any other method or channel of distribution; and **(F)** sell and distribute products identified by some or all of the Proprietary Marks in the Development Territory to restaurants other than restaurants identified in whole or in part by the name and mark "Sunny Street Cafe," provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

Except as reserved in the preceding paragraph, RDRI will not, during the Development Term, operate or license others to operate restaurants identified in whole or in part by the name and mark "Sunny Street Cafe" in the Development Territory, provided Developer is in compliance with the terms of this Agreement and any other agreements with RDRI or its affiliates and is current on all obligations due RDRI and its affiliates. This Section 2 does not prohibit RDRI or its affiliates from: **(1)** operating and licensing others to operate, during the Development Term, restaurants identified in whole or in part by the name and mark "Sunny Street Cafe" at any location outside of the Development Territory; **(2)** operating and licensing others to operate, after this Agreement terminates or expires, restaurants identified in whole or in part by the name and mark "Sunny Street Cafe" at any location; and **(3)** operating and licensing others to operate at any location, during or after the Development Term, any type of restaurant other than a restaurant identified in whole or in part by the name and mark "Sunny Street Cafe".

The restrictions contained in this Section 2 apply only to RDRI and do not apply to restaurants identified in whole or in part by the name and mark "Sunny Street Cafe" under development or in operation in the Development Territory as of the Effective Date.

3. DEVELOPMENT SCHEDULE

A. During the Development Term, Developer shall develop, open and continuously operate in the Designated Trade Areas in the Development Territory the number of Franchised Restaurants specified in the Development Schedule in attached Exhibit B. For each Franchised Restaurant to be developed during the Development Term, Developer shall have obtained RDRI's written acceptance of the site by the site acceptance date listed in the Development Schedule in attached Exhibit B, which shall be at least 6 months before the date the Franchised Restaurant is required to be opened. Strict compliance with the Development Schedule is essential to this Agreement. Any failure by Developer in fulfilling its obligations to develop and open any Franchised Restaurant when required by the Development Schedule or to obtain site acceptance by the date specified in the Development Schedule shall constitute a material, non-curable breach of this Agreement permitting RDRI immediately to terminate this Agreement by giving written notice of termination to Developer. **Time is of the essence**.

B. Developer, as requested by RDRI, shall prepare a development plan for the Development Territory. Among other things, the development plan may identify specific markets in the Development Territory in which Developer will develop Franchised Restaurants, the number of Franchised Restaurants to be developed and the time periods in which Developer will develop Franchised Restaurants in each Designated Trade Area. If prepared, any failure by Developer to timely comply with the development plan or any material aspect of the development plan shall constitute a material, non-curable breach of this Agreement, permitting RDRI to terminate this Agreement immediately by giving written notice of termination to Developer.

C. If, during the Development Term, Developer sells a Franchised Restaurant that was developed pursuant to this Agreement, that Franchised Restaurant will continue to be counted as a Franchised Restaurant for the purpose of meeting Developer's obligations under the Development Schedule, provided that the sale has been approved by RDRI and only so long as that restaurant continues to be operated pursuant to a franchise agreement with RDRI or its affiliates.

D. At Developer's request, RDRI will permit the Franchise Agreement for any Franchised Restaurant in the Development Territory to be executed by a business entity formed by Developer to develop and operate the Franchised Restaurant ("Affiliated Entity"), provided all of the following conditions are met: **(1)** Developer or Developer's Owners owns at least 51% of the ownership interests in the Affiliated Entity; **(2)** the Affiliated Entity conducts no business other than the operation of the Franchised Restaurant; **(3)** Developer or Developer's Owners agree to assume full and unconditional liability for and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; and **(4)** all those with ownership interests in the Affiliated Entity possess a good moral character, as determined by RDRI in its sole discretion, and Developer provides RDRI all reasonably requested information to permit RDRI to make such a determination.

4. DEVELOPMENT FEE

Developer shall pay RDRI, at the time this Agreement is signed, a development fee equal to the sum of: **(A) $35,000** for the first Franchised Restaurant to be developed pursuant to this Agreement; **(B) $35,000** for the second Franchised Restaurant to be developed pursuant to this Agreement, and **(C) $17,500** for each additional Franchised Restaurant beyond the second to be developed pursuant to this Agreement ("Development Fee"). The total amount of the Development Fee paid by Developer is set forth in Exhibit B. Developer acknowledges

and agrees that the Development Fee is fully earned by RDRI when paid, it is not refundable and it is not credited against any other fees to be paid to RDRI.

5. DEVELOPMENT PROCEDURES

A. Developer's Responsibility and Business Plan. Developer assumes all cost, liability and expense for locating, obtaining and developing sites for Franchised Restaurants and constructing and equipping Franchised Restaurants in accordance with RDRI's standards at approved sites. Developer shall not make any binding commitments to purchase or lease a site until the site has been accepted in writing by RDRI.

If requested by RDRI, Developer shall develop and submit to RDRI a business plan for the length of the Development Term. The business plan shall outline the actions that Developer will take to ensure the development and management of the Franchised Restaurants in accordance with RDRI's standards. If prepared, during the Development Term, Developer agrees to revise the business plan as requested by RDRI and further agrees to implement that business plan as approved by RDRI.

B. Site Selection Assistance. RDRI will provide Developer with the following site selection assistance: **(1)** RDRI's site selection guidelines, and, as Developer may request, a reasonable amount of consultation with respect thereto; and **(2)** such on-site evaluation as RDRI may deem advisable as part of its evaluation of Developer's request for site acceptance.

C. Franchise Site Application. For each proposed site for a Franchised Restaurant, Developer shall, if requested by RDRI, submit to RDRI a Franchise Site Application (containing that information as RDRI may reasonably require) for a proposed site which Developer reasonably believes to conform to site selection criteria RDRI establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

Developer acknowledges that, in order to preserve and enhance the reputation and goodwill of all restaurants franchised by RDRI and the goodwill of the Proprietary Marks, all Franchised Restaurants must be properly developed, operated and maintained. Accordingly, Developer agrees that RDRI may refuse to accept a site for a proposed Franchised Restaurant unless Developer demonstrates sufficient financial capabilities, in RDRI's sole judgment, applying standards consistent with criteria RDRI uses to establish restaurants in other comparable market areas, to properly develop, operate and maintain the proposed Franchised Restaurant. To this end, Developer shall furnish RDRI with such financial statements and other information regarding Developer (or its Affiliated Entity, as defined in Section 3.E.) and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant, as RDRI reasonably may require.

D. Site Acceptance. RDRI will approve the location of future sites and territories for those sites, and RDRI's then-current standards for sites and territories will apply. Within 30 days after receipt of a completed Franchise Site Application, RDRI shall advise Developer in writing whether it has accepted a particular site. If RDRI does not respond to a completed real estate package within 30 days, RDRI shall be deemed to have denied acceptance of the site. RDRI's acceptance or refusal to accept a site may be subject to reasonable conditions as determined in its sole discretion. (A site which RDRI has approved shall be referred to as an "Authorized Site.")

RDRI's acceptance of one or more sites is not a representation or a promise by RDRI that a Franchised Restaurant at an Authorized Site will achieve a certain sales volume or a certain level of

profitability. Similarly, RDRI's acceptance of one or more sites and its refusal to accept other sites is not a representation or a promise that an Authorized Site will have a higher sales volume or be more profitable than a site which RDRI did not accept. RDRI assumes no liability or responsibility for: (1) evaluation of an Authorized Site's soil for hazardous substances; (2) inspection of any structure on the Authorized Site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans With Disabilities Act ("ADA"); or (4) compliance with any other applicable law. It is Developer's sole responsibility to obtain satisfactory evidence and/or assurances that the Authorized Site (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.

E. Execution of Agreements. Following RDRI's acceptance of a site, RDRI will prepare and forward to Developer a Franchise Agreement for the Authorized Site. The form of Franchise Agreement for Developer's first Franchised Restaurant shall be the form included in the applicable Franchise Disclosure Document as of the date of this Agreement. The form of Franchise Agreement for the other Franchised Restaurants to be developed by Developer pursuant to this Agreement shall be the then-current standard form in general use at the time of RDRI's notice to Developer for the type of Franchised Restaurant to be developed. Developer shall execute and return the Franchise Agreement (along with the Initial Franchise Fee) to RDRI within 20 days after receipt by Developer.

F. Delegation. RDRI has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether affiliates or agents of RDRI or independent contractors with which RDRI has contracted to provide this service.

6. INSURANCE

A. Developer's Responsibility. Developer shall be responsible for all loss or damage arising from or related to Developer's development and operation of the Franchised Restaurants, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Restaurants. Developer shall maintain in full force and effect throughout the term of this Agreement that insurance which Developer determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of Franchised Restaurants which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 6.B. RDRI, and any entity with an insurable interest designated by RDRI, shall be an additional insured in such policies to the extent each has an insurable interest.

B. Minimum Coverages. All insurance policies shall be written by an insurance company or companies satisfactory to RDRI, in compliance with the standards, specifications, coverages and limits set forth in the Operations Manual or otherwise provided to Developer in writing. These policies shall include, at a minimum, the following:

(1) Comprehensive general liability insurance including coverage for bodily injury, personal injury, products liability, blanket contractual liability, broad form property damage, completed operations and property damage on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

(2) Property Insurance written on an "All Risks" policy for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of each Franchised Restaurant, and its furniture, fixtures, equipment, inventory and other tangible property.

(3) Business Interruption and Extra Expense coverage to include rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss.

(4) Plate glass coverage for replacement of glass from breakage.

(5) Employer's Liability coverage in the amount of $500,000.

(6) Automobile Liability Insurance for non-owned and hired auto with a limit of $1 million, written on a separate auto policy and not included in or part of the general liability policy.

(7) Workers' compensation and such other insurance as may be required by statute or rule of the state or locality in which a Franchised Restaurant is located. This coverage shall also be in effect for all of Developer's employees who participate in any RDRI training programs.

(8) In connection with any construction, renovation, refurbishment, or remodeling of a Franchised Restaurant, Developer shall maintain Builder's All Risks insurance and in connection with new construction or substantial renovation, refurbishment or remodeling of a Franchised Restaurant, Developer shall maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to RDRI.

RDRI may reasonably increase the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Developer shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits.

C. General Requirements. The following general requirements shall apply to each insurance policy that Developer is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Developer in the event of a claim by RDRI or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Developer to third parties and all other items for which Developer is required to indemnify RDRI under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service.

(5) No insurance policy shall provide for a deductible amount that exceeds $5,000, unless otherwise approved in writing by RDRI, and Developer's co-insurance under any insurance policy shall be 80% or greater.

D. Evidence of Insurance. No later than 10 days after this Agreement is executed by Developer, and on each policy renewal date thereafter, Developer shall submit to RDRI evidence of satisfactory insurance and proof of payment therefor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to

RDRI. Upon request, Developer also shall provide to RDRI copies of all or any policies, and policy amendments and riders.

E. No Representations. Developer acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by RDRI that only such policies, in such amounts, are necessary to protect Developer from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Developer of its obligations under this Section, shall not relieve Developer of liability under the indemnification provisions of this Agreement.

F. Purchase of Insurance by RDRI. Should Developer, for any reason, fail to procure or maintain at least the insurance required by this Section 6, as revised from time to time pursuant to the Operations Manual or otherwise in writing, RDRI shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Developer. All out-of-pocket costs incurred by RDRI in obtaining such insurance on behalf of Developer shall be reimbursed to RDRI by Developer immediately upon Developer's receipt of an invoice therefore.

7. DEVELOPER'S ORGANIZATION

A. Governing Documents.

(1) If Developer is (or Transfers interests in this Agreement to) a business entity, during the Development Term, Developer's governing documents must provide that its activities are limited exclusively to the development and operation of the Franchised Restaurants and other restaurants operated by Developer that are franchised by RDRI or its affiliates and that no Transfer (as defined in Section 8) of an ownership interest may be made except in accordance with Section 8. Any security or other ownership certificates that Developer issues must bear a conspicuous printed legend to that effect.

(2) Developer must furnish RDRI with a list of holders of direct or indirect equity interests of 5% or more ("Owners") and their percentage interests, as well as copies of its governing documents (and any amendments thereto) and any other corporate documents, books or records that RDRI may request. Developer's Owners and their respective equity interests as of the Effective Date are identified in Exhibit A. Developer must promptly update this information as changes occur.

B. Guarantees. All Owners will jointly and severally guarantee Developer's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Developer's Obligations ("Guarantee"). Notwithstanding the foregoing, RDRI reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute the attached Guarantee and/or to limit the scope of the Guarantee. RDRI reserves the right to require any guarantor to provide personal financial statements to RDRI from time to time.

With respect to Owners, Developer acknowledges that, unless otherwise agreed to in writing by RDRI, it is RDRI's intent to have individuals (and not business entities) execute the Guarantee. Accordingly, if any Owner is not an individual, RDRI will have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Developer. (By way of example, if an Owner is a corporation, RDRI has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

If Developer, any guarantor or any parent, subsidiary or affiliate of Developer holds any interest in other businesses that are franchised by RDRI or its affiliates, the party who owns that interest will execute, concurrently with this Agreement, a form of cross-guarantee to RDRI and its affiliates for the payment of all

obligations for such businesses, unless waived in writing by RDRI in its sole discretion. For purposes of this Agreement, an affiliate of Developer is any company controlled, directly or indirectly, by Developer or Developer's parent or subsidiary.

8. ASSIGNMENT OR TRANSFER OF INTEREST

A. Transfers by Developer.

(1) Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and RDRI has entered into this Agreement in reliance on Developer's business skill, financial capacity, and personal character. Accordingly, neither Developer nor any immediate or remote successor shall, without RDRI's prior written consent, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber, directly or indirectly: **(a)** any interest in this Agreement; or **(b)** ownership interests in Developer, if Developer is a business entity (collectively, "Transfer"). Any purported Transfer, by operation of law or otherwise, not having the prior written consent of RDRI shall be null and void and shall constitute a material breach of this Agreement.

(2) RDRI will not unreasonably withhold its consent to a Transfer; provided, however, RDRI may, in its sole discretion, condition its consent on any or all of the following:

(a) All obligations of Developer under this Agreement, and all other franchise documents, and the relationships created under those agreements, are assumed by the Transferee.

(b) All monies owed by Developer to RDRI or its affiliates are paid.

(c) Developer is not in default under this Agreement.

(d) The transferee satisfactorily completes the training required of new Developers on RDRI's then-current terms prior to the date of transfer.

(e) The transferee meets all the requirements of RDRI for new developers, including, but not limited to, good reputation and character, business acumen, operational ability, financial strength, and other business considerations.

(f) The transferee shall execute, for a term ending on the expiration date of the Development Term, the standard form development agreement than being offered to new developers.

(g) Developer shall have executed a general release in the form prescribed by RDRI.

(h) Except in the case of a Transfer to a non-arm's length business entity formed for the convenience of ownership, Developer shall pay a transfer fee of **$10,000**. Developer shall also pay any out-of-pocket costs incurred by RDRI in connection with the Transfer, such as a broker fee or attorney fees.

(3) RDRI shall not require approval of the assignment, transfer, pledge or hypothecation of all or any part of the assets of the Franchised Restaurants, excluding this Agreement, to banks or other lending institutions as collateral security for loans made directly to or for the benefit of the Franchised Restaurants.

B. Offerings by Developer. Ownership interests in Developer may be sold, by private offering or otherwise, only with the prior written consent of RDRI, which consent shall not be unreasonably withheld; provided, however, Developer shall pay to RDRI, an offering fee of **$1,000**. Developer agrees not to offer its

securities in the name of RDRI, any of the Proprietary Marks, or any name deceptively similar thereto. Developer may make appropriate reference to the fact that Developer is a developer of RDRI. Developer, at its expense, also shall deliver to RDRI an opinion of Developer's legal counsel and an opinion of one other legal counsel selected by RDRI (both of which shall be addressed to RDRI and in a form acceptable to RDRI) that the offering documents properly use the Proprietary Marks and accurately describe Developer's relationship with RDRI and/or its affiliates. The indemnification provisions of Section 13.B. shall also include any losses or expenses incurred by RDRI and/or its affiliates in connection with any statements made by or on behalf of Developer in any public offering or private placement of Developer's securities.

C. Right of First Refusal. If any party holding any interest in Developer or in this Agreement receives a bona fide offer (as determined by RDRI in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer that would require RDRI's approval (other than a Transfer to a non-arm's length business entity formed for the convenience of ownership or for approved intra-family transfers), it shall notify RDRI in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as RDRI may reasonably require. RDRI or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 8.A., by sending written notice to the seller that RDRI or its designee intends to purchase the seller's interest on the same financial terms and conditions offered by the third party (except that RDRI or its designee shall not be obligated to pay any finder's or broker's fees). In purchasing the interest, RDRI or its designee shall be entitled to set off any monies owed to RDRI or its affiliates by Developer and RDRI or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and title; **(2)** liens and encumbrances; **(3)** environmental and hazardous substances; and **(4)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

If the offer to Developer involves assets in addition to this Agreement, the Franchised Restaurants and other restaurants operated by Developer that are franchised by RDRI or its affiliates, Developer's notice to RDRI shall state the cash value of that portion of the offer received by Developer relating to this Agreement, the Franchised Restaurants and those other restaurants. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, RDRI or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Developer or the cash value of that portion of the offer received by Developer relating to this Agreement, the Franchised Restaurants and those other restaurants, the amount shall be determined by two professionally certified appraisers, Developer selecting one and RDRI or its designee selecting one. If the higher appraisal is more than 10% greater than the other appraisal, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and RDRI or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

RDRI's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 8 with respect to a proposed Transfer. If RDRI does not exercise its right of first refusal, Developer may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to RDRI. RDRI shall again be given a right of first refusal if a transaction does not close within 6 months after RDRI elected not to exercise its right of first refusal. In no event shall Developer offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of RDRI to the auction or advertisement.

D. Transfers upon Death or Mental Incompetency. Upon the death or mental incompetency of any Owner, the executor, administrator, or personal representative of such person shall transfer within 2 months after such death or mental incompetency his or her interest to a third party approved by RDRI. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any other inter vivos transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions, the personal representative of the deceased shall have reasonable time to dispose of the deceased's interest in this Agreement, which disposition shall be subject to all the terms and conditions of transfers contained in this Agreement.

E. Transfers by RDRI. RDRI shall have the right to transfer or assign all or part of its obligations herein to any person or legal entity without the prior consent, written or otherwise, from Developer.

9. TERMINATION

A. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, RDRI may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

(1) Developer fails to obtain RDRI's written approval of a site by the applicable site acceptance date listed in Exhibit B.

(2) At any time during the Development Term, Developer fails to have open and operating the number of Franchised Restaurants required by the Development Schedule by the specified deadline(s).

(3) Developer begins construction of a Franchised Restaurant at a site before Developer and RDRI have executed a franchise agreement.

(4) Developer is insolvent or is unable to pay its creditors (including RDRI); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Developer a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Developer makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Developer and not dismissed within 60 days of the appointment.

(5) Execution is levied against Developer's business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant developed hereunder is instituted against Developer and is not dismissed within 60 days; or the real or personal property of any Franchised Restaurant developed hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

(6) There is a material breach by Developer of any obligation under Section 11.

(7) Any Transfer that requires RDRI's prior written approval occurs without Developer having obtained that prior written approval.

(8) RDRI discovers that Developer made a material misrepresentation or omitted a material fact in the information that was furnished to RDRI in connection with its decision to enter into this Agreement.

(9) Developer knowingly falsifies any report required to be furnished RDRI or makes any material misrepresentation in its dealings with RDRI or fails to disclose any material facts to RDRI.

(10) Developer, any director or officer of Developer, or any Owner is charged with, convicted of, or pleads no contest to, a felony charge.

(11) Developer, any director or officer of Developer, or any Owner commits or is accused of any act or series of acts RDRI believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or RDRI's interest therein.

(12) Developer or any Owner remains in default beyond the applicable cure period: **(a)** under any other agreement with RDRI or its affiliates; **(b)** under any real estate lease, equipment lease, or financing instrument relating to a Franchised Restaurant; or **(c)** with any vendor or supplier to a Franchised Restaurant; provided that if the default is not by Developer, Developer is given written notice of the default and 30 days to cure said default.

(13) There is a material breach by Developer of any representation or warranty set forth in Section 20.F.-G.

(14) Developer violates Section 11.D (business practices and values) or commits any other violation of this Agreement which by its nature cannot be cured.

B. Termination Following Expiration of Cure Period.

(1) Except for those items listed in Sections 9.A. and 9.B.(2)-(3), Developer shall have 30 days after written notice of default from RDRI within which to remedy the default and provide evidence of that remedy to RDRI. If any such default is not cured within that time, this Agreement shall terminate without further notice to Developer effective immediately upon expiration of that time, unless RDRI notifies Developer otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, Developer shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Developer begins taking the actions necessary to correct the default during the 30 day cure period and diligently and in good faith pursues those actions to completion. Developer will be in default under this Section 9.B.(1) for any failure to materially comply with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 9.B.(1), if Developer defaults in the payment of any monies owed to RDRI or its affiliates when such monies become due and payable and Developer fails to pay such monies within 10 days after receiving written notice of default, then this Agreement will terminate effective immediately upon expiration of that time, unless RDRI notifies Developer otherwise in writing.

(3) If Developer has received 2 or more notices of default pursuant to this Section 9.B. within the previous 12 months, RDRI shall be entitled to send Developer a notice of termination upon Developer's next default under this Section 9.B. in that 12-month period without providing Developer an opportunity to remedy that default.

C. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

10. OBLIGATIONS ON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement:

D. Developer shall have no further right to develop or open Franchised Restaurants in the Development Territory, except that Developer shall be entitled to complete and open a Franchised Restaurant for which a franchise agreement has been fully executed. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Franchised Restaurants that were open and operating as of the date this Agreement terminated or expired.

E. The limited exclusive rights granted Developer in the Development Territory shall terminate and RDRI shall have the right to operate or license others to operate restaurants identified in whole or in part by the name and mark "Sunny Street Café" anywhere in the Development Territory.

F. Developer promptly shall return to RDRI all materials and information furnished by RDRI or its affiliates, except materials and information furnished with respect to a Franchised Restaurant which is open and operating pursuant to an effective franchise agreement.

G. Developer and all persons and entities subject to the covenants contained in Section 11 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

H. Developer immediately shall pay RDRI and its affiliates all sums due and owing RDRI or its affiliates pursuant to this Agreement.

I. RDRI shall retain the Development Fee.

J. Developer shall furnish RDRI, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by a person authorized in Developer's organizational documents if Developer is a business entity) satisfactory to RDRI of Developer's compliance with Sections 10.A. through 10.E.

K. Developer shall not, except with respect to a restaurant franchised by RDRI or its affiliates for which there is an effective franchise agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that Developer is connected in any way with RDRI or its affiliates or has any right to use the System or any of the Proprietary Marks; **(2)** make, use or avail itself of any of the materials or information furnished or disclosed by RDRI or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(3)** assist anyone not licensed by RDRI or its affiliates to construct or equip a foodservice outlet substantially similar to a Sunny Street Café restaurant.

11. COVENANTS

A. Best Efforts. During the Development Term, Developer shall devote its best efforts to the development, management and operation of the Franchised Restaurants in the Development Territory.

B. Confidentiality. Developer acknowledges and agrees that: **(1)** RDRI owns all right, title and interest in and to the System; **(2)** the System includes trade secrets and confidential and proprietary information and know-how that gives RDRI a competitive advantage; **(3)** RDRI has taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; **(4)** all material or other information now or hereafter provided or disclosed to Developer regarding the System is disclosed in confidence; **(5)** Developer has no right to disclose any part of the System to anyone who is not an employee of Developer; **(6)** Developer will disclose to its employees only those parts of the System that an employee needs to know; **(7)** Developer will have a system in place to ensure that its employees keep confidential RDRI' trade secrets and confidential and proprietary information, and, if

requested by RDRI, Developer shall obtain from those of its employees designated by RDRI an executed Confidential Disclosure Agreement in the form prescribed by RDRI; **(8)** by entering into this Agreement, Developer does not acquire any ownership interest in the System; and **(9)** Developer's use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which RDRI would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

Developer shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that RDRI or its affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

C. Restrictions.

(1) Developer acknowledges and agrees that: **(a)** pursuant to this Agreement, Developer will have access to valuable trade secrets, specialized training and other confidential information from RDRI and/or its affiliates regarding the development, operation, product preparation and sale, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques of RDRI and its affiliates and the System; **(b)** the know-how regarding the System and the opportunities, associations and experience acquired by Developer pursuant to this Agreement are of substantial value; **(c)** in developing the System, RDRI and its affiliates have made substantial investments of time, effort, and money; **(d)** RDRI would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of Sunny Street Café restaurants if franchisees or developers were permitted to engage in the activities described in Section 11.C.(2)(a) and (b) or to hold interests in the businesses described in Section 11.C.(2)(c); and **(e)** the restrictions on Developer's right to hold interests in, or perform services for, the businesses described in Section 11.C.(2)(c) will not unduly limit its activities.

(2) Accordingly, Developer covenants and agrees that, except with RDRI's prior written consent, during the Development Term, and for a period of 2 years following its expiration, transfer or termination, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any Sunny Street Café restaurant to any competitor, by direct or indirect inducement or otherwise.

(b) Knowingly employ or seek to employ any person then employed by RDRI or as a shift leader or higher, or otherwise directly or indirectly induce such person to leave his or her employment.

(c) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any restaurant business with table service that specializes in breakfast and lunch. During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any applicable restaurant business located within the Development Territory, within a 2 mile radius of the border of the Development Territory or within a 2 mile radius of any then-existing Sunny Street Café restaurant. This restriction shall not apply to Developer's existing restaurant or foodservice operations, if any, which are identified in Exhibit B, nor shall it apply to other restaurants operated by Developer that are franchised by RDRI or its affiliates.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 2 year period following the expiration or earlier termination of this Agreement, Developer fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward Developer's satisfaction of the 2 year obligation.

D. Business Practices and Values. Developer shall comply with and uphold any code of ethics or statement of values adopted by RDRI. Developer shall be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Developer shall not engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the Marks, in RDRI's reasonable opinion.

E. Modification. RDRI shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 11 effective immediately upon Developer's receipt of written notice, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16.

F. Applicability. The restrictions contained in this Section 11 shall apply to Developer and all Guarantors. With respect to each Guarantor, these restrictions shall apply until 2 years after the earlier of: **(1)** the expiration, transfer, or termination of this Agreement; or **(2)** the date the Guarantor ceases to be an officer, stockholder, director, or Owner (or, if a Guarantor is the spouse of a person holding one or more of these positions, the date the person ceases to hold the applicable positions). The restrictions contained in this Section 11 shall not apply to ownership of less than a 5% legal or beneficial ownership in the outstanding equity securities of any publicly-held corporation. The existence of any claim Developer or any Guarantor may have against RDRI or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by RDRI of the covenants in this Section 11. At RDRI's request, unless otherwise prohibited by law, Developer will obtain covenants similar in substance to those set forth in this Section 11 from immediate family members of Guarantors.

12. TAXES, PERMITS, AND INDEBTEDNESS

A. Taxes. Developer shall promptly pay when due, all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and other indebtedness of every kind incurred by Developer in the conduct of its business under this Agreement. Developer shall pay to RDRI an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on RDRI with respect to any payments RDRI is required by law to make under this Agreement, unless the tax is credited against income tax otherwise payable by RDRI.

B. Permits. Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain and renew any and all permits, certificates, or licenses necessary for the full and proper conduct of its business under this Agreement, including, without limitation, licenses to do business, business name registrations, sales tax permits, health and safety permits and ratings, and fire clearance.

C. Adverse Award. Developer shall notify RDRI in writing within 5 days of commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental authority, which may adversely affect Developer's financial condition.

13. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor.

(1) It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship, agency relationship, or employer-employee relationship. Developer is and shall be an independent contractor of RDRI at all times during the Development Term.

(2) During the Development Term, Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an agreement with RDRI.

(3) It is understood and agreed that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on RDRI's behalf, or to incur any debt or other obligation in RDRI's name.

B. Indemnification.

(1) Developer and all Guarantors shall, at all times, indemnify, defend (with counsel reasonably acceptable to RDRI), and hold harmless (to the fullest extent permitted by law) RDRI and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against RDRI and/or Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Developer's activities under this Agreement, excluding the gross negligence or willful misconduct of RDRI. Developer promptly shall give RDRI written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Developer and, upon request, shall furnish RDRI with copies of any documents from such matters as RDRI may request.

(2) At Developer's expense and risk, RDRI may elect to assume (but under no circumstances will RDRI be obligated to undertake) the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Developer's obligation to indemnify and hold harmless RDRI and Indemnitees. RDRI shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

(3) As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to RDRI's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

14. CONSENTS, APPROVALS AND WAIVERS

A. Consents. Whenever this Agreement requires the prior approval or consent of RDRI, Developer shall make a timely written request to RDRI therefor; and any approval or consent received, in order to be effective and binding upon RDRI, must be obtained in writing and be signed by an authorized officer of RDRI.

B. No Warranties. RDRI makes no warranties or guarantees upon which Developer may rely by providing any waiver, approval, consent or suggestion to Developer in connection with this Agreement, and assumes no liability or obligation to Developer therefor, or by reason of any neglect, delay, or denial of any request therefor. RDRI shall not, by virtue of any approvals, advice or services provided to Developer, assume responsibility or liability to Developer or to any third parties to which RDRI would not otherwise be subject.

C. Waivers. No failure of RDRI to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of RDRI's right to demand exact compliance with any of the terms of this Agreement. A waiver by RDRI of any particular default by Developer shall not affect or impair RDRI's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of RDRI to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement affect or impair RDRI's right to exercise the same, nor shall such constitute a waiver by RDRI of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by RDRI of any payments due to it hereunder shall not be deemed to be a waiver by RDRI of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

15. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to: **(A)** if to Developer, addressed to Developer at the notice address set forth in Exhibit B; and **(B)** if to RDRI, addressed to RDRI at: 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215 (marked Attn: President) (Facsimile: 614-396-5035). Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt or first rejection and may be: **(1)** delivered personally; **(2)** transmitted by facsimile to the number(s) set forth above (or in Exhibit B) with electronic confirmation of receipt; **(3)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(4)** mailed via overnight courier.

16. ENTIRE AGREEMENT

RDRI and Developer acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the documents referred to herein and the attachments hereto, constitute the entire, full and complete agreement between the parties concerning Developer's rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in RDRI's Franchise Disclosure Document provided to Developer.

17. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which RDRI is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 13.B., nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and RDRI and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

C. Construction. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which RDRI is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

D. RDRI's Discretion. Whenever RDRI has expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, RDRI may make such decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests. This also applies if RDRI is deemed to have a right and/or discretion. RDRI's judgment of what is in the best interests of the System, at the time its decision is made or its right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by RDRI; **(2)** RDRI's decision or the action taken promotes its financial or other individual interest; **(3)** RDRI's decision or the action taken applies differently to Developer and one or more other developers or franchisees or RDRI company-operated or affiliate-operated operations; or **(4)** RDRI's decision or the action taken is adverse to Developer's interests. RDRI will have no liability to Developer for any such decision or action. RDRI and Developer intend that the exercise of RDRI's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, RDRI and Developer agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants RDRI the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's rights and obligations under this Agreement.

18. GOVERNING LAW, FORUM AND LIMITATIONS

A. Governing Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Ohio without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Ohio law regulating the offer or sale of business opportunities or franchises, or the franchise relationship, applicable to this Agreement if such law would not otherwise be applicable.

B. Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Developer shall file any suit against RDRI only in the federal or state court having jurisdiction where RDRI's principal offices are located at the time suit is filed. RDRI may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Developer resides or does business or where the claim arose. Developer consents to the personal jurisdiction of those courts over Developer and to venue in those courts.

C. Limitations. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Developer) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

D. Waivers. Developer and RDRI waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between them, each shall be limited to the recovery of actual damages sustained by it. **Developer and RDRI waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.**

E. Attorneys' Fees. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If RDRI utilizes legal counsel (including in-house counsel employed by RDRI) in connection with any failure by Developer to comply with this Agreement, Developer shall reimburse RDRI for any of the above-listed costs and expenses incurred by RDRI. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Cumulative Remedies. No right or remedy conferred upon or reserved to RDRI or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 18 shall survive the expiration or earlier termination of this Agreement.

19. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Except where otherwise noted, days shall be measured by calendar days, provided that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Injunctive Relief. Developer recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to RDRI, its affiliates and the System. Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, RDRI shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by RDRI shall be in addition to, and not in lieu of, all remedies and rights that RDRI otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

F. Variations. RDRI has the right, in its sole discretion, to waive, defer, or permit variations from the standards of the System or any applicable agreement to any developer, franchisee, prospective developer, or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. RDRI has the right, in its sole discretion, to deny any such request RDRI believes would not be in the best interests of the System.

G. Compliance with U.S. Laws. Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), RDRI is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, Developer represents and warrants to RDRI that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is designated under the Order as a person with whom business may not be transacted by RDRI, and that Developer: **(1)** does not, and hereafter shall not, engage in any terrorist activity; **(2)** is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(3)** is not acquiring the rights granted under this Franchise Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

20. REPRESENTATIONS

Developer represents, acknowledges and warrants to RDRI (and Developer agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. Acceptance of one or more sites by RDRI and its refusal to accept other sites is not a representation that the Authorized Sites will achieve a certain sales volume or a certain level of profitability, or that an Authorized Site will have a higher sales volume or be more profitable than a site which RDRI did not approve. Approval by RDRI merely means that the minimum criteria which RDRI has established for identifying suitable sites for proposed Sunny Street Café restaurants have been met. Because real estate development is an art and not a precise science, Developer agrees that acceptance or rejection of a proposed site by RDRI, whether or not a Franchise Site Application is completed and/or submitted to RDRI shall not impose any liability or obligation on RDRI. The decision to select a particular site is Developer's, subject to acceptance by RDRI. Preliminary acceptance of a proposed site by any representative of RDRI is not conclusive or binding, because his or her recommendation may be rejected by RDRI.

B. The Development Fee is not refundable.

C. RDRI has entered, and will continue to enter, into agreements with other developers and franchisees. The manner in which RDRI enforces its rights, and the developers' or franchisees' obligations, under any of those other agreements shall not affect the ability of RDRI to enforce its rights or Developer's obligations under this Agreement.

D. All information Developer provided to RDRI in connection with Developer's franchise application and RDRI's grant to Developer of the opportunity to develop Sunny Street Café restaurants is truthful, complete and accurate.

E. The persons signing this Agreement on behalf of Developer have full authority to enter into this Agreement and the other agreements contemplated by the parties, including the franchise agreements. Execution of this Agreement or such other agreements by Developer does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Developer or any person with an ownership interest in Developer is a party.

F. Even though this Agreement contains provisions requiring Developer to develop the Franchised Restaurants in compliance with the System: (1) RDRI and its affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Developer's business or employment decisions; and (2) Developer and RDRI do not intend for RDRI or its affiliates to incur any liability in connection with or arising from any aspect of the System or Developer's use of the System.

G. Developer understands that there are certain limitations to Developer's exclusive rights in the Development Territory during the Development Term and that, following termination or expiration of the Development Term, RDRI may develop and operate, or license others to develop and operate restaurants identified in whole or in part by the name and mark "Sunny Street Café" at any location in the Development Territory.

H. In the event of a dispute between RDRI and Developer, the parties have waived their right to a jury trial.

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

IN WITNESS WHEREOF, the parties have executed this Restaurant Development Agreement by their duly authorized representatives as of the Effective Date.

RISE & DINE RESTAURANTS, INC.

By: _____

Name: _____

Title: _____

DEVELOPER:

_____

By: _____

Name: _____

Title: _____

GUARANTEE AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Sunny Street Café Restaurant Development Agreement dated as of _____ ("Agreement") by Rise & Dine Restaurants, Inc. ("RDRI"), entered into with _____ ("Developer"), the undersigned ("Guarantors"), each of whom is an Owner or a spouse of an Owner, hereby personally and unconditionally agree as follows:

1. **Guarantee To Be Bound By Certain Obligations.** Guarantors hereby personally and unconditionally guarantee to RDRI and its affiliates (and their respective successors and assigns), for the Development Term and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the restrictions contained in Section 11 of the Agreement.

2. **Guarantee and Assumption of Developer's Obligations.** Guarantors hereby: **(A)** guarantee to RDRI and its affiliates (and their respective successors and assigns), for the Development Term and thereafter as provided in the Agreement or at law or in equity, that Developer and any assignee of Developer's interest under the Agreement shall: **(1)** punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and **(2)** punctually pay all other monies owed to RDRI and/or its affiliates; **(B)** agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 11 and 13.B.; and **(C)** agree to be personally liable for the breach of each and every provision in the Agreement.

3. **General Terms and Conditions.** The following general terms and conditions shall apply to this Guarantee:

(a) Each of the undersigned waives: **(1)** acceptance and notice of acceptance by RDRI of the foregoing undertakings; **(2)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(3)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(4)** any right he may have to require that an action be brought against Developer or any other person as a condition of liability; **(5)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guarantee by the undersigned; **(6)** any law or statute which requires that RDRI make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; **(7)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(8) any and all right to have any legal action under this Guarantee decided by a jury**.

(b) Each of the undersigned consents and agrees that: **(1)** his direct and immediate liability under this Guarantee shall be joint and several; **(2)** he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; **(3)** such liability shall not be contingent or conditioned upon pursuit by RDRI of any remedies against Developer or any other person; **(4)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which RDRI may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Developer to RDRI or its affiliates under the Agreement; and **(5)** monies received from any source by RDRI for application toward

payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by RDRI. In addition, if any of the undersigned ceases to be an Owner of Developer, that person (and his spouse, if the spouse is also a Guarantor) agrees that the obligations under this Guarantee shall continue to remain in force and effect unless RDRI in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 11.C. of the Agreement shall remain in force and effect for a period of 2 years after any such release by RDRI. A release by RDRI of any of the undersigned shall not affect the obligations of any other Guarantor.

(c) If RDRI brings an action to enforce this Guarantee in a judicial proceeding or arbitration, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

(d) If RDRI utilizes legal counsel (including in-house counsel employed by RDRI or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse RDRI for any of the above-listed costs and expenses incurred by it.

(e) If any of the following events occur, a default ("Default") under this Guarantee shall exist: **(1)** failure of timely payment or performance of the obligations under this Guarantee; **(2)** breach of any agreement or representation contained or referred to in this Guarantee; **(3)** the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or **(4)** the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

(f) This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. RDRI's interests in and rights under this Guarantee are freely assignable, in whole or in part, by RDRI. Any assignment shall not release the undersigned from this Guarantee.

(g) Section 18 of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

EXHIBIT A

DEVELOPMENT TERRITORY AND DESIGNATED TRADE AREAS

The Development Territory is:

Developer's rights in the Development Territory are subject to the limitations described in Section 2. Any political boundaries contained in the description of the Development Territory shall be considered fixed as of the date of this Agreement and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to end at the center line of the street.

The Designated Trade Areas are noted on the map attached as Exhibit A-1. If no map is attached, the parties have agreed that there will be no Designated Trade Areas.

EXHIBIT B

DEVELOPMENT INFORMATION

1. **Development Fee.** The Development Fee paid by Developer is $_____.

2. **Development Schedule.** During the Development Term, Developer shall develop a minimum of _____ Franchised Restaurants in the Development Territory, so that, as of each Opening Date listed below, Developer (and its affiliates) are operating at least the following cumulative number of Franchised Restaurants:

Number of Franchised Restaurants	Site Acceptance Date	Opening Date	Cumulative Number of Franchised Restaurants To Be Open and Operating by the Opening Date, Including the Franchised Restaurant To Be Established

3. **Ownership:** If Developer is a business entity, the following persons constitute all of the owners of a legal and/or beneficial interest of 5% or more:

Name	Address	Ownership Interest	Office Held/Position

4. **Interests in Other Restaurants:** _____

_____

_____

5. **Developer's Notice Address:** _____

_____

OHIO RIDER TO RESTAURANT DEVELOPMENT AGREEMENT
[*for Ohio residents only***]**

This Rider amends the Restaurant Development Agreement dated _____ (the "Agreement"), between Rise & Dine Restaurants, Inc., an Ohio corporation ("RDRI") and _____, a _____ _____ ("Developer").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "BOPA" means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.

2. Applicability of BOPA. Developer acknowledges that RDRI is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of RDRI constitutes an intent that BOPA apply to the transaction between RDRI and Developer or an admission by RDRI that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, "disclosure requirements and prohibitions concerning franchising," 16 C.F.R. 436.1 et seq.

3. No Delivery of Goods or Services during Cancellation Period. RDRI will not commence delivery of any goods or provide any services during the time within which Developer may cancel the Agreement as provided in Section 5 below.

4. Jurisdiction and Venue. In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.

5. Cancellation. You, the Developer, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

6. Agent for Service of Process. The name and address of RDRI's agent authorized to receive service of process in Ohio is Timothy E. Miller, 2 Miranova Place, Suite 700, Columbus, OH 43215.

Agreed to by:

FRANCHISOR:	DEVELOPER:
RISE & DINE RESTAURANTS, INC.	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

OHIO
NOTICE OF CANCELLATION

[*Insert Date Agreement Signed by DEVELOPER*

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Rise & Dine Restaurants, Inc.'s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to RDRI at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of RDRI regarding the return shipment of the goods at RDRI's expense and risk. If you do make the goods available to RDRI and RDRI does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to RDRI, or if you agree to return them to RDRI and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Rise & Dine Restaurants, Inc., at 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215, or send a fax to RDRI at 614-396-5035 or an e-mail to RDRI at scott@sunnystreetcafe.com, not later than midnight of [*Insert date that is five business days after the date above*].

I hereby cancel this transaction.

DEVELOPER:

_____

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

EXHIBIT D

FRANCHISE AGREEMENT

SUNNY STREET
CAFE

RESTAURANT FRANCHISE AGREEMENT

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EXHIBIT A – FRANCHISE INFORMATION

FRANCHISE AGREEMENT

THIS AGREEMENT is made as of _____ ("Effective Date") between Rise & Dine Restaurants, Inc., an Ohio corporation, with offices at 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215 ("RDRI") and _____, a _____ with offices at the location stated on Exhibit A ("Franchisee").

RECITALS:

RDRI, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive restaurant operating system ("System") relating to the establishment and operation of high-quality Sunny Street Café restaurants featuring all day breakfast and fresh, delicious breakfast and lunch menu items for on-premises, take-home, and catering service, and other specialties and related items ("Restaurant(s)").

The distinguishing characteristics of the System include, but are not limited to, special recipes and menu items; distinctive exterior and interior design, decor, and furnishings; uniform standards; specifications and procedures for operations; consistency and uniformity of products and services offered; procedures for quality control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by RDRI from time to time.

RDRI identifies the System by means of certain proprietary trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to "SUNNY STREET CAFÉ", and such other trade names, service marks, and trademarks as are designated (and may hereafter be designated) by RDRI in writing for use in connection with the System (collectively, "Proprietary Marks").

RDRI continues to develop, use and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.

Franchisee desires to enter into the business of operating a specific franchised Sunny Street Café restaurant under the System, as further described below, and desires to obtain a franchise from RDRI for that purpose, as well as to receive the training and other assistance provided by RDRI in connection therewith.

Franchisee understands and acknowledges the importance of the System to RDRI and the necessity of operating the franchised Sunny Street Café restaurant in conformity with RDRI's standards and specifications.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other as set forth herein, hereby agree as follows:

1. GRANT

A. Grant. RDRI hereby grants to Franchisee upon the terms and conditions herein contained the right, license and privilege, and Franchisee undertakes the obligation, to continuously operate a Sunny Street Café ("Franchised Restaurant" or "Franchised Business") during the Term of this Agreement and to solely operate the same in connection with the Proprietary Marks and the System, as they may be changed, improved and further developed from time to time, only at the location identified on attached Exhibit A ("Restaurant Location").

B. No Exclusivity. This Agreement does not give Franchisee any exclusive rights to use the System or the Proprietary Marks in any geographic area. Nothing in this Agreement prohibits RDRI from,

among other things: **(1)** operating or licensing others to operate at any location, during or after the term of this Agreement, any type of restaurant other than Sunny Street Café restaurants; **(2)** operating or licensing others to operate, during the term of this Agreement, Sunny Street Café restaurants at any location other than the Restaurant Location; **(3)** operating or licensing others to operate, after this Agreement terminates or expires, Sunny Street Café restaurants at any location, including the Restaurant Location; and **(4)** merchandising and distributing goods and services identified by the Proprietary Marks at any location through any other method or channel of distribution. RDRI reserves to itself all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement.

C. Forms of Agreement. Franchisee acknowledges that, over time, RDRI has entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that RDRI and other franchisees may have different rights and obligations does not affect the duties of the parties to comply with the terms of this Agreement.

2. TERM AND SUCCESSOR FRANCHISE TERM

A. Term. The term of this Agreement ("Term") begins on the Effective Date and expires at midnight on the day preceding the 10th anniversary of the date the Franchised Restaurant first opened for business, unless this Agreement is terminated at an earlier date as provided in Section 13. RDRI may complete and forward to Franchisee a notice to memorialize the date the Franchised Restaurant first opened for business.

B. Successor Franchise Term. When this Agreement expires, Franchisee will have the option to obtain one successor franchise term for a period of 10 years. Franchisee must give RDRI written notice of Franchisee's desire to exercise its option not more than 9 months, and not less than 6 months, before the end of the expiring Term. RDRI may require Franchisee to satisfy any or all of the following as a condition of exercising its option for the successor franchise Term:

(1) Franchisee must execute the standard form of Sunny Street Café Franchise Agreement (and related documents, such as personal guaranty by owners of Franchisee) that RDRI is then offering to new franchisees (or the standard form that RDRI most recently offered, if RDRI is not then offering new franchises) ("Successor Franchise Agreement"). The terms of the Successor Franchise Agreement may be substantially different from the terms of this Agreement. RDRI will modify the Successor Franchise Agreement to delete terms inapplicable to the successor term (such as opening deadlines).

(2) During the expiring Term, Franchisee has substantially complied with this Agreement and the System.

(3) Franchisee did not (i) receive written notice of default under this Agreement from RDRI more than twice during the term, or (ii) failed to cure a written notice of default under this Agreement within the cure period (if any) provided in this Agreement.

(4) Franchisee and its owners complied with Section 5.M(10) of this Agreement at all times during the term.

(5) Franchisee must not be in default under this Agreement or any other agreements between Franchisee and RDRI or its affiliates; Franchisee must not be in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant; and Franchisee must not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant.

(6) Franchisee must secure the right from its landlord to continue operating at the Restaurant Location for the full term of the Successor Franchise Agreement.

(7) Franchisee must renovate and modernize the Franchised Restaurant to reflect the then-current image of Sunny Street Café restaurants.

(8) Franchisee and all Guarantors of Franchisee's obligations must sign a general release, in the form prescribed by RDRI, of any and all claims against RDRI, its affiliates and its past, present and future officers, directors, shareholders and employees arising out of or relating to the Franchised Restaurant and Franchisee's other Sunny Street Café restaurants.

(9) Those employees of Franchisee designated by RDRI must successfully complete any additional training courses that RDRI then requires.

(10) Franchisee must pay RDRI a renewal fee of **$10,000**, plus any out-of-pocket costs incurred by RDRI (such as attorney fees).

3. DUTIES OF RDRI

In addition to those duties set forth in other provisions of this Agreement:

A. RDRI shall consider sites selected by Franchisee for acceptance.

B. RDRI may review the design, construction or remodeling of the Franchised Restaurant by Franchisee in conformity with the standards, specifications and schedules of the RDRI. All costs of design and construction shall be borne by Franchisee.

C. RDRI shall provide an Initial Training Program for Franchisee and shall make available such other training programs, as it deems appropriate.

D. RDRI shall provide 2 days of pre-opening supervision and assistance and 5 days of supervision and assistance after opening by a representative of RDRI. RDRI shall provide such continuing advisory assistance to Franchisee in the operation, advertising, and promotion of the Franchised Business, as RDRI deems advisable.

E. RDRI shall make available, from time to time, advertising and promotional plans and materials for local advertising. RDRI shall have the right to review and approve or disapprove all advertising and promotional materials that Franchisee proposes to use.

F. RDRI shall provide to Franchisee, from time to time, advice and written materials concerning techniques of managing and operating the Franchised Business, including new developments and improvements in restaurant equipment, food products, packaging, and preparation. If RDRI determines that the Franchised Restaurant is in need of special, extraordinary operational or marketing assistance, RDRI may assign up to two people to assist Franchisee at the Restaurant, not to exceed 14 days in any three-month period. In such case, RDRI may charge Franchisee for the cost of travel, food, lodging and salary of the assigned personnel.

G. Upon request of Franchisee, RDRI shall provide recommended prices for menu items. RDRI has the right to require Franchisee to offer particular menu items at specific prices determined by RDRI, if RDRI is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

H. RDRI, in its sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the Operations Manual, the menu and menu formats, the required equipment, the signage, the building and premises of the Franchised Restaurant (including the trade dress, decor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and methods of reporting and of payment of any monies owed to RDRI (including electronic means of reporting and payment) and the adoption and use of new or modified Proprietary Marks or copyrighted materials. Franchisee shall accept and use or display in the Franchised Restaurant any such changes or modifications in the System as if they were a part of the System at the time this Agreement was executed, and Franchisee will make such expenditures as the changes or modifications in the System may reasonably require. Within 30 days after receipt of written notice from RDRI, Franchisee shall begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. All food, beverage and merchandise items authorized for sale at the Franchised Restaurant shall be offered for sale under the specific name designated by RDRI. RDRI, in its sole discretion, may restrict sales of menu items to certain time periods during the day.

4. FEES

A. Initial Franchise Fee. Franchisee shall pay to RDRI an Initial Franchise Fee of **$35,000** payable upon execution of this Agreement. The Initial Franchise Fee is deemed fully earned and non-refundable in consideration of administrative and other expenses incurred by RDRI in granting this Franchise, and for RDRI's lost or deferred opportunity to franchise to others.

B. Royalty Fee. During the Term of this Agreement, Franchisee shall pay to RDRI a continuing weekly royalty fee in an amount equal to 5.25% of the Gross Sales, as defined below, of the Restaurant, with a minimum of **$250** per week after the Restaurant opens for business. This fee is fully earned and non-refundable.

C. Due Date and Interest. All weekly payments are required to be paid by Tuesday of each week on the Gross Sales for the preceding week, and shall be submitted to RDRI together with any weekly reports or statements required by this Agreement. Any payment or report not actually received by RDRI on or before such date shall be deemed overdue. If any payments by Franchisee due to RDRI are not received by RDRI by the date due, Franchisee, in addition to paying the amount owed, shall pay RDRI: **(1)** a late fee of $100; and **(2)** interest on the amount owed from the date due until paid at the maximum rate permitted for indebtedness of this nature in the state in which the Franchised Business is located, not to exceed 1.5% per month or portion of a month. Payment of a late fee and/or interest by Franchisee on past due obligations is in addition to all other remedies and rights available to RDRI pursuant to this Agreement or under applicable law.

D. Payment Procedure. Franchisee will make, at Franchisee's cost, all royalty fees and any other payments hereunder through electronic debit/credit transfer of funds programs in accordance with the terms and conditions of an invoice. Franchisee agrees to sign such documents (including independent transfer authorizations) as RDRI deems necessary to facilitate the electronic transfer of funds. Franchisee shall execute and deliver to RDRI appropriate pre-authorized draft forms for the Franchised Business's checking account prior to the opening or thereafter so that RDRI may withdraw monies on a timely basis to collect Royalty Payments and other charges accruing to Franchisee's account. If Franchisee fails to provide the information necessary for RDRI to calculate the amounts owed, RDRI may estimate the amounts owed and withdraw the monies, and the parties will true up the amount after Franchisee provides the necessary information.

E. Gross Sales. The term "Gross Sales" includes all revenue from the sale of all services and products and all other income of every kind and nature (including stored value gift cards and gift certificates when redeemed, on-premise sales, other sales made or sold, at, in, upon, or from the Franchised Business, and any other type of sale) related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit. Gross Sales will not include: **(1)** any bona fide documented federal, state, or municipal

sales taxes collected by Franchisee from customers and paid by Franchisee to the appropriate taxing authority; **(2)** the sale of food, beverage or merchandise for which refunds have been made in good faith to customers; **(3)** the sale of equipment used in the operation of the Franchised Business; **(4)** authorized customer promotional discounts; or **(5)** employee meal discounts.

F. Costs of Collection or Enforcement. Franchisee agrees to pay to RDRI on demand any and all costs and expenses incurred by RDRI in enforcing the terms of this Agreement, including, without limitation, collecting any monies owed by Franchisee to RDRI. These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees (including attorneys' fees for in-house counsel employed by RDRI or its affiliates and any attorneys' fees incurred by RDRI in bankruptcy proceedings), costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Restaurant, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

G. Non-Compliance Fee. RDRI may charge Franchisee $500 for each instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to RDRI) which Franchisee fails to cure after 30 days' notice. Thereafter, RDRI may charge Franchisee $250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of RDRI's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of RDRI's other rights and remedies (including default and termination under Section 14).

5. DUTIES OF FRANCHISEE

In addition to those duties set forth in other provisions of this Agreement:

A. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, RDRI, and other franchisees in order to maintain high uniform operating standards, to increase the demand for the products and services sold by all franchisees, and to protect RDRI's reputation and goodwill. Moreover, Franchisee acknowledges that RDRI, in its sole discretion, may allow other franchisees and licensees to deviate from the System in individual cases. Franchisee understands and agrees that it has no right to object to any variances that RDRI may allow to itself, or other franchisees, and has no claim against RDRI for not enforcing the standards of the System uniformly. Franchisee understands and agrees that RDRI has no obligation to waive, make any exceptions to, or permit Franchisee to deviate from, the uniform standards of the System. Any exception or deviation that RDRI does allow Franchisee must be stated in writing and executed by Franchisee in order to bind RDRI.

B. Before commencing any construction of the Franchised Restaurant, Franchisee at its expense, shall comply to RDRI's satisfaction with all of the following requirements:

(1) Obtain a Restaurant Location for the operation of the Restaurant within 90 days after the Effective Date (if a Restaurant Location is not identified and accepted by RDRI at the time of execution of this Agreement). Failure to obtain a Restaurant Location acceptable to RDRI within the prescribed period constitutes a default of this Agreement. Upon termination of this Agreement for such failure, RDRI may retain the Initial Franchise Fee.

(2) Franchisee shall submit to RDRI, for RDRI's approval, detailed plans and specifications prepared by an architect retained by Franchisee and approved by RDRI; and adapting RDRI's then-current standard plans, specifications and construction schedule to the Restaurant Location and to local and state laws, regulations, and ordinances. When approved by RDRI, such plans, specifications and

construction schedule shall thereafter not be materially changed or modified without the prior written consent of RDRI.

(3) Franchisee shall retain and use a qualified general contractor approved by RDRI to construct or modify the Restaurant and timely complete all improvements according to the prescribed construction schedule. Franchisee shall strictly follow and adhere to any design and construction standards that RDRI may specify in its sole discretion, and shall promptly pay all construction-related costs as they become due.

(4) Franchisee shall obtain all permits and certifications required for lawful construction, opening and operation for the Restaurant including, without limitation, zoning, access, sign, and fire requirements, and shall certify in writing to RDRI that all such permits and certifications have been obtained.

C. Franchisee shall commence construction of the Franchised Restaurant no later than 60 days after obtaining possession of a Restaurant Location acceptable to the RDRI, and no later than 30 days from the date of plan approval by appropriate governmental authorities. Franchisee shall provide written notice to RDRI of the start of construction of the Franchised Restaurant within 7 days after commencement. Franchisee shall maintain continuous construction of the Franchised Restaurant premises and shall complete construction, in accordance with the approved detailed plans, specifications and construction schedule, at Franchisee's expense.

D. Prior to opening the Franchised Restaurant for business, Franchisee and/or (as determined by RDRI) a minimum of 2 and a maximum of 3 management persons per Restaurant Location shall attend and complete to RDRI's satisfaction the initial training program then offered by RDRI. At RDRI's discretion, any persons subsequently employed by Franchisee in the position of manager shall also attend and complete to RDRI's satisfaction the initial training program. All expenses associated with such training will be the responsibility of the Franchisee.

E. Franchisee, Franchisee's managers and such other employees as designated by RDRI shall also attend such refresher courses, seminars, and other training programs as RDRI may reasonably require from time to time. RDRI shall provide instructors and training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee or its employees in connection with any training programs, including without limitation, the cost of transportation, lodging and wages.

F. Prior to and immediately after the opening of the Franchised Restaurant for business to the public, Franchisee shall follow RDRI's Grand Opening promotional procedures that include, without limitation, spending at least $5,000 for local marketing, direct mail, signs and banners, and the Grand Opening Event. Upon RDRI's request, Franchisee shall deposit $5,000 with RDRI to ensure that Franchisee spends at least such amount. RDRI shall return the $5,000 after (and to the extent that) Franchisee submits evidence to RDRI that Franchisee has spent or incurred liability for the required expenditure. If Franchisee fails to do so, RDRI may retain the balance of such deposit for itself.

G. Franchisee shall use the Restaurant Location solely for the operation of the Franchised Business; and shall open for business and in normal operation for such minimum hours or days as RDRI may from time to time specify in the Operations Manual or as RDRI may otherwise approve in writing. Franchisee shall not use assets of the Franchised Business for any purpose other than the Franchised Business.

H. If Franchisee is an entity, the entity shall not own or operate any other business except Sunny Street Café businesses.

I. At RDRI's request, which shall not be more often than once every 5 years, Franchisee shall, at its expense, remodel, refurbish and upgrade the Franchised Restaurant to conform to the building design, trade dress, color schemes, and presentation of Proprietary Marks consistent with RDRI's then-current standards and conditions for the System, including without limitation, redecoration, remodeling and modifications to existing Improvements. Franchisee shall have 6 months from said request to complete any required changes.

J. Franchisee shall operate the Franchised Restaurant in conformity with all provisions of this Agreement and such methods, menu, standards, and specifications as RDRI may from time to time prescribe in the Operations Manual or otherwise in writing, to ensure that the highest degree of quality and service is uniformly maintained. Franchisee shall only offer for sale and sell products which are approved by RDRI and which are supplied to Franchisee by suppliers approved by RDRI.

K. RDRI may, from time to time throughout the Term, in its sole discretion, require that Franchisee purchase, use, offer, sell and promote, and maintain in stock at the Restaurant Location in quantities needed to meet reasonably anticipated consumer demand, certain proprietary foods, supplies, mixes, ingredients, or other raw materials, equipment or other consumable and non-consumable merchandise ("Approved Products"). RDRI shall not be obligated to reveal the specifications, formulas, recipes or supply arrangements of Approved Products, which information Franchisee understands and agrees that RDRI may, in its discretion, as frequently as it deems necessary, change the identity, specifications, formulas, recipes, inventory requirements and designations, and add new products and delete existing products, from the items that it designates as Approved Products. Franchisee shall conform to all changes immediately upon written notice from RDRI unless RDRI's written notice specifies a later implementation date. Franchisee shall purchase Approved Products only from RDRI's designated suppliers. Franchisee understands and agrees that RDRI shall not be liable to Franchisee for delays, errors or shortages in the supply and delivery of Approved Products or for any defect in the Approved Products purchased, and that Franchisee's sole remedy for any loss or liability related to an Approved Product shall be against the manufacturer or supplier of the Approved Product.

L. If RDRI or any vendor, supplier, or manufacturer of an item used or sold in the Franchised Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from RDRI or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

M. Franchisee further agrees:

(1) To maintain in sufficient supply, and use at all times, only such products, materials, ingredients, supplies, and paper and plastic goods as conform to RDRI's standards and specifications.

(2) To sell, distribute or deliver all products only in such weights, sizes, forms, and packages as meet RDRI's standards of quality and quantity, and as have been from time to time expressly approved for sale in writing by RDRI.

(3) To permit RDRI or its agents, at any reasonable time, to remove from the Franchised Restaurant samples of items without payment therefor, in amounts reasonably necessary for testing by RDRI or an independent, certified laboratory to determine whether said samples meet RDRI's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, RDRI may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by RDRI, or if the sample fails to conform to RDRI's specifications.

(4) To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, signs, paper and plastic goods, supplies and other products and materials required for the operation of the Franchised Restaurant, and to purchase solely from suppliers (including manufacturers, distributors, and other sources), who demonstrate, to the continuing reasonable satisfaction of RDRI, the ability to meet RDRI's then-current standards and specifications for such items. As designated by RDRI, Franchisee shall purchase electronic, touch-screen computerized point-of-sales ("POS") systems and install same in the Franchised Restaurant, with a printer and screens. These POS systems shall have compatible modems, which shall be pre-approved by RDRI. The Business Operating Data, as defined below, processed within the Franchisee's POS systems shall be accessible by RDRI through polling by electronic, the Internet or telecommunication means at a frequency and time determined by the RDRI. Business Operating Data shall include, all financial POS data generated through operation of the Franchised Restaurant which includes, but is not limited to, sales, product mix, food, paper and labor data. Franchisee shall upgrade its POS system, computer and other electronic communication equipment and systems as required by RDRI as applicable technology evolves.

(5) To grant RDRI and its agents the right to enter upon the Franchised Restaurant Location at any reasonable time to inspect, photograph, or videotape the Franchised Business, equipment and operations therein, and Franchisee shall cooperate with RDRI's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon reasonable notice from RDRI or its agents, take such steps as may be necessary to correct immediately the deficiencies detected during any such inspection.

(6) To pay when due all continuing weekly royalty fees, all advertising fees and any and all other fees or payments to RDRI; and to timely provide any and all reports required under this Agreement.

(7) To maintain occupancy and control of the Restaurant Location at all times during the Term of this Agreement.

(8) To pay when due and keep current on any and all payments due to suppliers, vendors, governmental agencies and any other third party who sells or provides services to Franchisee for the operation of the Franchised Restaurant.

(9) To comply with all applicable federal, state, municipal and local laws, rules, regulations and requirements.

(10) To comply with and uphold any code of ethics or statement of values adopted by RDRI. Franchisee and its owners shall be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Neither Franchisee nor its owners shall engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the marks, in RDRI's reasonable opinion.

N. Franchisee shall offer catering services to customers located within a reasonable distance of the Restaurant. Franchisee shall comply with all requirements of RDRI set forth in the Operations Manual or otherwise in writing from time to time with respect to catering. If required by RDRI, Franchisee shall purchase or lease a van specially equipped for catering. Franchisee shall ensure that the van complies with all requirements of RDRI set forth in the Operations Manual or otherwise in writing from time to time with respect to the catering van, including without limitation required equipment and exterior décor. Franchisee shall keep the catering van in excellent or better repair, clean, and free of dents and other damage, and shall ensure that the catering van presents a first-class image appropriate to RDRI's System.

O. Franchisee shall use such third-party delivery services (and any software and systems related to third-party delivery services) as RDRI may require or approve, and only such third-party delivery services and related software and systems. RDRI reserves the right to negotiate brand-wide agreements with third-party delivery services, and Franchisee shall comply with any such agreement. RDRI reserves the right to set boundaries for delivery. Gross Sales on deliveries will be calculated on the amount paid by the customer to the delivery service (not counting any fees collected by the delivery service in addition to RDRI prices, such as a delivery fee, service charge, or gratuity), rather than the net amount received by Franchisee from the delivery service.

P. In addition to Franchisee's obligation to comply with all applicable laws pursuant to Section 5.M.(9), Franchisee must achieve a health code inspection score of 90, "A" or higher pursuant to the grading or rating system of the applicable governmental authority. Franchisee will provide RDRI a copy of any inspection report and score within two business days after receipt or upon written request.

Q. Franchisee irrevocably authorizes RDRI to communicate with Franchisee's employees and contractors on any matter related to the Restaurant.

R. Franchisee irrevocably authorizes RDRI to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Restaurant, and to provide information about Franchisee or the Restaurant to them.

S. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and RDRI are not joint employers, and no employee of Franchisee will be an agent or employee of RDRI. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Proprietary Marks on any of these documents

T. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from RDRI. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

U. Franchisee shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that RDRI requires, including any national or regional brand conventions or conferences. Franchisee shall not fail to attend more than three consecutive required meetings. Franchisee is responsible for all travel and living expenses of attending any such meeting or convention.

6. PROPRIETARY MARKS

A. The term "Proprietary Marks" as used in this Agreement refers to all words, symbols, insignia, devices, designs, trade names, service marks or combinations thereof designated by RDRI as identifying the System and the products sold and services provided in connection with the System. RDRI shall, from time to time, advise Franchisee as to any additions or deletions to the Proprietary Marks and Franchisee's right to use the Proprietary Marks shall be deemed modified by those additions or deletions.

B. Franchisee's right to use the Proprietary Marks is limited to its use of the Proprietary Marks in the operation of the Franchised Restaurant at the Restaurant Location and as expressly provided in this Agreement and the Operations Manual. Franchisee shall not use the Proprietary Marks on any vehicles without RDRI's prior written approval. Franchisee shall not use the Proprietary Marks or any variations of the

Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by RDRI or in any business entity name and shall not use any other trade names, service marks or trademarks in conjunction with the Franchised Restaurant. If local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise make a filing indicating that the Proprietary Marks are being used as a fictitious or assumed name, Franchisee shall include in such filing or application an indication that the filing is made "as a franchisee of Rise & Dine Restaurants, Inc." Franchisee shall use the symbol ® with all registered marks and the symbol ™ with all pending registrations or other marks.

C. If RDRI should elect to use a principal name other than "Sunny Street Cafe" to identify the System, RDRI may select another name and notify Franchisee to change all or some items bearing the Proprietary Marks to the new name within a reasonable period of time as determined by RDRI without any liability to Franchisee, and Franchisee promptly shall adopt that name. Franchisee agrees that nothing in this Agreement gives it any right, title or interest in the Proprietary Marks (except the right to use the Proprietary Marks in accordance with the terms of this Agreement), that the Proprietary Marks are the sole property of RDRI and its affiliates, that Franchisee shall not directly or indirectly contest the validity or ownership of the Proprietary Marks or RDRI's right to license the Proprietary Marks, and that any and all uses by Franchisee of the Proprietary Marks and the goodwill arising therefrom shall inure exclusively to the benefit of RDRI and its affiliates. Franchisee will not seek to register, reregister, assert claim to ownership of, license or allow others to use, or otherwise appropriate to itself any of the Proprietary Marks or any mark or name confusingly similar thereto, or the goodwill symbolized by any of the foregoing except to the extent this action inures to the benefit of, and has the prior written approval of, RDRI. Any unauthorized use of the Proprietary Marks by Franchisee or attempt by Franchisee, directly or indirectly, to register the Proprietary Marks in any jurisdiction shall constitute a breach of this Agreement and an infringement of RDRI's rights in and to the Proprietary Marks.

D. Franchisee promptly shall inform RDRI in writing as to any infringement of the Proprietary Marks of which it has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining RDRI's written approval. RDRI shall have the right, but not the obligation, to bring such action or take such steps as it may deem advisable to prevent any such infringement and to join Franchisee as a party to any action in which RDRI is or may be a party and as to which Franchisee is or would be a necessary or proper party. Franchisee also shall promptly notify RDRI of any litigation (including administrative or arbitration proceedings) of which Franchisee is aware instituted against RDRI, its affiliates or Franchisee relating to the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such other assistance and do any acts and things as may, in the opinion of RDRI's counsel, be necessary or advisable to protect and maintain RDRI's interests in the Proprietary Marks, including, without limitation, RDRI's interests in litigation or proceedings before the U.S. Patent and Trademark Office or other tribunal relating to the Proprietary Marks.

7. RIGHT TO OPEN THE FRANCHISED RESTAURANT

Franchisee shall not open the Franchise Restaurant without authorization from RDRI. RDRI's conditions to authorization include (without limitation) the following conditions:

A. Franchisee is not in material default under this Agreement or any other agreements with RDRI or its affiliates, Franchisee is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant, Franchisee is not in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant and, for the previous 6 months, Franchisee has not been in default beyond the applicable cure period under any agreement with RDRI or its affiliates.

B. Franchisee is current on all obligations due RDRI and its affiliates.

C. RDRI is satisfied that the Franchised Restaurant was constructed and/or renovated substantially in accordance with the plans and specifications accepted by RDRI and state and local codes.

D. If the Franchised Location is leased, RDRI has received a copy of the fully-executed lease.

E. Franchisee has obtained a certificate of occupancy and all other required building, utility, sign, health, sanitation and business permits and licenses.

F. Franchisee has certified to RDRI in writing that the installation of all items of furnishings, fixtures, equipment, signs, computer terminals and related equipment, supplies and other items has been accomplished.

G. RDRI has determined that the Franchised Restaurant has been constructed and/or renovated and equipped substantially in accordance with the requirements of this Agreement and that Franchisee has hired and trained a staff in accordance with the requirements of this Agreement.

H. Franchisee has acquired and equipped a catering van in accordance with RDRI's specifications.

I. RDRI has been furnished with copies of all insurance policies required by Section 11 or such other evidence of insurance coverage and payment of premiums as RDRI reasonably may request.

8. OPERATIONS MANUAL

A. RDRI will loan to Franchisee during the Term one copy of, or electronic access to, RDRI's confidential and proprietary Operations Manual which contains information and knowledge that is unique, necessary and material to the System. (As used in this Agreement, the term "Operations Manual" also includes all written correspondence from RDRI regarding the System, other publications, materials, drawings, memoranda, videos, and electronic media that RDRI from time to time may provide to Franchisee.) The Operations Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videos, software or other communications concerning the System to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating a Sunny Street Café restaurant. RDRI reserves the right to furnish all or part of the Operations Manual to Franchisee in electronic form or online (including by Intranet) and establish terms of use for access to any restricted portion of RDRI's website. Franchisee shall keep its copy of the Operations Manual current and up-to-date with all additions and deletions provided by or on behalf of RDRI and shall purchase whatever equipment and related services (including, without limitation, computer systems, Internet service, dedicated phone line, etc.) as may be necessary to receive these communications. Franchisee shall at all times ensure that its copy of the Operations Manual is kept current and up to date and, if a dispute relating to the contents of the Operations Manual develops, the master copy maintained by RDRI at its principal offices shall control.

B. The Operations Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for management and operation of the Franchised Restaurant. The Operations Manual also may relate to the selection, purchase, storage, preparation, packaging, ingredients, recipes, service and sale of all products and beverages sold at the Franchised Restaurant; management and employee training; marketing, advertising and sales promotions; maintenance and repair of the Franchised Restaurant building, grounds, equipment, graphics, signs, interior and exterior decor items, fixtures and furnishings; employee dress attire; customer service; vehicles; and data protection and privacy.

C. Franchisee shall at all times treat the Operations Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein, as

confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any person who is neither an employee of the RDRI nor the Franchisee.

D. RDRI may from time to time revise the contents of the Operations Manual, and Franchisee expressly agrees to comply with each new or changed standard as soon as possible.

9. ACCOUNTING AND RECORDS

A. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least 7 years from the dates of preparation, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles (or the prevailing accounting standard at the time of preparation) and in the form and manner prescribed by RDRI from time to time in the Operations Manual or otherwise in writing.

B. Franchisee shall submit to RDRI no later than Tuesday of each week during the Term after the opening of the Franchised Business, a royalty report in the form prescribed by RDRI, accurately reflecting all Gross Sales during the preceding calendar week, and such other data or information as RDRI may require, including, without limitation, such evidence that Franchisee has made the local advertising expenditures as RDRI may reasonably require from time to time in the Operations Manual or otherwise in writing.

C. Franchisee shall also submit to RDRI no later than the 30th day of each month during the Term a monthly profit and loss statement, in the form prescribed by RDRI, for the preceding calendar month.

D. Franchisee shall, at its expense, provide to RDRI a profit and loss statement and balance sheet, within 90 days after the end of each fiscal year of the Franchised Business during the term hereof, showing the results of operations of the Franchised Business during said fiscal year. If requested by RDRI, such statements must be accompanied by a review report prepared by an independent Certified Public Accountant satisfactory to RDRI.

E. Franchisee shall also submit to RDRI, for review or auditing, such other forms, reports, records, budgets, forecasts, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other information, data and documents as RDRI may reasonably designate, in the form and at the times and places reasonably required by RDRI, upon request or as specified from time to time in the Operations Manual or otherwise in writing.

F. Franchisee shall promptly notify RDRI of any lawsuit or other legal proceeding by any customer, governmental authority, or other third party against Franchisee or the Franchised Business, or otherwise involving the Franchisee or the Franchised Business. Franchisee shall provide such documents and information related to any such proceeding as RDRI may request.

G. RDRI or its designated agents shall have the right at all reasonable times to examine and copy, at RDRI's expense, the books, records and tax returns of the Franchised Business. RDRI shall also have the right, at any time, to have an independent audit made of the books of the Franchised Business. If an inspection should reveal that any payments have been understated in any report to RDRI, then Franchisee shall immediately pay to RDRI the amount understated upon demand, in addition to interest on such amount from the date such amount was due until paid, at the rate set forth in Section 4.C. If an inspection discloses an understatement in any payment of 3% or more, Franchisee shall, in addition to immediately paying all amounts due, reimburse RDRI for any and all costs and expenses connected with inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs). The foregoing

remedies shall be in addition to any other remedies RDRI may have. If the Franchisee is found to have understated Gross Sales more than 3 times in any 12-month period of the Term, such understatements shall be deemed intentional and the RDRI may terminate this Agreement without further opportunity for the Franchisee to cure said default.

H. At RDRI's request, Franchisee shall submit all financial reports to RDRI by electronic means prescribed by RDRI. Franchisee hereby grants RDRI permission to report and distribute Franchisee's Gross Sales and other financial information to other existing franchisees of RDRI with such additional information as RDRI may deem appropriate, including the identification of Franchisee. Franchisee will save and hold harmless RDRI against and from any and all claims, liabilities or suits resulting from or in connection with any acts or omission of Franchisee in the aforementioned reporting of sales and financial reports.

10. ADVERTISING

A. Contributions/Expenditures. During the Term, Franchisee will have a weekly advertising obligation ("Advertising Obligation") as set forth in Exhibit A, but not to exceed 4% of Gross Sales. Following written notice to Franchisee, RDRI may modify the amount and allocation of the Advertising Obligation subject to the provisions of Section 10.E. If any portion of the Advertising Obligation is allocated to the Brand Fund or a Regional Advertising Fund, Franchisee will pay those amounts at the same time and in the same manner as the Royalty.

B. Brand Fund.

(1) Franchisee must contribute to the Brand Fund the amount set forth in Exhibit A, as may be subsequently modified by RDRI. RDRI may use the Brand Fund Contributions and any earnings of the Brand Fund for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national or regional in scope) and/or any other activities that RDRI believes would benefit the System, including the following: advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a website, social media sites and accounts, and other internet marketing; celebrity endorsements; trade shows; association dues; search engine optimization costs; establishment of a third party facility for customizing local advertising; accounting costs; and holding an annual franchise convention. RDRI will not use the Brand Fund for any activity whose sole purpose is the marketing of franchises; however, Franchisee acknowledges that the Sunny Street Café website, public relations activities, community involvement activities and other activities that may be supported by the Brand Fund may contain information about franchising opportunities. RDRI has the right to direct all programs supported by the Brand Fund, with final discretion over creative concepts, the materials and media used in the programs and their placement. RDRI does not guarantee that Franchisee will benefit from the Brand Fund in proportion to its contributions to the Brand Fund.

(2) Sunny Street Café restaurants operated by RDRI or its affiliates will contribute to the Brand Fund on the same basis as comparable franchisees. If RDRI reduces the Brand Fund Contribution for franchisees, RDRI will have the right to reduce the required contribution for applicable Sunny Street Café restaurants operated by RDRI or its affiliates by the same amount.

(3) RDRI will not use any contributions to the Brand Fund to defray any of its general operating expenses, except for reasonable administrative costs and overhead that RDRI incurs in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including salaries of RDRI's personnel who devote time to Brand Fund activities). RDRI will separately account for the Brand Fund, but RDRI does not need to segregate Brand Fund monies from its other monies.

(4) Any point-of-sale materials produced with Brand Fund monies will be made available to Franchisee at a reasonable cost, and the proceeds of such sales will be credited to the Brand Fund. RDRI is not required to have an independent audit of the Brand Fund completed. RDRI will make available an unaudited statement of contributions and expenditures for the Brand Fund no sooner than 150 days after the close of its fiscal year to franchisees who make a written request for a copy.

C. Regional Advertising Fund

(1) RDRI has the right, in its sole discretion, to establish one or more regional advertising funds for Sunny Street Café restaurants ("Regional Advertising Funds"). If a Regional Advertising Fund is established for a geographical area that includes the Restaurant Location, Franchisee must contribute to that Regional Advertising Fund in the amount specified in Exhibit A, as may be subsequently modified by RDRI. Sunny Street Café restaurants operated by RDRI or its affiliates in an area covered by a Regional Advertising Fund will contribute to the Regional Advertising Fund on the same basis as comparable franchisees.

(2) RDRI or its designee will direct all advertising, marketing and public relations programs and activities financed by the Regional Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. Franchisee agrees that the Regional Advertising Fund may be used to pay the costs of preparing and producing such associated materials and programs as RDRI or its designee may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by Franchisee's Regional Advertising Fund.

(3) RDRI will separately account for each Regional Advertising Fund, but RDRI does not need to segregate any Regional Advertising Fund monies from its other monies. RDRI is not required to have an independent audit of the Regional Advertising Fund completed. RDRI will make available an unaudited statement of contributions and expenditures for a Regional Advertising Fund no sooner than 150 days after the close of its fiscal year to franchisees who contribute to that Regional Advertising Fund and who make a written request for a copy.

D. Local Marketing

(1) Franchisee will spend, at a minimum, that portion of the Advertising Obligation not otherwise spent or contributed pursuant to this Section 9 for local marketing in authorized advertising media and for authorized advertising expenditures. RDRI or its designee periodically will advise Franchisee of the authorized advertising media and authorized advertising expenditures.

(2) Franchisee agrees to conduct all marketing in a dignified manner and in accordance with the standards and requirements RDRI specifies periodically. RDRI may provide Franchisee a marketing manual, guidelines for creating a marketing plan, scripts and branding tools. Franchisee agrees that all advertising and promotional materials must bear the Proprietary Marks in the form, color, location and manner that RDRI prescribes. RDRI will have the final decision on all creative development of advertising and promotional messages. Franchisee also agrees that RDRI owns all advertising and promotional materials developed by Franchisee and Franchisee will take all actions RDRI specifies to vest ownership in RDRI.

(3) Franchisee must submit to RDRI in writing for RDRI's prior acceptance all sales promotion materials and advertising that have not been prepared, or previously accepted, by RDRI and identify the proposed media in which Franchisee intends to place the advertising. If RDRI's written consent to the material and its proposed placement is not received within 10 days after the date that RDRI received the material, the material may not be used. In no event will Franchisee's advertising or marketing materials contain any statement or material that, in RDRI's sole discretion, may be considered: **(a)** in bad taste or offensive to the public or to any group of persons; **(b)** defamatory of any person or an attack on any competitor; **(c)** to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; **(d)** inconsistent with the public image of the System or the Proprietary Marks; or **(e)** not in accordance with any federal or state law. RDRI reserves the right to require Franchisee to discontinue the use of any advertising or marketing materials.

E. Changes in the Advertising Obligation. RDRI has the right, following written notice to Franchisee, to reallocate the Advertising Obligation and to increase the Advertising Obligation; however, once RDRI establishes a Regional Advertising Fund that covers the Restaurant Location, RDRI will not increase the Advertising Obligation by more than 1% of Gross Sales in any 12 month period.

F. Web Page. Franchisee shall not use the Proprietary Marks in any Internet domain name or e-mail address, in the operation of any Internet website, or on a social networking site or account, or other future technological avenue without RDRI's prior written consent. RDRI may grant or withhold its consent in its sole discretion and may condition its consent on such requirements as RDRI deems appropriate, including, among other things, that Franchisee obtain RDRI's written approval of: **(1)** any and all Internet domain names and home page addresses related to the Franchised Restaurant; **(2)** the proposed form and content of any website related to the Franchised Restaurant; **(3)** Franchisee's use of any hyperlinks or other links; **(4)** Franchisee's use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and **(5)** any proposed modification of Franchisee's website. RDRI may designate the form and content of Franchisee's website and/or require that any such website be hosted by RDRI or a third party who RDRI designates, using one or more websites that RDRI owns and/or controls. RDRI may in its discretion manage all websites, social networking sites and accounts, and other internet sites on behalf of Sunny Street Café and all individual Franchised Restaurants.

G. Public and Media Relations. Franchisee agrees that Franchisee will not issue any press or other media releases or other communications without RDRI's prior consent. Franchisee agrees to only participate in internal and external communications activities that create goodwill, enhance RDRI's public image and build the Sunny Street Café brand.

11. INSURANCE

A. Franchisee's Responsibility. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's development and operation of the Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Restaurant. Franchisee shall maintain in full force and effect throughout the term of this Agreement that insurance which Franchisee determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 11.B. RDRI, and any entity with an insurable interest designated by RDRI, shall be an additional insured in such policies to the extent each has an insurable interest.

B. Minimum Coverages. All insurance policies shall be written by an insurance company or companies satisfactory to RDRI, in compliance with the standards, specifications, coverages and limits set

forth in the Operations Manual or otherwise provided to Franchisee in writing. These policies shall include, at a minimum, the following:

(1) Comprehensive general liability insurance including coverage for bodily injury, personal injury, products liability, blanket contractual liability, broad form property damage, non-owned automobiles, completed operations and property damage on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

(2) Property Insurance written on an "All Risks" policy for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Franchised Restaurant, and its furniture, fixtures, equipment, inventory and other tangible property.

(3) Business Interruption and Extra Expense coverage to include rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss.

(4) Plate glass coverage for replacement of glass from breakage.

(5) Employer's Liability coverage in the amount of $500,000.

(6) Workers' compensation and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located. This coverage shall also be in effect for all of Franchisee's employees who participate in any RDRI training programs.

(7) In connection with any construction, renovation, refurbishment, or remodeling of the Franchised Restaurant, Franchisee shall maintain Builder's All Risks insurance and in connection with new construction or substantial renovation, refurbishment or remodeling of the Franchised Restaurant, Franchisee shall maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to RDRI.

RDRI may reasonably increase the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits.

C. General Requirements. The following general requirements shall apply to each insurance policy that Franchisee is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by RDRI or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Franchisee to third parties and all other items for which Franchisee is required to indemnify RDRI under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service.

(5) No insurance policy shall provide for a deductible amount that exceeds $5,000, unless otherwise approved in writing by RDRI, and Franchisee's co-insurance under any insurance policy shall be 80% or greater.

D. Evidence of Insurance. All required insurance policies shall be in full force and effect and Franchisee shall submit to RDRI evidence of satisfactory insurance and proof of payment therefore no later than the date the first of the following occurs: **(1)** 30 days' prior to the scheduled opening date of the Franchised Restaurant; **(2)** the date Franchisee takes possession of the Restaurant Location; or **(3)** the date construction commences at the Restaurant Location, if Franchisee is contractually obligated for the construction. On each policy renewal date thereafter, Franchisee shall again submit evidence of satisfactory insurance and proof of payment therefor to RDRI. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to RDRI. Upon request, Franchisee also shall provide to RDRI copies of all or any policies, and policy amendments and riders.

E. No Representations. Franchisee acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by RDRI that only such policies, in such amounts, are necessary to protect Franchisee from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Franchisee of its obligations under this Section, shall not relieve Franchisee of liability under the indemnification provisions of this Agreement.

F. Purchase of Insurance by RDRI. Should Franchisee, for any reason, fail to procure or maintain at least the insurance required by this Section 10, as revised from time to time pursuant to the Operations Manual or otherwise in writing, RDRI shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Franchisee. All out-of-pocket costs incurred by RDRI in obtaining such insurance on behalf of Franchisee shall be reimbursed to RDRI by Franchisee immediately upon Franchisee's receipt of an invoice therefore.

12. FRANCHISEE'S ORGANIZATION

A. Governing Documents.

(1) If Franchisee is (or Transfers interests in this Agreement to) a business entity, during the Term, Franchisee's governing documents must provide that its activities are limited exclusively to the development and operation of the Franchised Restaurant and other restaurants operated by Franchisee that are franchised by RDRI or its affiliates and that no Transfer (as defined in Section 13) of an ownership interest may be made except in accordance with Section 13. Any security or other ownership certificates that Franchisee issues must bear a conspicuous printed legend to that effect.

(2) Franchisee must furnish RDRI with a list of holders of direct or indirect equity interests of 5% or more ("Owners") and their percentage interests, as well as copies of its governing documents (and any amendments thereto) and any other corporate documents, books or records that RDRI may request. Franchisee's Owners and their respective equity interests as of the Effective Date are identified in Exhibit A. Franchisee must promptly update this information as changes occur.

B. Guarantees. All Owners will jointly and severally guarantee Franchisee's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Franchisee's Obligations ("Guarantee"). Notwithstanding the foregoing, RDRI reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute the attached Guarantee and/or to limit the scope of the Guarantee.

RDRI reserves the right to require any guarantor to provide personal financial statements to RDRI from time to time.

With respect to Owners, Franchisee acknowledges that, unless otherwise agreed to in writing by RDRI, it is RDRI's intent to have individuals (and not business entities) execute the Guarantee. Accordingly, if any Owner is not an individual, RDRI will have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Franchisee. (By way of example, if an Owner is a corporation, RDRI has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

If Franchisee, any guarantor or any parent, subsidiary or affiliate of Franchisee holds any interest in other businesses that are franchised by RDRI or its affiliates, the party who owns that interest will execute, concurrently with this Agreement, a form of cross-guarantee to RDRI and its affiliates for the payment of all obligations for such businesses, unless waived in writing by RDRI in its sole discretion. For purposes of this Agreement, an affiliate of Franchisee is any company controlled, directly or indirectly, by Franchisee or Franchisee's parent or subsidiary.

13. ASSIGNMENT OR TRANSFER OF INTEREST

A. Transfers by Franchisee.

(1) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and RDRI has granted this Franchise in reliance on Franchisee's business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor shall, without RDRI's prior written consent, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber, directly or indirectly: **(a)** any interest in this Agreement, **(b)** the right to use the System or the Proprietary Marks granted pursuant to this Agreement, **(c)** the assets of the Franchised Business other than in the ordinary course of business, **(d)** Franchisee's leasehold rights; or **(e)** ownership interests in Franchisee, if Franchisee is a business entity (collectively, "Transfer"). Any purported Transfer, by operation of law or otherwise, not having the prior written consent of RDRI shall be null and void and shall constitute a material breach of this Agreement.

(2) RDRI will not unreasonably withhold its consent to a Transfer; provided, however, RDRI may, in its sole discretion, condition its consent on any or all of the following:

(a) All obligations of Franchisee under the Franchise Agreement, and all other franchise documents, and the relationships created under those agreements, are assumed by the Transferee.

(b) All monies owed by Franchisee to RDRI or its affiliates are paid.

(c) Franchisee is not in default under this Agreement.

(d) The transferee satisfactorily completes the training required of new franchisees on RDRI's then-current terms prior to the date of transfer.

(e) The transferee meets all the requirements of RDRI for new franchisees, including, but not limited to, good reputation and character, business acumen, operational ability, financial strength, and other business considerations.

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such successor term as may be provided by this Agreement, the standard form franchise agreement than being offered to new franchisees.

(g) Franchisee shall have executed a general release in the form prescribed by RDRI.

(h) The transferee, at its expense, shall upgrade the Franchised Restaurant to conform to then current standards and specifications of Sunny Street Café restaurants, and shall complete the upgrading and other requirements within the time specified by RDRI.

(i) The transferee has no direct or indirect ownership interests in any other restaurant business with table service that specializes in breakfast and lunch.

(j) Except in the case of a Transfer to a non-arm's length business entity formed for the convenience of ownership or for approved intra-family transfers, Franchisee shall pay a transfer fee of **$10,000**. Franchisee shall also pay any out-of-pocket costs incurred by RDRI in connection with the Transfer, such as a broker fee or attorney fees.

(3) RDRI shall not require approval of the assignment, transfer, pledge or hypothecation of all or any part of the assets of the Franchised Business, excluding this Agreement, to banks or other lending institutions as collateral security for loans made directly to or for the benefit of the Franchised Business.

B. Offerings by Franchisee. Ownership interests in Franchisee may be sold, by private offering or otherwise, only with the prior written consent of RDRI, which consent shall not be unreasonably withheld; provided, however, Franchisee shall pay to RDRI, an offering fee of **$1,000**. Franchisee agrees not to offer its securities in the name of RDRI, any of the Proprietary Marks, or any name deceptively similar thereto. Franchisee may make appropriate reference to the fact that Franchisee is a franchisee of RDRI. Franchisee, at its expense, also shall deliver to RDRI an opinion of Franchisee's legal counsel and an opinion of one other legal counsel selected by RDRI (both of which shall be addressed to RDRI and in a form acceptable to RDRI) that the offering documents properly use the Proprietary Marks and accurately describe Franchisee's relationship with RDRI and/or its affiliates. The indemnification provisions of Section 19.B. shall also include any losses or expenses incurred by RDRI and/or its affiliates in connection with any statements made by or on behalf of Franchisee in any public offering or private placement of Franchisee's securities.

C. Right of First Refusal. If any party holding any interest in Franchisee or in this Agreement receives a bona fide offer (as determined by RDRI in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer (other than a Transfer to a non-arm's length business entity formed for the convenience of ownership or for approved intra-family transfers), it shall notify RDRI in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as RDRI may reasonably require. RDRI or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 13.A., by sending written notice to the seller that RDRI or its designee intends to purchase the seller's interest on the same financial terms and conditions offered by the third party (except that RDRI or its designee shall not be obligated to pay any finder's or broker's fees). In purchasing the interest, RDRI or its designee shall be entitled to set off any monies owed to RDRI or its affiliates by Franchisee and RDRI or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and title; **(2)** liens and encumbrances; **(3)** environmental and hazardous substances; and **(4)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

If the offer to Franchisee involves assets in addition to this Agreement, the Restaurant Location, the Franchised Restaurant and other restaurants operated by Franchisee that are franchised by RDRI or its affiliates, Franchisee's notice to RDRI shall state the cash value of that portion of the offer received by Franchisee relating to this Agreement, the Restaurant Location, the Franchised Restaurant and those other restaurants. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, RDRI or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Franchisee or the cash value of that portion of the offer received by Franchisee relating to this Agreement, the Restaurant Location, the Franchised Restaurant and those other restaurants, the amount shall be determined by two professionally certified appraisers, Franchisee selecting one and RDRI or its designee selecting one. If the higher appraisal is more than 10% greater than the other appraisal, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and RDRI or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

RDRI's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 13 with respect to a proposed Transfer. If RDRI does not exercise its right of first refusal, Franchisee may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to RDRI. RDRI shall again be given a right of first refusal if a transaction does not close within 6 months after RDRI elected not to exercise its right of first refusal. In no event shall Franchisee offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of RDRI to the auction or advertisement.

D. Transfers upon Death or Mental Incompetency. Upon the death or mental incompetency of any Owner, the executor, administrator, or personal representative of such person shall transfer within 2 months after such death or mental incompetency his or her interest to a third party approved by RDRI. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any other inter vivos transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions, the personal representative of the deceased shall have reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions of transfers contained in this Agreement.

E. Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Franchised Business without the prior written approval of RDRI.

F. Transfers by RDRI. RDRI shall have the right to transfer or assign all or part of its obligations herein to any person or legal entity without the prior consent, written or otherwise, from the Franchisee.

14. DEFAULT AND TERMINATION

A. Termination Without Cure Period. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall terminate upon written notice to Franchisee without an opportunity to cure upon the occurrence of any of the following:

(1) If Franchisee shall become insolvent or makes a general assignment for the benefit of creditors.

(2) If Franchisee, any director or officer of Franchisee, or any Owner is charged with, pleads guilty to, or is convicted of a felony.

(3) If Franchisee, any director or officer of Franchisee, or any Owner commits or is accused of any act or series of acts that RDRI believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or RDRI's interest therein.

(4) If Franchisee or any Guarantor fails to comply with Section 17.C.(2)(c).

(5) If Franchisee fails to open the Franchised Restaurant for business within 270 days after the Effective Date.

(6) If Franchisee fails, refuses or neglects to pay when due any monies owing to RDRI, its affiliates, Franchisee's suppliers and any lender that has provided financing to Franchisee, which Franchisee fails to remedy within 10 days after receipt of a written notice of default from RDRI

(7) If, contrary to the terms hereof, Franchisee discloses or divulges the contents of the Operations Manual or other confidential information provided to Franchisee by RDRI.

(8) Franchisee knowingly submits any false report or knowingly provides any other false information to RDRI.

(9) If Franchisee engages in any business or markets any service or product under a name or mark which, in RDRI's absolute discretion, is confusingly similar to the Proprietary Marks.

(10) If Franchisee or any Owner remains in default beyond the applicable cure period: **(a)** under any other agreement with RDRI or its affiliates; **(b)** under any real estate lease, equipment lease, or financing instrument relating to the Franchised Restaurant; or **(c)** with any vendor or supplier to the Franchised Restaurant; provided that if the default is not by Franchisee, Franchisee is given written notice of the default and 30 days to cure said default. Notwithstanding the foregoing, a default by Franchisee under Development Agreement with RDRI will not by itself give RDRI the right to terminate this Agreement.

(11) There is a material breach by Franchisee of any representation or warranty set forth in Section 26.G.-H.

(12) If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or otherwise materially impair the goodwill associated therewith or RDRI's rights therein.

(13) Franchisee or any Owner slanders or libels RDRI or any of its employees, directors, or officers.

(14) If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Restaurant, which Franchisee does not cure within 48 hours after becoming aware thereof (due to notice from RDRI or otherwise).

(15) If Franchisee fails to meet health inspection standards described in Section 5.O on two consecutive occasions.

(16) If Franchisee commits a second default within 12 months.

(17) If Franchisee fails to operate the Franchised Business for 2 or more consecutive business days, or closes intermittently, without written permission from RDRI.

(18) If Franchisee violates Section 5.M(10) (ethics and values) or Article 13 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured.

B. Termination Following Cure Period. For any event of default under this Agreement not listed in Section 14.A., Franchisee shall have 30 days (10 days for monetary defaults) after written notice of default from RDRI within which to remedy any default hereunder which is capable of being cured (or, for non-monetary defaults, if the default can be cured, but cannot reasonably be cured within such 30 days, to initiate within that time substantial and continuing action to cure the default) and to provide evidence thereof to RDRI. If such default is not cured within that time or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the cure period or such longer period as applicable law may require. Such defaults shall include, without limitation, the occurrence of any of the following events:

(1) If Franchisee fails to obtain a Restaurant Location acceptable to RDRI and/or construct same in accordance with Section 5 of this Agreement.

(2) If Franchisee, and a minimum of 1 other person and a maximum of 2 other persons, fail to attend and complete, to RDRI's satisfaction, the initial training program required by RDRI, as described herein.

(3) If Franchisee at any time loses the right to possession of the Restaurant Location, due to its breach of the lease which either cannot be cured or which Franchisee has failed to cure within the allowed time period.

(4) If an approved transfer is not effected within a reasonable time, as required herein, following Franchisee's death or mental incompetency.

(5) If Franchisee maintains false or repeatedly inaccurate books or records, or submits any false or inaccurate reports to RDRI.

(6) If Franchisee offers for sale or sells any product from an unauthorized supplier or source.

(7) If Franchisee fails to comply with any provision herein, to pay its taxes and assessments when due, or to obtain the permits required for the operation of the Franchised Business.

(8) If Franchisee fails, refuses, or neglects promptly to pay any monies owing to RDRI or its subsidiaries or affiliates when due, or to submit the financial or other information required by RDRI under this Agreement.

(9) If Franchisee fails to operate the Franchised Restaurant and maintain any of the standards or procedures prescribed by RDRI in this Agreement, the Operations Manual, or otherwise in writing.

(10) If Franchisee permits a continued violation of any law, ordinance, rule or regulation of a government agency in connection with the operation of the Franchised Restaurant and/or the Restaurant Location.

C. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

15. OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Obligations. Upon termination or expiration of this Agreement for any reason, unless RDRI otherwise directs:

(1) All rights and licenses granted to Franchisee under this Agreement (including, without limitation, rights to use the System, the Operations Manual and the Proprietary Marks) will immediately terminate and any right, title, and interest claimed by Franchisee to any such matters will immediately revert to RDRI without further notice or documentation.

(2) Franchisee will immediately cease to operate the Franchised Restaurant and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the System.

(3) Franchisee will immediately and permanently cease to use, in any manner whatsoever, the System, the Proprietary Marks and the Operations Manual.

(4) Franchisee must promptly pay all sums owing to RDRI, its affiliates and Franchisee's suppliers. These sums include, but are not limited to, the royalty, advertising fees, interest or other fees, damages, expenses and attorneys' fees incurred as a result of Franchisee's default.

(5) Franchisee must cease to use in advertising or in any manner the confidential methods, procedures and techniques associated with the System, including all proprietary recipes, ingredients, and processes.

(6) Franchisee and all persons and entities subject to the restrictions contained in Section 17 will continue to abide by those restrictions and will not, directly or indirectly, take any action that violates those restrictions.

(7) Unless RDRI directs Franchisee to maintain existing signage while RDRI determines if it will exercise the option to purchase under Section 15, Franchisee must immediately cease to use, by advertising or in any other manner, the name "Sunny Street Cafe," all other Proprietary Marks and all other distinctive forms, slogans, signs, symbols, websites, domain names, email addresses, and devices associated with the System. If Franchisee subsequently begins to operate another business, Franchisee must not use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks in connection with that business that is likely to cause confusion, mistake or deception, or which is likely to dilute RDRI's exclusive rights in and to the Proprietary Marks, nor any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with RDRI. Within 15 days, Franchisee must promptly take such action as may be necessary to cancel any assumed name registration or equivalent registration, and any domain name registration that contains the "Sunny Street Café" name or any other Proprietary Marks.

(8) Unless RDRI directs Franchisee to maintain the existing appearance of the Restaurant Location while RDRI determines if it will exercise the option under Section 15, Franchisee must make modifications or alterations to the Restaurant Location and the Franchised Restaurant immediately upon termination or expiration of this Agreement as necessary to prevent the operation of any business in violation of this Section and any specific additional changes RDRI reasonably requests for that purpose. Upon RDRI's request, Franchisee must return to RDRI, at RDRI's cost, any signage that RDRI specifies. If Franchisee fails to comply with this Section within 30 days following termination or expiration of this Agreement, RDRI has the right to enter the premises, without being guilty of trespass or any other tort, for the purpose of removing

signs and any other articles that display the Proprietary Marks. Franchisee agrees to reimburse RDRI on demand for its expenses in making such changes.

(9) Franchisee must immediately deliver to RDRI the Operations Manual and all training materials, marketing materials, records, files, instructions, and correspondence in Franchisee's possession or control that contains confidential information (as described in Section 17.B.). Franchisee also must deliver to RDRI all customer information that Franchisee has compiled and uninstall any software that RDRI has provided.

B. Evidence of Compliance. Franchisee will furnish to RDRI, within 30 days after the effective date of termination or expiration, evidence (certified to be true, correct and complete, by an officer or Owner) satisfactory to RDRI of Franchisee's compliance with Section 15.A.

C. Other Business Operations. Franchisee will not, except with respect to a Sunny Street Café restaurant franchised by RDRI or its affiliates that is then open and operating pursuant to an effective Franchise Agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that Franchisee is connected in any way with RDRI or its affiliates or have any right to use the System or the Proprietary Marks; **(2)** make, use or avail itself of any of the materials or information furnished or disclosed by RDRI or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(3)** assist anyone not licensed by RDRI or its affiliates to construct or equip a restaurant substantially similar to a Sunny Street Café restaurant.

D. Listings. RDRI will have the option, exercisable by written notice within 30 days after the termination or expiration of this Agreement, to take an assignment of all telephone numbers, facsimile numbers, domain names, or other numbers, names and telephone directory listings (collectively, "Listings") associated with any Proprietary Mark or the Franchised Restaurant, and Franchisee must notify the telephone company, all telephone directory publishers, and all domain name registries and Internet service providers of the termination or expiration of Franchisee's right to use any Listing associated with the Franchised Restaurant, and authorize and instruct their transfer to RDRI or to a third party, at RDRI's direction and/or to instruct the telephone company, domain name registries and Internet service providers to forward all calls, e-mails and electronic communications made to Franchisee's names, numbers or addresses to names, numbers or addresses RDRI specifies. Franchisee is not entitled to any compensation from RDRI if RDRI exercises this option.

E. Lump Sum Payment. In the event of termination pursuant to Sections 14.A.-B., Franchisee shall pay RDRI a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: **(1)** the average of the 24 highest weekly amounts (whether or not from consecutive weeks) of royalty fees and all fees required by Section 5 payable by Franchisee to RDRI in the 4 years immediately preceding the date of termination multiplied by 4; and **(2)** multiplied by the lesser of 24 or the number of full or partial months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages RDRI will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages for premature termination which RDRI will incur. This lump sum payment will be in lieu of any damages RDRI may have incurred as a result of Franchisee's default, but it shall be in addition to all amounts owed to RDRI or its affiliates and any attorney's fees and other costs and expenses to which RDRI is entitled pursuant to Section 4.G. Franchisee's payment of this lump sum shall not affect RDRI's right to obtain appropriate injunctive relief and remedies to enforce Section 17 and specific performance to enforce this Section 15.

F. Option To Purchase

(1) Upon the expiration or termination of this Agreement for any reason, RDRI will have the option to purchase from Franchisee some or all of the assets used in the Franchised Restaurant ("Assets"). RDRI may exercise its option by giving written notice to Franchisee at any time following expiration or termination up until 30 days after the later of: **(1)** the effective date of termination or expiration; or **(2)** the date Franchisee ceases to operate the Franchised Restaurant. As used in this Section 15, "Assets" shall mean and include, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Franchised Restaurant, and the real estate fee simple or the lease or sublease for the Restaurant Location. RDRI shall be entitled to the entry of interlocutory and permanent orders of specific performance by a court of competent jurisdiction if Franchisee fails or refuses to timely meet its obligations under this Section 16.

(2) RDRI shall have the unrestricted right to assign this option to purchase the Assets. RDRI or its assignee shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and title; **(2)** liens and encumbrances; **(3)** environmental and hazardous substances; and **(4)** validity of contracts and liabilities inuring to RDRI or affecting the Assets, whether contingent or otherwise.

(3) The purchase price for the Assets ("Purchase Price") shall be their fair market value, (or, for leased assets, the fair market value of Franchisee's lease) determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets; provided, however, that the Purchase Price shall take into account the termination of this Agreement. Further, the Purchase Price for the Assets shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Restaurant nor any goodwill or "going concern" value for the Franchised Restaurant. RDRI may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a Sunny Street Café restaurant or for which Franchisee cannot deliver a Bill of Sale in a form satisfactory to RDRI.

(a) If RDRI and Franchisee are unable to agree on the fair market value of the Assets within 30 days after Franchisee's receipt of RDRI's notice of its intent to exercise its option to purchase the Assets, the fair market value shall be determined by two professionally certified appraisers, Franchisee selecting one and RDRI selecting one. If the higher appraisal is more than 10% greater than the other appraisal, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and shall be the Purchase Price.

(b) The appraisers shall be given full access to the Franchised Restaurant, the Restaurant Location and Franchisee's books and records during customary business hours to conduct the appraisal and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 16. The appraisers' fees and costs shall be borne equally by RDRI and Franchisee.

(c) Within 10 days after the Purchase Price has been determined, RDRI may exercise its option to purchase the Assets by so notifying Franchisee in writing ("RDRI's Purchase Notice"). The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase ("Closing"), which shall take place no later than 60 days after the date of RDRI's Purchase Notice. From the date of RDRI's Purchase Notice until Closing:

a. Franchisee shall operate the Franchised Restaurant and maintain the Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Agreement; and

b. RDRI shall have the right to appoint a manager, at RDRI's expense, to control the day-to-day operations of the Franchised Restaurant and Franchisee shall cooperate, and instruct its employees to cooperate, with the manager appointed by RDRI. Alternatively, RDRI may require Franchisee to close the Franchised Restaurant during such time period without removing any Assets from the Franchised Restaurant.

(d) For a period of 30 days after the date of RDRI's Purchase Notice ("Due Diligence Period"), RDRI shall have the right to conduct such investigations as it seems necessary and appropriate to determine: **(1)** the ownership, condition and title of the Assets; **(2)** liens and encumbrances on the Assets; **(3)** environmental and hazardous substances at or upon the Restaurant Location; and **(4)** the validity of contracts and liabilities inuring to RDRI or affecting the Assets, whether contingent or otherwise. Franchisee will afford RDRI and its representatives access to the Franchised Restaurant and the Restaurant Location at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with Franchisee's operations of the Franchised Restaurant.

(4) During the Due Diligence Period, at its sole option and expense, RDRI may **(1)** cause the title to the Assets that consist of real estate interests ("Real Estate Assets") to be examined by a nationally recognized title company and conduct lien searches as to the other Assets; **(2)** procure "AS BUILT" surveys of the Real Estate Assets; **(3)** procure environmental assessments and testing with respect to the Real Estate Assets; and/or **(4)** inspect the Assets that consist of leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory ("Fixed Assets") to determine if the Fixed Assets are in satisfactory working condition. Prior to the end of the Due Diligence Period, RDRI shall notify Franchisee in writing of any objections that RDRI has to any finding disclosed in any title to lien search, survey, environmental assessment or inspection. If Franchisee cannot or elects not to correct any such title defect, environmental objection or defect in the working condition of the Fixed Assets, RDRI will have the option to either accept the condition of the Assets as they exist or rescind its option to purchase on or before the Closing.

(5) Prior to the Closing, Franchisee and RDRI shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Franchised Restaurant is located and the bulk sales provisions of any applicable tax laws and regulations. Franchisee shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Franchised Restaurant prior to Closing. RDRI shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Franchisee to RDRI, and the amount of any encumbrances or liens against the Assets or any obligations assumed by RDRI.

(6) If the Restaurant Location is leased, RDRI agrees to use reasonable efforts to effect a termination of the existing lease for the Restaurant Location. If the lease for the Restaurant Location is assigned to RDRI or RDRI subleases the Restaurant Location from Franchisee, RDRI will indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date RDRI assumes possession of the Restaurant Location, and Franchisee will indemnify and hold RDRI harmless from any liability under the lease prior to and including that date.

(7) If Franchisee owns the Restaurant Location, RDRI, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Franchisee shall be at least 10 years with 4 options to renew of 5 years each and the rent shall be the fair market rental value of the Restaurant Location. If Franchisee and RDRI cannot agree on the fair market rental value of the Restaurant Location, then appraisers (selected in the manner described in Section 16.D.) shall determine the rental value.

(8) At the Closing, Franchisee shall deliver instruments transferring to RDRI or its assignee: **(1)** good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to RDRI or its assignee), with all sales and other transfer taxes paid by the Franchisee; **(2)** all licenses and permits for the Franchised Restaurant that may be assigned or transferred, with appropriate consents, if required; and **(3)** the lease or sublease for the Restaurant Location, with appropriate consents, if required. If Franchisee cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow.

16. FRANCHISOR RIGHTS

A. RDRI's Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, RDRI may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse RDRI for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

B. Right to Suspend Supplies Upon Default. While Franchisee is in default or breach of this Agreement, RDRI may (i) require that Franchisee pay cash on delivery for products or services supplied by RDRI, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by RDRI shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of RDRI are in addition to any other right or remedy available to RDRI.

C. Business Data. All customer data and other non-public data generated by the Franchised Business is Confidential Information and is exclusively owned by RDRI. RDRI hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Franchised Business for the term of this Agreement.

D. Innovations. Franchisee shall disclose to RDRI all ideas, plans, improvements, concepts, methods and techniques relating to the Franchised Business (collectively, "Innovations") conceived or developed by Franchisee, its Owners, employees, agents or contractors. RDRI will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by RDRI to document RDRI's ownership of Innovations.

E. Communication Systems. If RDRI provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes RDRI to access such communications.

F. Delegation. RDRI may delegate any duty or obligation of RDRI under this Agreement to an affiliate or to a third party.

G. Temporary Public Safety Closure. If RDRI discovers or becomes aware of any aspect of the Franchised Business which, in RDRI's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon RDRI's order, Franchisee must temporarily cease operations of the Franchised Business and remedy the dangerous condition. RDRI shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

H. Variations. RDRI has the right, in its sole discretion, to waive, defer, or permit variations from the standards of the System or any applicable agreement to any developer, franchisee, prospective developer, or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population, applicable law or regulation, or any other condition or circumstance. RDRI has the right, in its sole discretion, to deny any such request RDRI believes would not be in the best interests of the System.

17. COVENANTS

A. Best Efforts. During the Term of this Agreement, Franchisee shall devote its best efforts to the development, management and operation of the Franchised Restaurant.

B. Confidentiality. Franchisee acknowledges and agrees that: **(1)** RDRI owns all right, title and interest in and to the System; **(2)** the System includes trade secrets and confidential and proprietary information and know-how that gives RDRI a competitive advantage; **(3)** RDRI has taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; **(4)** all material or other information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; **(5)** Franchisee has no right to disclose any part of the System to anyone who is not an employee of Franchisee; **(6)** Franchisee will disclose to its employees only those parts of the System that an employee needs to know; **(7)** Franchisee will have a system in place to ensure that its employees keep confidential RDRI' trade secrets and confidential and proprietary information, and, if requested by RDRI, Franchisee shall obtain from those of its employees designated by RDRI an executed Confidential Disclosure Agreement in the form prescribed by RDRI; **(8)** by entering into this Agreement, Franchisee does not acquire any ownership interest in the System; and **(9)** Franchisee's use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which RDRI would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that RDRI or its affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

C. Restrictions.

(1) Franchisee acknowledges and agrees that: **(a)** pursuant to this Agreement, Franchisee will have access to valuable trade secrets, specialized training and other confidential information from RDRI and/or its affiliates regarding the development, operation, product preparation and sale, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques of RDRI and its affiliates and the System; **(b)** the know-how regarding the System and the opportunities, associations and experience acquired by Franchisee pursuant to this Agreement are of substantial value; **(c)** in developing the System, RDRI and its affiliates have made substantial investments of time, effort, and money; **(d)** RDRI would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of Sunny Street Café restaurants if franchisees or developers were permitted to engage in the activities described in Section 17.C.(2)(a) and (b) or to hold interests in the businesses described in Section 17.C.(2)(c) and (3); and **(e)** the restrictions on Franchisee's right to hold interests in, or perform services for, the businesses described in Section 17.C.(2)(c) and (3) will not unduly limit its activities.

(2) Accordingly, Franchisee covenants and agrees that, except with RDRI's prior written consent, during the Term of this Agreement, and for a period of 2 years following its expiration, transfer or termination, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any Sunny Street Café restaurant to any competitor, by direct or indirect inducement or otherwise.

(b) Knowingly employ or seek to employ any person then employed by RDRI as a shift leader or higher, or otherwise directly or indirectly induce such person to leave his or her employment.

(c) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any restaurant business with table service that specializes in breakfast and lunch. During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any applicable restaurant business at the Restaurant Location or located within a 2 mile radius of the Restaurant Location or within a 2 mile radius of any then-existing Sunny Street Café restaurant. This restriction shall not apply to Franchisee's existing restaurant or foodservice operations, if any, which are identified in Exhibit A, nor shall it apply to other restaurants operated by Franchisee that are franchised by RDRI or its affiliates.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 2 year period following the expiration or earlier termination of this Agreement, Franchisee fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward Franchisee's satisfaction of the 2 year obligation.

(3) Franchisee acknowledges that the Restaurant Location will itself acquire goodwill associated with the System and that it would be difficult for RDRI to ascertain that Franchisee has no interest in the operation by a third party of a restaurant concept at that location that would, if operated by Franchisee, violate the restriction of this Section 16. Accordingly, Franchisee further covenants and agrees that, during the term of this Agreement and for a period of 2 years following the expiration or earlier termination of this Agreement, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Restaurant Location to any person, firm, partnership, corporation, or other entity which Franchisee knows, or has reason to know, intends to operate a restaurant business at the Restaurant Location that would violate Section 17.C.(2)(c) if operated by Franchisee. Franchisee, by the terms of any conveyance selling, assigning, leasing or transferring its interest in the Restaurant Location, shall include such restrictive covenants as are necessary to ensure that a restaurant business that would violate Section 17.C.(2)(c) if operated by Franchisee is not operated at the Restaurant Location for this 2 year period, and Franchisee shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

D. Modification. RDRI shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 17 effective immediately upon Franchisee's receipt of written notice, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 22.

E. Applicability. The restrictions contained in this Section 17 shall apply to Franchisee and all Guarantors. With respect to each Guarantor, these restrictions shall apply until 2 years after the earlier of: **(1)** the expiration, transfer, or termination of this Agreement; or **(2)** the date the Guarantor ceases to be an Owner. The restrictions contained in this Section 17 shall not apply to ownership of less than a 5% legal or

beneficial ownership in the outstanding equity securities of any publicly held corporation. The existence of any claim Franchisee or any Guarantor may have against RDRI or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by RDRI of the covenants in this Section 17. At RDRI's request, unless otherwise prohibited by law, Franchisee will obtain covenants similar in substance to those set forth in this Section 17 from immediate family members of guarantors.

18. TAXES, PERMITS, AND INDEBTEDNESS

A. Taxes. Franchisee shall promptly pay when due, all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisee shall pay to RDRI an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on RDRI with respect to any payments RDRI is required by law to make under this Agreement, unless the tax is credited against income tax otherwise payable by RDRI.

B. Permits. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain and renew any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business under this Agreement, including, without limitation, licenses to do business, business name registrations, sales tax permits, health and safety permits and ratings, and fire clearance.

19. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor.

(1) It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship, agency relationship, or employer-employee relationship. Franchisee is and shall be an independent contractor of the RDRI at all times during the Term of this Agreement.

(2) During the Term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from RDRI. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Restaurant Location, the content and form of which RDRI reserves the right to specify.

(3) It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on RDRI's behalf, or to incur any debt or other obligation in RDRI's name.

B. Indemnification.

(1) Franchisee and all Guarantors shall, at all times, indemnify, defend (with counsel reasonably acceptable to RDRI), and hold harmless (to the fullest extent permitted by law) RDRI and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against RDRI and/or Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Franchisee's activities under this Agreement or the Franchised Restaurant or the acts or omissions of Franchisee or any of Franchisee's Owners, officers, directors, employees, or agents, excluding the gross negligence or willful misconduct of RDRI. Franchisee promptly shall give RDRI written notice of any such

action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish RDRI with copies of any documents from such matters as RDRI may request.

(2) At Franchisee's expense and risk, RDRI may elect to assume (but under no circumstances will RDRI be obligated to undertake) the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Franchisee's obligation to indemnify and hold harmless RDRI and Indemnitees. RDRI shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

(3) As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to RDRI's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

20. CONSENTS, APPROVALS AND WAIVERS

A. Consents. Whenever this Agreement requires the prior approval or consent of RDRI, Franchisee shall make a timely written request to RDRI therefor; and any approval or consent received, in order to be effective and binding upon RDRI, must be obtained in writing and be signed by an authorized officer of RDRI.

B. No Warranty. RDRI makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, and assumes no liability or obligation to Franchisee therefor, or by reason of any neglect, delay, or denial of any request therefor. RDRI shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which RDRI would not otherwise be subject.

C. Waivers. No failure of RDRI to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of RDRI's right to demand exact compliance with any of the terms of this Agreement. A waiver by RDRI of any particular default by Franchisee shall not affect or impair RDRI's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of RDRI to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants of this Agreement affect or impair RDRI's right to exercise the same, nor shall such constitute a waiver by RDRI of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by RDRI of any payments due to it hereunder shall not be deemed to be a waiver by RDRI of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

21. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to: **(A)** if to Franchisee, addressed to Franchisee at the notice address set forth in Exhibit A; and **(B)** if to RDRI, addressed to RDRI at: 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215 (marked Attn: President) (Facsimile: 614-396-5035). Any party may designate a new address for notices by giving written notice of the new address pursuant to this

Section. Notices shall be effective upon receipt or first rejection and may be: **(1)** delivered personally; **(2)** transmitted by facsimile to the number(s) set forth above (or in Exhibit A) with electronic confirmation of receipt; **(3)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(4)** mailed via overnight courier.

22. ENTIRE AGREEMENT

RDRI and Franchisee acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Operations Manual, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between the parties concerning Franchisee's rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in RDRI's Franchise Disclosure Document provided to Franchisee.

23. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which RDRI is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 19.B., nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee and RDRI and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

C. Construction. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which RDRI is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

D. RDRI's Discretion. Whenever RDRI has expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, RDRI may make such decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests. This also applies if RDRI is deemed to have a right and/or discretion. RDRI's judgment of what is in the best interests of the System, at the time its decision is made or its right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by RDRI; **(2)** RDRI's decision or the action taken

promotes its financial or other individual interest; **(3)** RDRI's decision or the action taken applies differently to Franchisee and one or more other Franchisees or franchisees or RDRI company-operated or affiliate-operated operations; or **(4)** RDRI's decision or the action taken is adverse to Franchisee's interests. RDRI will have no liability to Franchisee for any such decision or action. RDRI and Franchisee intend that the exercise of RDRI's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, RDRI and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants RDRI the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

24. GOVERNING LAW, FORUM AND LIMITATIONS

A. Governing Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Ohio without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Ohio law regulating the offer or sale of business opportunities or franchises, or the franchise relationship, applicable to this Agreement if such law would not otherwise be applicable.

B. Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Franchisee shall file any suit against RDRI only in the federal or state court having jurisdiction where RDRI's principal offices are located at the time suit is filed. RDRI may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Franchisee resides or does business or where the Franchised Restaurant is or was located or where the claim arose. Franchisee consents to the personal jurisdiction of those courts over Franchisee and to venue in those courts.

C. Limitations. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Franchisee) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

D. Waivers. Franchisee and RDRI waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between them, each shall be limited to the recovery of actual damages sustained by it. **Franchisee and RDRI waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.**

E. Attorneys' Fees. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If RDRI utilizes legal counsel (including in-house counsel employed by RDRI) in connection with any failure by Franchisee to comply with this Agreement, Franchisee shall reimburse RDRI for any of the above-listed costs and expenses incurred by RDRI. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Cumulative Remedies. No right or remedy conferred upon or reserved to RDRI or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by

law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 24 shall survive the expiration or earlier termination of this Agreement.

25. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Except where otherwise noted, days shall be measured by calendar days, provided that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Injunctive Relief. Franchisee recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to RDRI, its affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, RDRI shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by RDRI shall be in addition to, and not in lieu of, all remedies and rights that RDRI otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

F. Compliance with U.S. Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), RDRI is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, Franchisee represents and warrants to RDRI that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Order as a person with whom business may not be transacted by RDRI, and that Franchisee: **(1)** does not, and hereafter shall not, engage in any terrorist activity; **(2)** is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(3)** is not acquiring the rights granted under this Franchise Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

26. REPRESENTATIONS

Franchisee represents, acknowledges and warrants to RDRI (and Franchisee agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. RDRI has entered, and will continue to enter, into agreements with other franchisees. The manner in which RDRI enforces its rights and the franchisees' obligations under any of those other agreements shall not affect the ability of RDRI to enforce its rights or Franchisee's obligations under this Agreement.

B. The Initial Franchise Fee is not refundable for any reason.

C. RDRI may change or modify the System from time to time, including the Operations Manual, and Franchisee will be required to make such expenditures as such changes or modifications in the System may require.

D. Nothing in this Agreement prohibits RDRI or its affiliates from: (1) operating or licensing others to operate Sunny Street Café restaurants at any location other than the Restaurant Location; (2) operating or licensing others to operate restaurants, other than Sunny Street Café restaurants, at any location; (3) utilizing the System or any part of the System in any manner other than operation by RDRI or its affiliates of a Sunny Street Café restaurant at the Restaurant Location; and (4) merchandising and distributing goods and services identified by the Proprietary Marks at any location through any other method or channel of distribution.

E. All information Franchisee provided to RDRI in connection with Franchisee's franchise application and RDRI's grant of this Franchise is truthful, complete and accurate.

F. The persons signing this Agreement on behalf of Franchisee have full authority to enter into this Agreement and the other agreements contemplated by the parties. Execution of this Agreement or such other agreements by Franchisee does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Franchisee or any person with an ownership interest in Franchisee is a party.

G. Even though this Agreement contains provisions requiring Franchisee to operate the Franchised Restaurant in compliance with the System: (1) RDRI and its affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) Franchisee and RDRI do not intend for RDRI or its affiliates to incur any liability in connection with or arising from any aspect of the System or Franchisee's use of the System, whether or not in accordance with the requirements of the Operations Manual.

H. In the event of a dispute between RDRI and Franchisee, the parties have waived their right to a jury trial.

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

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement by their duly authorized representatives as of the Effective Date.

RISE & DINE RESTAURANTS, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Sunny Street Café Restaurant Franchise Agreement dated as of _____ ("Agreement") by Rise & Dine Restaurants, Inc. ("RDRI"), entered into with _____ ("Franchisee"), the undersigned ("Guarantors"), each of whom is an Owner, or a spouse of an Owner, hereby personally and unconditionally agree as follows:

1. Guarantee To Be Bound By Certain Obligations. Guarantors hereby personally and unconditionally guarantee to RDRI and its affiliates (and their respective successors and assigns), for the Term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the restrictions contained in Section 17 of the Agreement.

2. Guarantee and Assumption of Franchisee's Obligations. Guarantors hereby: **(A)** guarantee to RDRI and its affiliates (and their respective successors and assigns), for the Term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Franchisee and any assignee of Franchisee's interest under the Agreement shall: **(1)** punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and **(2)** punctually pay all other monies owed to RDRI and/or its affiliates; **(B)** agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 17 and 19.B.; and **(C)** agree to be personally liable for the breach of each and every provision in the Agreement.

3. General Terms and Conditions. The following general terms and conditions shall apply to this Guarantee:

(h) Each of the undersigned waives: **(1)** acceptance and notice of acceptance by RDRI of the foregoing undertakings; **(2)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(3)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(4)** any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; **(5)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; **(6)** any law or statute which requires that RDRI make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; **(7)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(8) any and all right to have any legal action under this Guarantee decided by a jury**.

(i) Each of the undersigned consents and agrees that: **(1)** his direct and immediate liability under this Guarantee shall be joint and several; **(2)** he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; **(3)** such liability shall not be contingent or conditioned upon pursuit by RDRI of any remedies against Franchisee or any other person; **(4)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which RDRI may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to RDRI or its affiliates under the Agreement; and **(5)** monies received from any source by RDRI for application toward

payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by RDRI. In addition, if any of the undersigned ceases to be an Owner, that person (and his spouse, if the spouse is also a Guarantor) agrees that the obligations under this Guarantee shall continue to remain in force and effect unless RDRI in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 17.C. of the Agreement shall remain in force and effect for a period of 2 years after any such release by RDRI. A release by RDRI of any of the undersigned shall not affect the obligations of any other Guarantor.

(j) If RDRI brings an action to enforce this Guarantee in a judicial proceeding or arbitration, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

(k) If RDRI utilizes legal counsel (including in-house counsel employed by RDRI or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse RDRI for any of the above-listed costs and expenses incurred by it.

(l) If any of the following events occur, a default ("Default") under this Guarantee shall exist: **(1)** failure of timely payment or performance of the obligations under this Guarantee; **(2)** breach of any agreement or representation contained or referred to in this Guarantee; **(3)** the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or **(4)** the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

(m) This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. RDRI's interests in and rights under this Guarantee are freely assignable, in whole or in part, by RDRI. Any assignment shall not release the undersigned from this Guarantee.

(n) Section 24 of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

CONDITIONAL ASSIGNMENT OF BRAND ACCOUNTS

This Conditional Assignment of Brand Accounts (this "Assignment") is executed by the undersigned ("Franchisee") in favor of Rise & Dine Restaurants, Inc, an Ohio corporation ("RDRI").

Background Statement: RDRI and Franchisee are parties to a Franchise Agreement pursuant to which RDRI granted Franchisee a license to operate a Sunny Street Café franchised business (the "Business"). RDRI or its affiliates are the sole owner of the Sunny Street Café brand and all names, logos, trademarks, service marks, and other intellectual property associated therewith. To protect RDRI's interest in and control of Sunny Street Café, Franchisee acknowledges and agrees that RDRI has the right to control all telephone numbers, directory listings, and internet marketing accounts related to Sunny Street Café.

Franchisee agrees as follows:

1. Conditional Assignment. Franchisee hereby assigns to RDRI (or its designee) all of Franchisee's rights, title, and interest in and to all telephone numbers, directory listings, email accounts, websites, social media accounts, and all other accounts and profiles for advertising and marketing on the internet or any electronic communications network ("Brand Accounts") associated with Sunny Street Café and registered by Franchisee from time to time in connection with the operation of Franchisee's Business, such assignment to be effective upon (a) termination or expiration of the Franchise Agreement, or (b) notice from RDRI to Franchisee, at which time RDRI will have the right to assume ownership of any one or all Brand Accounts.

2. Transfer or Deletion. Franchisee hereby authorizes the service provider of each Brand Account (the "Provider") to transfer the Brand Account to RDRI (or its designee) or to delete the Brand Account upon the written instruction of RDRI. Franchisee hereby grants RDRI an irrevocable limited power of attorney on behalf of Franchisee to direct any Provider to transfer or delete a Brand Account. In such an event, Franchisee will have no further right, title or interest in the Brand Account but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective. RDRI will have no liability or obligation of any kind to a Provider arising prior to the effective date of transfer or deletion. Franchisee agrees to take all reasonable steps necessary to effectuate the transfer or deletion (as determined by RDRI) of each Brand Account.

[*Signatures on next page*]

Executed by:

FRANCHISEE:

[*if an individual:*]

_____
Name: _____
Date: _____

[*if an entity:*]

_____

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

EXHIBIT A

FRANCHISE INFORMATION

1. **Restaurant Location:** _____

_____

_____

2. **Advertising Obligation:** Franchisee's Advertising Obligation shall be allocated as set forth below, unless and until modified by RDRI:

A.	Brand Fund	___% of Gross Sales
B.	Regional Advertising Fund	___% of Gross Sales
C.	Local Advertising	___% of Gross Sales
	TOTAL ADVERTISING OBLIGATION:	___% of Gross Sales

3. **Ownership:** If Franchisee is a business entity, the following persons constitute all of the owners of a legal and/or beneficial interest:

Name	Address	Ownership Interest	Office Held/Position

4. **Interests in Other Restaurants:** _____

_____

_____

5. **Franchisee's Notice Address:** _____

_____

_____

OHIO RIDER TO FRANCHISE AGREEMENT
[*for Ohio residents only***]**

This Rider amends the Restaurant Development Agreement dated _____ (the "Agreement"), between Rise & Dine Restaurants, Inc., an Ohio corporation ("RDRI") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "BOPA" means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.

2. Applicability of BOPA. Franchisee acknowledges that RDRI is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of RDRI constitutes an intent that BOPA apply to the transaction between RDRI and Franchisee or an admission by RDRI that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, "disclosure requirements and prohibitions concerning franchising," 16 C.F.R. 436.1 et seq.

3. No Delivery of Goods or Services during Cancellation Period. RDRI will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.

4. Jurisdiction and Venue. In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.

5. Cancellation. You, the Franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

6. Agent for Service of Process. The name and address of RDRI's agent authorized to receive service of process in Ohio is Timothy E. Miller, 2 Miranova Place, Suite 700, Columbus, OH 43215.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
RISE & DINE RESTAURANTS, INC.	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

OHIO
NOTICE OF CANCELLATION

[*Insert Date Agreement Signed by FRANCHISEE*]

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Rise & Dine Restaurants, Inc.'s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to RDRI at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of RDRI regarding the return shipment of the goods at RDRI's expense and risk. If you do make the goods available to RDRI and RDRI does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to RDRI, or if you agree to return them to RDRI and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Rise & Dine Restaurants, Inc., at 274 Marconi Blvd., Suite 100, Columbus, Ohio 43215, or send a fax to RDRI at 614-396-5035 or an e-mail to RDRI at scott@sunnystreetcafe.com, not later than midnight of [*Insert date that is five business days after the date above*].

I hereby cancel this transaction.

FRANCHISEE:

_____

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

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EXHIBIT F

LIST OF FRANCHISEES WHO HAVE LEFT THE SUNNY STREET CAFÉ SYSTEM

The following franchisees had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during RDRI's last fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date:

Franchisee	**Phone #**
Megan Ada	740-516-1594

EXHIBIT G

LIST OF FRANCHISEES AND FRANCHISED LOCATIONS

Franchisee Contact	**Address**	**Store Phone**
Jerry & Carolyn Leverett	6021 Walker Blvd., North Richland Hills, TX 76180	817-485-1818
Tyler Reed	644 North State St., Westerville, OH 43082	614-899-6113
Rinzy Nocero	2788 London Groveport Rd., Grove City, OH 43123	614-539-0899
Jerry & Carolyn Leverett	5000 Western Center, Suite 370, Haltom City, TX 76137	817-428-9797
Aschraf & Kate Mikhail	7042 Hospital Dr., Dublin, OH 43017	614-389-3640
Tony Milam	The Shops @ Grist Mill, 7531 Crile Rd., Concord, OH 44077	440-392-9800
Cliff Bowling	1314 S. Main St., #100 & 102, Weatherford, TX 76086	817-594-2210
Terry Douthit	7143 B Highway 72 W., Madison, AL 35758	256-213-7120
Earl Henderson	4733 Reed Road, Columbus, OH 43220	614-732-4479
Michael Schifano, M.D.	900 E. Walnut St., Carbondale, IL 62901	618-529-3447
Cliff Bowling	229 Shops Blvd, Willow Park, TX 76087	817-757-7066
Jerry & Carolyn Leverett	242 Rufe Snow Dr., Suite 100, Keller TX 76248	682-593-8081

EXHIBIT H

FINANCIAL STATEMENTS

RISE AND DINE RESTAURANTS, INC.

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024, 2023 AND 2022

Perks Pusateri
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Rise & Dine Restaurants, Inc.

Opinion
We have audited the accompanying financial statements of Rise & Dine Restaurants, Inc. (an Ohio Corporation), which comprise the balance sheets as of December 31, 2024, 2023 and 2022 and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rise & Dine Restaurants, Inc. as of December 31, 2024, 2023 and 2022, and the results of its operations and cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

O (614) 392-7800
F (614) 392-7801
137-B Commerce Park Drive
Westerville, Ohio 43082

perkscpas.com

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Westerville, Ohio
February 24, 2025

RISE & DINE RESTAURANTS, INC.

Balance Sheets
December 31,

ASSETS

	2024	2023	2022
Current Assets:			
Cash and cash equivalents:			
Unrestricted	$ 2,450,215	$ 2,882,971	$ 733,261
Restricted	5,567	19,571	15,677
Accounts receivable:			
Trade	104,702	62,124	80,829
Affiliates	232,709	104,277	717,646
Store co-op	17,057	1,572	-
Notes receivable - related entity - current portion	20,000	15,000	22,573
Prepaid expense	4,972	16,022	15,301
Total current assets	2,835,222	3,101,537	1,585,287
Other Assets:			
Notes receivable - related entity - long-term portion	60,000	85,000	127,427
Employee advances	145	-	652
Security deposit	2,480	2,480	2,480
Investments	508,240	-	-
Operating lease ROU assets (net of accumulated amortization)	205,265	241,239	-
Total other assets	776,130	328,719	130,559
Property and Equipment:			
Furniture and equipment	327,060	237,329	153,053
Less accumulated depreciation	181,462	155,015	150,220
Property and equipment, net	145,598	82,314	2,833
Intangible Assets:			
Intangibles	391,870	385,870	378,870
Less accumulated amortization	322,550	311,856	287,395
Intangibles, net	69,320	74,014	91,475
Total Assets	$ 3,826,270	$ 3,586,584	$ 1,810,154

See Notes to Financial Statements.

RISE & DINE RESTAURANTS, INC.

Balance Sheets
December 31,

LIABILITIES AND STOCKHOLDER'S EQUITY

	2024	2023	2022
Current Liabilities:			
Accounts payable:			
Trade	$ 22,034	$ 9,623	$ 21,137
Affiliates	1,242,004	1,351,364	215,482
Marketing co-op	5,567	19,571	15,677
Accrued expenses:			
Payroll	24,729	8,224	10,708
401(k)	28,269	26,694	23,505
Insurance	-	9,915	8,318
Current portion of operating lease liabilities	40,325	39,183	-
Current portion of note payable	13,344	-	-
Total current liabilities	1,376,272	1,464,574	294,827
Long-Term Liabilities:			
Accrued wages	-	-	580,000
Operating lease liabilities	176,683	213,967	-
Note payable	63,394	-	-
Total long-term liabilities	240,077	213,967	580,000
Total liabilities	1,616,349	1,678,541	874,827
Stockholders' Equity:			
Common stock, voting, no par value; 1,500 shares authorized			
100 shares issued and outstanding	-	-	-
Additional paid-in-capital	324,398	324,398	324,398
Retained earnings	1,885,523	1,583,645	610,929
Total stockholder's equity	2,209,921	1,908,043	935,327
Total Liabilities and Stockholder's Equity	$ 3,826,270	$ 3,586,584	$ 1,810,154

See Notes to Financial Statements.

RISE & DINE RESTAURANTS, INC.

Statements of Income
For the Years Ended December 31,

	2024	2023	2022
Revenue:			
Franchise royalty revenue	$1,359,311	$1,333,169	$1,211,063
Franchise fees:			
Intial fees	-	-	35,000
Renewal fees	-	2,500	10,000
Transfer fees	5,000	-	-
Marketing fee revenue	115,346	111,325	100,116
Rebates	400,641	377,967	375,196
Total revenue	1,880,298	1,824,961	1,731,375
Operating Expenses:			
Personnel	793,283	733,621	638,414
Franchise expenses	516,513	462,702	415,869
Professional fees	81,367	90,214	47,054
Office expenses	89,425	85,877	89,478
Marketing and advertising	132,759	68,201	59,074
Depreciation and amortization	73,115	39,839	25,642
Other	26,028	42,619	50,232
Total operating expenses	1,712,490	1,523,073	1,325,763
Income (Loss) from Operations	167,808	301,888	405,612
Other Income (Expense):			
Investment income (net of fees of $9,305, $6,262 and $0 for 2024, 2023, and 2022, respectively):			
Interest and dividends	141,532	71,689	1,194
Unrealized gains (losses)	(15,937)	18,219	-
Accrued wages forgiveness	-	580,000	-
Employee retention credits	-	-	62,155
Miscellaneous	8,475	920	254
Total other income	134,070	670,828	63,603
Net Income	$ 301,878	$ 972,716	$ 469,215

See Notes to Financial Statements.

RISE & DINE RESTAURANTS, INC.

Statements of Retained Earnings
For the Years Ended December 31,

	2024	2023	2022
Retained Earnings - Beginning of Year	$ 1,583,645	$ 610,929	$ 141,714
Net income	301,878	972,716	469,215
Retained Earnings - End of Year	$ 1,885,523	$ 1,583,645	$ 610,929

See Notes to Financial Statements.

RISE & DINE RESTAURANTS, INC.

Statements of Cash Flows
For the Years Ended December 31,

	2024	2023	2022
Cash Flows From Operating Activities:			
Net income (loss)	$ 301,878	$ 972,716	$ 469,215
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:			
Amortization and depreciation	73,115	39,839	25,642
Net unrealized losses on investments	15,937	-	-
(Increase) decrease in:			
Accounts receivable:			
Trade	(42,578)	18,705	(21,048)
Affiliates	(128,432)	613,369	(128,868)
Store co-op	(15,485)	(1,572)	-
Accrued interest receivable	-	-	16,009
Prepaid expense	11,050	(721)	(1,403)
Employee advances	(145)	652	(25)
Operating lease ROU assets	-	(251,821)	-
Increase (decrease) in:			
Accounts payable:			
Trade	12,411	(11,514)	(8,712)
Affiliates	(109,360)	1,135,882	(21,851)
Marketing co-op	(14,004)	3,894	419
Accrued expenses:			
Payroll	16,505	(2,484)	3,831
401(k)	1,575	3,189	5,378
Insurance	(9,915)	1,597	(301)
Wages	-	(580,000)	-
Operating lease liabilities	(36,142)	253,150	-
Total cash provided by (used by) operating activities	76,410	2,194,881	338,286
Cash Flows From Investing Activities:			
Purchase of investments	(524,177)	-	-
Purchase of equipment and intangibles	(95,731)	(91,277)	(39,885)
Total cash provided by (used by) investing activities	(619,908)	(91,277)	(39,885)
Cash Flows From Financing Activities:			
Proceeds from note payable	86,746	-	-
Principal payments of note payable	(10,008)	-	-
Principal payments of notes receivable	20,000	50,000	-
Total cash provided by (used by) financing activities	96,738	50,000	-
Net Increase (Decrase) in Cash and Cash Equivalents	(446,760)	2,153,604	298,401
Cash and Cash Equivalents - Beginning of Year	2,902,542	748,938	450,537
Cash and Cash Equivalents - End of Year	$ 2,455,782	$ 2,902,542	$ 748,938

Cash and Cash Equivalents:
Cash and cash equivalents at the end of the year consists of the following:

	2024	2023	2022
Unrestricted cash and cash equivalents	$ 2,450,215	$ 2,882,971	$ 733,261
Restricted cash	5,567	19,571	15,677
	$ 2,455,782	$ 2,902,542	$ 748,938
Supplemental Information			
Interest paid	$ -	$ 1,421	$ 67
Taxes paid	$ -	$ -	$ -

See Notes to Financial Statements.

RISE & DINE RESTAURANTS, INC.

Notes to Financial Statements
December 31, 2024, 2023 and 2022

Note 1 - Summary of Significant Policies

Nature of Operations

Rise & Dine Restaurants, Inc. (the Company) was incorporated in the state of Ohio in 2007 for the purpose of operating as the franchisor of the breakfast and lunch restaurant chain operating under the name of Sunny Street Cafe™. Franchises are offered as outlined in the Uniform Franchise Offering Circular across the United States of America. The Company does not operate any restaurants directly, but does have affiliates who operate restaurants in Ohio, Missouri and Texas as discussed in Note 12. The Company offers franchises pursuant to a franchise agreement in the United States.

During each of the three years ended December 31, 2024, 2023 and 2022, the Company had twenty-two franchised units opened and operating.

During 2022, the Company received an initial franchise fee of $35,000 for a new location in Marion, IL. This store is currently working on securing real estate and is not included with the twenty-two franchised units opened and operating for the years ending December 31, 2024, 2023 and 2022, respectively.

Accounting Principles

The financial statements of the Company have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Advertising

Advertising costs are considered incurred when the advertising takes place. These costs are expensed when incurred as an ordinary operating cost. Advertising expenses totaled $132,156, $68,130 and $58,821 during 2024, 2023 and 2022, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term securities purchased with an original maturity date of three months or less to be cash equivalents. Cash equivalents consist of money market funds totaling $2,232,263 as of December 31, 2024 and money market funds and U.S. Treasury Bills totaling $2,612,361 as of December 31, 2023. There were no cash equivalents as of December 31, 2022.

Investments

Investments totaled $508,240 as of December 31, 2024 and consist exclusively of one mutual fund invested in debt securities of various types.. Investments are reported at fair value, in accordance with FASB ASC 958-320. Realized and unrealized gains and losses associated with investments are recorded in the statements of income. The Company did not have any investments as of December 31, 2023 and 2022.

Note 1 - Summary of Significant Policies (Continued)

Fair Value of Financial Instruments

The Company provides disclosures on its financial instruments in accordance with the requirements of FASB ASC 820, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimate useful lives, as follows:

Computer equipment	5 to 10 years
Furniture and fixtures	5 to 10 years
Equipment	5 to 10 years
Leasehold improvements	6 to 7 years

The cost of maintenance and repairs are charged to expense as incurred.

Receivables

Accounts receivable - trade consists primarily of vendor rebates, franchise royalties and marketing fees, and other miscellaneous items due from franchisees.

Accounts receivable - affiliates are from funds advanced to franchisees and an area developer in which the Company's shareholder has an interest.

Notes receivable are derived from the Company granting credit to creditworthy franchisees and representatives for payment of fees and other cost as determined by management. Fees are generally due upon signing of the representative or franchise agreement but can be extended at the discretion of management. Interest rates on these notes range from zero (0) to eleven-point two (11.2) percent.

The Company uses the allowance method to account for uncollected receivables. Management believes all accounts receivable are collectible and, accordingly, there was no allowance for doubtful accounts as of December 31, 2024, 2023 and 2022. Bad debt expense totaled $16,809 in 2022. There was no bad debt expense in 2024 and 2023.

Note 1 - Summary of Significant Policies (Continued)

Revenue Recognition

The Financial Accounting Standards Board ("FASB") issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services.

The Company's revenues during the years ended December 31, 2023, 2022 and 2021 consist primarily of royalties, franchise fees, marketing fees and rebates.

Royalties and marketing fees are recognized as revenue in accordance with ASC 606 and are sales based. The franchise agreement calls for the payment of a weekly royalty of five and one quarter percent (5.25%) and a marketing fee of one-half percent (.50%) of the franchisee's gross sales, as defined by the agreement. The royalty fee is set at a minimum of $250 per week. The fees are due on or before the Tuesday of each calendar week based upon the gross sale of the franchised business for the preceding calendar week. Any payment or report not actually received by the Company on or before such date shall be deemed overdue. Overdue payments are subject to interest of one percent (1%) of the gross sales on the date payment was due.

Revenue from initial franchise fees is recognized when the franchise agreement is executed and initial services are provided. Renewal and transfer franchise fees are recognized as revenue when the renewal or transfer agreement is executed.

Rebates are recognized as revenue in accordance with FASB 705-20-25 and consist primarily of volume rebates for food and drink orders made on behalf of the franchisees. Receivables associated with these rebates totaled $98,783, $62,124 and $55,434 as of December 31, 2024, 2023 and 2022, respectively.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of assets carrying value to its future undiscounted net cash flows. Impaired assets are recognized at the lower of fair value or carrying amount. No impaired assets were identified during the years ending December 31, 2024, 2023 and 2022.

Leases

The Company leases office space. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on its balance sheets. All leases are classified as operating leases under ASC 842.

RISE & DINE RESTAURANTS, INC.

Notes to Financial Statements (Continued)
December 31, 2024, 2023 and 2022

Note 1 - Summary of Significant Policies (Continued)

Leases (Continued)

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of these leases do not provide an implicit rate, the Company uses the risk-free rate based on the information available at commencement date in determining the present value lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments are recognized on a straight-line basis over the lease term.

The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

Marketing Co-Op Payable

The franchise agreement allows the Company to designate any geographic area for the purpose of establishing a regional advertising cooperative. The franchise agreement gives the cooperative the right to collect payments for a weekly advertising contribution of up to three percent (3%) of the franchisee's gross sales in the same manner as the royalty and marketing fees. Due to the fact that the cooperative is operating for the benefit of the franchisees within its region, the contributions collected and expenses paid in connection with the cooperative are not reflected in the Company's statements of income, rather the gross amounts of the contributions and expenses is reported in the balance sheets as restricted cash and a liability.

Intangible Assets

Intangible assets are presented in accordance with FASB ASC 350 and consist of various franchise costs, website development costs and various other items. These assets are amortized on the straight-line basis over a useful life ranging from 10-15 years.

Note 2 - Concentration of Credit Risk

The Company maintains cash accounts with financial institutions, which exceeded the Federal Depositor Insurance Corporation limits by $1,982,263, $1,591,399, and $368,081 for the years ending December 31, 2024, 2023 and 2022, respectively. All of the Company's cash deposits are held by reputable financial institutions and management believes the risk associated with uninsured deposits is low.

Note 3 - Fair Value Measurements

The Company values its financial instruments at fair value. In accordance with FASB ASC 820, fair value is defined as the price that the Company would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in a principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Company's investments. Inputs are summarized in the three levels required by ASC 820, listed below:

Level 1 – Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

Level 2 – Inputs are observable but exclude quoted prices in active markets for identical assets.

Level 3 – Inputs are unobservable and are supported by little or no market activity significant to the fair value measurements.

The Company's investments are valued at fair value and consist of mutual funds. These investments are categorized as Level 1 in the fair value hierarchy.

Note 4 - Notes Receivable

Notes receivable reflected on the accompanying balance sheets consist of the following at December 31:

	2024	2023	2022
Note receivable, dated February 14, 2018 from shareholders store, 4.80% interest, payable in monthly installments of $2,816.98 including interest.	$ 80,000	$ 100,000	$ 150,000
Total notes receivable	80,000	100,000	150,000
Less: current portion	(20,000)	(15,000)	(22,573)
Total notes receivable (net of current portion)	$ 60,000	$ 85,000	$ 127,427

Note 5 - Accounts Receivable - Trade

The Company carries its accounts receivable - trade at their unpaid balances consisting of the following at December 31:

	2024	2023	2022
Royalties and marketing fees	$ ---	$ ---	$ 25,395
Rebates	98,783	62,124	55,434
Miscellaneous	5,919	---	---
Total accounts receivable - trade	$ 104,702	$ 62,124	$ 80,829

Note 6 - Property and Equipment

Property and equipment consists of the following as of December 31:

Property and equipment:	2024	2023	2022
Computer equipment	$ 20,872	$ 20,872	$ 16,966
Furniture and fixtures	86,516	85,466	6,247
Equipment	132,926	130,991	129,840
Leasehold improvements	86,746	---	---
Total property and equipment	327,060	237,329	153,053
Less accumulated depreciation	(181,462)	(155,015)	(150,220)
Net property and equipment	$ 145,598	$ 82,314	$ 2,833

Depreciation expense was $26,447, $8,410 and $3,233 for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 7 - Intangibles

Intangibles assets are presented in accordance with FASB ASC 350 and include the following:

	2024	2023	2022
Peaches franchise cost	$ 205,779	$ 205,779	$ 205,779
Less accumulated amortization	(205,779)	(205,779)	(192,060)
Peaches franchise cost, net	---	---	13,719
Franchise restaurant interior design costs	74,500	74,500	74,500
Less accumulated amortization	(19,072)	(14,105)	(10,760)
Franchise restaurant interior design costs, net	55,428	60,395	26,673
Website development costs	68,963	62,963	55,963
Less accumulated amortization	(56,034)	(50,860)	(44,209)
Website development costs, net	12,929	12,102	11,754
Other intangibles	42,628	42,628	42,628
Less accumulated amortization	(41,665)	(41,112)	(40,366)
Other intangibles, net	964	1,516	2,262
Total cost	391,870	385,870	378,870
Total accumulated amortization	(322,550)	(311,856)	(287,395)
Intangibles, net	$ 69,320	$ 74,014	$ 91,475

Amortization expense totaled $10,694, $21,117, and $22,419 for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 8 - Note Payable

Note payable consists of the following as of December 31,:

	2024	2023	2022
Non-interest-bearing note payable to lessor for leasehold improvements, payable in monthly payments of $1,112.	$ 76,738	$ ---	$ ---
Total long-term debt	76,738	---	---
Less: current portion	(13,344)	---	---
Total long-term debt (net of current portion)	$ 63,394	$ ---	$ ---

Note 9 - Accrued Wages/Unusual and/or Infrequent Items

Accrued wages consist of the agreed upon salary for the Company's executives less the actual wages paid as of December 31, 2022 and 2021. As of December 31, 2023, the Company's executives agreed to forgive the liability for accrued wages and accordingly, $580,000 associated with this forgiveness has been reflected as other income in the accompanying 2023 Statement of Income. This amount is considered an "unusual and/or infrequent item" in accordance with Accounting Standards Update (ASU) 225-20-65-1.

Note 10 - S Corporation

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporate income taxes, the stockholder of an S Corporation is taxed on their proportionate share of the Company's taxable income. Therefore, no provision for federal income taxes has been included in the financial statements.

As an S Corporation, the Company passes items of income and deductions to its stockholders as earned, and thus pays no federal or state corporation income tax itself. Due to differences in methods of computing depreciation and the timing of expense recognition, expenses are recognized in different periods for tax reporting than for financial reporting purposes. These timing differences have created deferrals of taxable income passed from the Company to its stockholders.

The Company's federal income tax returns for the years ending December 31, 2024, 2023 2022 and 2021 are open to Internal Revenue Service audit.

Note 11 - Operating Leases

The Company has an operating lease as reported under ASC 842, for office space. The lease has a remaining lease term of five years and nine months and includes an option to extend the lease for up to five years.

Operating lease costs are reported in the statements of income under depreciation and amortization. The components of lease cost for the year ended December 31, 2024 are as follows:

Amortization expense	$ 35,974
Interest expense	3,041
Total operating lease cost	$ 39,015

Note 11 - Operating Leases (Continued)

The Company shares its office space with other companies owned by the stockholder of Rise & Dine, Restaurants, Inc. There are informal agreements to share the rent and office expenses. Prior to the implementation of ASC 842, office rent expense is reported in the schedule of operating expenses as rent expense reduced by the reimbursements. Reimbursements received from related parties totaled $22,364 and $20,816 for the years ending December 31, 2023 and 2022, respectively.

Supplemental Cash Flows Information:

Cash paid for amounts included in the measurement of lease liabilities	$ 39,183
Right-of-use assets obtained in exchange for lease obligations	251,821
Weighted Average Remaining Lease Term	5.75
Weighted Average Discount Rate	4.73%

Maturities of lease liabilities under noncancellable operating leases as of December 31, 2024 are as follows:

Year ended December 31,	
2025	$ 40,324
2026	41,471
2027	42,615
2028	43,757
2029	44,902
Thereafter	34,322
Total undiscounted lease payments	247,391
Less imputed interest	(30,383)
Total lease liabilities	$ 217,008

The Company has elected to apply the short-term lease exemption to one of its classes of underlying assets: office equipment. The Company leases a copier with terms that are not in excess of one year. The short-term lease cost recognized is $4,573, $4,117 and $3,898 for the years ending December 31, 2024, 2023 and 2022, respectively, and is reported under office expense in the statements of income.

Note 12 - Retirement

The Company instituted a 401(k) retirement plan in 2020 after previously using a Simple IRA retirement plan in 2017. The plan allows participants to contribute up to the IRS maximum amount allowed each year. The Company will match the employee's contribution, up to 4% of their wages.

The Company's match totaled $25,322, $24,210 and $19,495 for 2024, 2023 and 2022, respectively, and these amounts have been included in personnel expenses in the accompanying statements of income.

RISE & DINE RESTAURANTS, INC.

Notes to Financial Statements (Continued)
December 31, 2024, 2023 and 2022

Note 13 - Related Party Activity

The stockholders of the Company also own an interest in fourteen limited liability companies which operate ten restaurants under the Sunny Street Cafe™ name.

The following is a schedule of accounts receivable and payable to these related parties at December 31:

	2024	2023	2022
Accounts Receivable - Affiliates			
Cardinal SSC - Des Peres LLC	$ ---	$ ---	$ 36,763
Cardinal SSC - Wildwood, LLC	---	---	20,212
Cardinal SSC - Wentzville LLC	---	---	32,554
Buckeye Peach's, LLC	69,307	---	270,795
Buckeye Rise & Dine - Nationwide, LLC	71,051	60,408	120,674
Buckeye Rise & Dine - Sawmill, LLC	---	---	102,462
Buckeye SSC Broad, LLC	12,935	10,066	36,404
Buckeye SSC - Sancus LLC	38,647	14,592	41,214
Dallas Sunny Street - Josey Ranch, LLC	36,977	15,779	37,371
Carbondale Sunny Street	---	129	---
Texas SSC, LLC	3,792	3,303	19,197
Total accounts receivable - affiliates	$ 232,709	$ 104,277	$ 717,646
Notes Receivable - Related Entity			
Buckeye SSC - Sancus, LLC	$ 80,000	$ 100,000	$ 150,000
Total notes receivable - related entity	$ 80,000	$ 100,000	$ 150,000
Accounts Payable - Affiliates			
Buckeye Peaches, LLC	$ ---	$ 67,904	$ ---
Buckeye Rise & Dine - Sawmill, LLC	42,618	64,223	---
Cardinal SSC, LLC	149,547	153,825	28,818
Cardinal SSC - Arnold, LLC	800,243	697,429	60,543
Cardinal SSC - Wentzville, LLC	76,036	89,113	---
Cardinal SSC - Wildwood, LLC	106,002	130,108	---
Cardinal SSC - Des Peres, LLC	53,666	49,737	---
Dallas Sunny Street – Little Elm, LLC	13,892	99,025	126,121
Total accounts payable - affiliates	$1,242,004	$1,351,364	$ 215,482

The following is a summary of transactions with related party companies for the year ended December 31:

	2024	2023	2022
Royalty and marketing fees received	$ 618,318	$ 613,162	$ 538,627
Royalties paid	$ 408,168	$ 408,168	$ 361,223
Corporate allocation of expenses to companies (net)	$ 40,732	$ 25,352	$ 29,213
Repayment of debt	$ 20,000	$ 50,000	$ ---

Note 14 - Contingencies and Commitments

The Company entered into several franchise agreements in previous years. Under these franchise agreements the Company is required to perform certain duties as outlined in the respective agreements in subsequent periods. These duties include providing and review of operation and training manuals; assistance, consulting and approval of financing, site selection, design and architectural and construction matters; in depth training on restaurant operations; training and assisting in local marketing; and assistance with the opening of the store and related on-site training during opening week.

Note 15 - Subsequent Events

The Company has evaluated subsequent events through February 24, 2025, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RISE & DINE RESTAURANTS, INC.

Schedules of Operating Expenses
For the Years Ended December 31,

	2024	2023	2022
Personnel:			
Employee benefits	$ 7,313	$ 7,025	$ 4,132
Employee retirement	25,322	24,210	19,495
Meals and entertainment	11,910	11,405	9,349
Parking	7,911	8,110	7,051
Payroll taxes	48,305	43,378	38,693
Salary and wages	667,499	614,481	540,711
Travel	25,023	25,012	18,983
Total personnel	793,283	733,621	638,414
Franchise expenses:			
Franchise recruitment	102,934	54,534	54,636
Franchise royalty distribution	413,579	408,168	361,233
Total franchise expenses	516,513	462,702	415,869
Professional fees:			
Payroll service fees	3,549	6,089	187
Professional fees	77,818	84,125	46,867
Total professional fees	81,367	90,214	47,054
Office:			
Bank service charges	1,909	2,123	1,862
Copier	6,450	7,658	9,054
Dues and subscriptions	18,161	20,991	23,818
Insurance	42,764	26,681	27,432
Office supplies and expense	13,078	14,324	4,589
Postage and delivery	363	545	658
Rent	-	4,990	13,800
Telephone and internet	6,700	8,565	8,265
Total office	89,425	85,877	89,478
Marketing and advertising:			
Advertising	132,156	68,130	58,821
Marketing	50	-	175
Website development	553	71	78
Total marketing and advertising	132,759	68,201	59,074
Depreciation and amortization:			
Amortization	10,694	21,117	22,419
Depreciation	26,447	8,140	3,223
ROU asset amortization	35,974	10,582	-
Total depreciation and amortization	73,115	39,839	25,642
Other:			
Bad debt expense	-	-	16,859
Charitable contributions	-	1,343	2,500
Corporate gifts	6,229	7,640	8,950
Interest	-	1,421	-
Lease liability interest	3,041	11,911	-
Local taxes	5,176	16,721	17,091
Menu development	2,744	1,492	631
Miscellaneous	8,838	2,091	4,201
Total other	26,028	42,619	50,232
Total Operating Expenses	$1,712,490	$1,523,073	$1,325,763

See Notes to Financial Statements.

EXHIBIT I

ILLINOIS STATE ADDENDA

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

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

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between Rise & Dine Restaurants, Inc., an Ohio corporation ("**RDRI**") and _____, a _____ _____ ("**Franchisee**").

1. Governing Law. Illinois law governs the Agreement.

2. Waivers Void. In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. Jurisdiction. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to occur outside of Illinois.

4. Termination/Non-Renewal. Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Disclaimers. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

RDRI:	**FRANCHISEE:**
RISE & DINE RESTAURANTS, INC.	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

ILLINOIS RIDER TO DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between Rise & Dine Restaurants, Inc., an Ohio corporation ("**RDRI**") and _____, a _____ _____ ("**Developer**").

1. Governing Law. Illinois law governs the Agreement.

2. Waivers Void. In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Developer to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Developer from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. Jurisdiction. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to occur outside of Illinois.

4. Termination/Non-Renewal. Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Disclaimers. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

RDRI:	**DEVELOPER:**
RISE & DINE RESTAURANTS, INC.	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

STATE EFFECTIVE DATES

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

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

State	**Effective Date**
Illinois	Pending

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

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 Rise & Dine Restaurants, Inc. ("RDRI") offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If RDRI does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator identified in Exhibit A.

Franchise Seller Information:

Scott Moffitt, 274 Marconi Boulevard, Suite 100, Columbus, OH 43215, 614-396-5030 x 105.
Kim Kidwell, 274 Marconi Boulevard, Suite 100, Columbus, OH 73215, 614-396-5030 x 110.
Michael Stasko, 274 Marconi Boulevard, Suite 100, Columbus, OH 43215, 614-396-5030 x 103.
Kathy Davidson, 13236 Cottage Grove Dr., Frisco, TX, 75033, 678-485-8413.

Issued: April 3, 2025

I received a disclosure document issued on April 3, 2025. This disclosure document included the following exhibits:

A. List of State Administrators
B. Agents for Service of Process
C. Development Agreement
D. Franchise Agreement
E. Operations Manual Table of Contents
F. List of Franchisees Who Have Left the Sunny Street Café System
G. List of Franchisees and Franchised Locations
H. Financial Statements
I. Illinois State Addenda

Signature: _____

Print Name: _____

Company Name: _____

Date Received: _____

TO BE RETAINED BY YOU

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 Rise & Dine Restaurants, Inc. ("RDRI") offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If RDRI does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator identified in Exhibit A.

Franchise Seller Information:

Scott Moffitt, 274 Marconi Boulevard, Suite 100, Columbus, OH 43215, 614-396-5030 x 105.
Kim Kidwell, 274 Marconi Boulevard, Suite 100, Columbus, OH 73215, 614-396-5030 x 110.
Michael Stasko, 274 Marconi Boulevard, Suite 100, Columbus, OH 43215, 614-396-5030 x 103.
Kathy Davidson, 13236 Cottage Grove Dr., Frisco, TX, 75033, 678-485-8413.

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TO BE RETURNED TO RDRI