FRANCHISE DISCLOSURE DOCUMENT

TIM HORTONS USA INC.
a Florida Corporation
5707 Blue Lagoon Drive
Miami, Florida 33126
Telephone: (305) 378-7128
Email: US_franchise_requests@timhortons.com
www.timhortons.com

You will operate a restaurant specializing in the sale of coffee and other non-alcoholic beverages, baked goods, soups, sandwiches and related products, under Tim Hortons USA Inc.'s distinctive format and operating system, including the TIM HORTONS® marks (the "**Franchised Restaurant**").

We offer franchises for the establishment and operation of two types of restaurants that, under the name Tim Hortons, sell coffee and other non-alcoholic beverages, baked goods, soups, sandwiches, and related products, and that operate under Franchise Agreements. We also offer franchises for the operation of fully equipped and fixed restaurants that, under the name Tim Hortons, sell coffee and other non-alcoholic beverages, baked goods, soups, sandwiches, and related products, and that operate under Operator Agreements. In addition, a limited number of restaurants, most of which will be existing Tim Hortons franchisees, may be offered the opportunity to supplement their restaurant's product mix by also selling selected Cold Stone Creamery products in addition to their Tim Hortons product offerings (each a "**Co-Branded Restaurant**").

The total investment necessary to begin operation of a Tim Hortons franchise under a Franchise Agreement (excluding real property) ranges from $236,500 to $2,137,500 for a Standard Shop. This includes $100,000 to 460,000 for a Standard Shop that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a Tim Hortons franchise under a Franchise Agreement (excluding real property) ranges from $124,000 to $393,800 for a Non-Standard Shop. This includes $75,000 to $225,000 for a Non-Standard Shop that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of a Co-Branded Restaurant franchise under a Franchise Agreement (excluding real property) ranges from $695,500 to $1,837,400 for a newly-built Co-Branded Restaurant and from $135,300 to $253,600 for a Tim Hortons restaurant that is renovated to become a Co-Branded Restaurant. This includes $466,000 to $696,500 for a newly-built Co-Branded Restaurant and $5,500 to $211,600 for a Tim Hortons restaurant that is renovated to become a Co-Branded Restaurant that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of a Tim Hortons Shop under an Operator Agreement ranges from $53,650 to $185,500. This includes $5,000 to $35,000 that must be paid to franchisor or an affiliate.

The total investment necessary to begin operation of a Co-Branded Restaurant under an Operator Agreement for a newly built Tim Hortons restaurant ranges from $59,900 to $148,400 and from $14,600 to $39,000 for a Tim Hortons restaurant that is renovated to become a Co-Branded Restaurant. This includes

$11,500 to $42,000 for a newly-built Co-Branded Restaurant and $3,500 to $6,500 for a Tim Hortons restaurant that is renovated to become a Co-Branded Restaurant that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation of a Tim Hortons restaurant under the Area Development Agreement is the same as the investment disclosed above, except that you will pay a portion of the initial franchise fee in the amount of $25,000 multiplied by the number of restaurants you agree to develop under the Area Development Agreement, which is credited toward payment of the initial franchise fee for each restaurant to be opened under the Area Development Agreement, on a pro-rata basis.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, you may contact THUSA Franchise Contract Management at 5707 Blue Lagoon Drive, Miami, Florida 33126; telephone: (305) 378-7128, E-mail: GBSRequest@rbi.com.

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

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

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

The issuance date of this Franchise Disclosure Document is March 13, 2023.

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 G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only TIM HORTONS® 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 TIM HORTONS® franchisee?	Item 20 or Exhibits G and H 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 Risk(s) to Consider About *This* Franchise

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

Out-of-State Dispute Resolution. The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by litigation in Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Florida 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.

NOTICE MANDATED BY SECTION 8 OF MICHIGAN'S FRANCHISE INVESTMENT ACT

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

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

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48909, telephone: (517) 373-7117.

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

In this disclosure document "**Tim Hortons**," "**we**," and "**us**," and "**our**" refers to Tim Hortons USA Inc. ("**THUSA**"). "**You**," and "**your**" refers to the person or entity who becomes a franchisee or Operator, or the developer under an "Area Development Agreement." If the franchisee or Operator is not an individual, "you" refers to the franchisee entity and not the individual, unless otherwise noted.

A business that operates under the Tim Hortons System and uses the Tim Hortons Trademarks is referred to in this disclosure document as a "**Tim Hortons Shop**." Unless we indicate otherwise, all references in this disclosure document to a Tim Hortons Shop will refer to a Standard Shop or a Non-Standard Shop (as described below in this Item 1). Each type of Tim Hortons Shop must be constructed and operated in compliance with our requirements and standards, such as interior and exterior appearance, specified equipment, equipment layout, interior and exterior accessories, identification schemes, products, and management, marketing and operational specifications ("**Tim Hortons System**"), and use trademarks, trade names, service marks, logos, emblems and indicia of origin, we own or license to you ("**Tim Hortons Trademarks**"), such as the name Tim Hortons.

The Franchisor

THUSA was incorporated in Delaware in June 2007, and changed its state of incorporation to Florida in December 2017. As of December 31, 2022, there were 5,600 Tim Hortons Shops worldwide, of which 623, excluding self-serve locations, were located in the United States. Our principal business address is 5707 Blue Lagoon Drive, Miami, Florida 33126. We franchise Tim Hortons Shops that sell coffee and other non-alcoholic beverages, baked goods, soup, sandwiches, and related products. Our predecessor opened the first Tim Hortons Shop in the United States in 1984. Our predecessor offered franchises for a brief period in the mid-1980s and, after discontinuing franchising activities for several years, it again began offering franchises in 1993. We also began offering Tim Hortons franchises in Latin America and the Caribbean in July 2020 and as of December 31, 2022 we had 55 franchised locations in Latin America and the Caribbean. We do not conduct business under any other name and have not previously offered franchises in any other type of business.

Our Parents and Predecessors

We are an indirect subsidiary of Restaurant Brands International Limited Partnership, a limited partnership organized under the laws of the Province of Ontario ("**RBILP**"). The general partner of RBILP is Restaurant Brands International Inc., a Canadian corporation ("**RBI**"). The principal place of business of RBILP and RBI is 130 King Street West, Suite 300, Toronto, Ontario M5X 1E1, Canada.

3G Restaurant Brands Holdings LP, a Cayman Islands limited partnership ("**3G Restaurant Brands Holdings**") owns the largest percentage of the combined voting power of RBI (approximately 29%). 3G Restaurant Brands Holdings' general partner is 3G Restaurant Brands Holdings General Partner Ltd., a Cayman Islands exempted company ("**3G Restaurant Brands Holdings GP**"). 3G Restaurant Brands Holdings and 3G Restaurant Brands Holdings GP are each located at c/o 3G Capital, Inc., 600 Third Avenue, 37th Floor, New York, NY 10016.

Since July 1984, The THD Group LLC through its predecessors conducted franchise activities in the United States. On June 30, 2007, The THD Group LLC merged with us, and since that time, we have conducted business under the name Tim Hortons USA Inc., first as a Delaware corporation until December 2017 and then as a Florida corporation from December 2017 to the present. None of these parties has offered franchises in any other line of business.

Our Affiliates

RBI also indirectly owns Burger King Company LLC ("**BKC**"), Popeyes Louisiana Kitchen, Inc. ("**PLK**") and Firehouse of America, LLC ("**FOA**"). We are affiliates of all of these companies.

BKC, through its predecessor Burger King Corporation (**"BK Corporation"**), has owned, operated and franchised Burger King® quick-service hamburger restaurants in the United States since 1954. BK Corporation transferred all the franchise agreements, company restaurants and all intellectual property to BKC in August 2022. BK Corporation was dissolved in December, 2022. Its principal business address was the same as our principal business address. As of December 31, 2022, there were 19,789 total Burger King® restaurants worldwide, of which 7,042 were located in the United States. Of the total number of Burger King® restaurants in the United States, 50 were owned by BKC or an affiliate of BKC. Of BKC's affiliates, only Burger King Europe GmbH ("**BK Europe**"), BK AsiaPac, Pte. Ltd. ("**BK APac**") and BK Canada Service ULC ("**BK Canada**") offer franchises in their respective countries or regions. BK Europe and BK APac have operated and franchised the operation of Burger King® restaurants since April 2006 and BK Canada since April 2016. As of December 31, 2022, BK Europe had 6,317 franchised Burger King® restaurants, BK APac had 3,836 franchised Burger King® restaurants and BK Canada had 347 Burger King restaurants.

Since 1992, PLK has been operating and franchising the operation of Popeyes® restaurants (formerly Popeyes Chicken and Biscuits) in the United States. PLK's affiliate, PLK APAC Pte. Ltd. ("**PLK APAC**") has been operating and franchising the operation of Popeyes® restaurants in Asia since January 2018 and in Europe from January 2018 through July 2019. PLK's affiliate, PLK Europe GmbH ("**PLK Europe**") has been operating and franchising the operation of Popeyes® restaurants in Europe since August 2019. As of December 31, 2022, there were 4,091 Popeyes® restaurants worldwide, of which 2,945 were located in the United States, including the U.S. Territories of Guam and Puerto Rico. Of the total number of Popeyes® restaurants in the U.S., 41 were owned by PLK. As of December 31, 2022, PLK APAC had 124 franchised Popeyes restaurants and PLK Europe had 490 franchised restaurants.

Since December 2004, FOA has been operating and franchising the operation of Firehouse Subs® restaurants in the United States and before that its parent, FRG, LLC (formerly Firehouse Restaurant Group, Inc.) operated and franchised the operation of Firehouse Subs® restaurants in the United States from February 1995 until December 2004. FOA also offers area development rights and offered area representative franchise rights from April 2005 to November 2021. FOA's affiliate, Firehouse Subs of Canada Ltd. ("**Firehouse Canada**") has been offering and selling franchises in Canada since February 2014. As of December 31, 2022, there were 1,242 Firehouse Subs® restaurants worldwide, of which 1,187 were located in the United States, including the U.S. Territory of Puerto Rico. Of the total number of Firehouse Subs® restaurants in the U.S., 38 were owned by affiliates of FOA. As of December 31, 2022, Firehouse Canada had 55 franchised restaurants.

Our affiliate, The TDL Group Corp. ("**TDL**") sells various products to our franchisees. Please see Item 8 for additional details. Since January 1965, TDL has sold franchises in Canada, which are similar to the franchises being offered by us in the United States and Latin America. TDL does not offer franchises in any other line of business. As of December 31, 2022, there were 3,896 Tim Hortons restaurants in Canada, including both full service and kiosk shops. Of the total number of Tim Hortons restaurants in Canada, 7 were owned by TDL or an affiliate of TDL.

Our affiliate, Tim Donut U.S. Limited, Inc. in many cases, either owns and leases, or will lease and then sublease, the premises from which most of our franchisees will operate their Tim Hortons Shop. Our affiliate, TimFox Properties, LLC, leases or subleases the properties for several Tim Hortons Shops in the

state of New York to New York franchisees. Neither of these affiliates has operated Tim Hortons Shops nor have they offered franchises in any line of business.

Since 2016, our affiliate, Tim Hortons Restaurants International GmbH ("**TH International**") has been the franchisor for the Tim Hortons brand outside of the U.S. and Canada, and in July 2020 began focusing on the regions of Europe, the Middle East and Africa. As of December 31, 2022, TH International had 339 franchised Tim Hortons Shops.

Since July 2020, Tim Hortons Asia Pacific Pte. Ltd. ("**TH APAC**") has been the franchisor for the Tim Hortons brand in the Asia Pacific region other than China. As of December 31, 2022, TH APAC had 687 franchised Tim Hortons Shops.

Our affiliates' principal places of business are: BKC, PLK, Tim Donut U.S. Limited, Inc. and TimFox Properties, LLC: 5707 Blue Lagoon Drive, Miami, Florida 33126; TDL, BK Canada and Firehouse Canada: 130 King Street West, Suite 300, Toronto, Ontario M5X 1E1, Canada; BK Europe, PLK Europe, and TH International: Dammstrasse 23, 6300 Zug, Switzerland; BK APac, PLK APAC and TH APAC: 8 Cross Street, Manulife Tower, #28-01, Singapore 048424; and FOA: 12735 Gran Bay Parkway, Suite 150, Jacksonville, Florida 32258.

Our agents for service of process are listed in Exhibit A.

The Franchise Offered

This disclosure document describes franchises under our traditional franchise program for Tim Hortons Shops operated by franchisees under a franchise agreement ("**Franchise Agreement**"), the form of which is attached as Exhibit D.

We also offer franchises for Tim Hortons Shops to be operated under an operator agreement ("**Operator Agreement**"). As of December 31, 2022, there were 32 Standard Shops operated by non-employee independent operators ("**Operators**") under an Operator Agreement, the form of which is attached as Exhibit Q. In our sole judgement, we may offer to some current and future Operators the option to acquire the assets of their Tim Hortons Shop from the Tim Hortons Shop owner (which, depending on the specific Tim Hortons Shop may be us or one of our affiliates), and sign a Franchise Agreement with us for the Tim Hortons Shop.

In the past we offered a Development [and Renovation] Agreement under which franchisees would commit to develop Tim Hortons Shops in a market and perform other obligations in that market. Currently, we offer an Area Development Agreement within a designated market area (a "**Territory**"), the form of which is attached as Exhibit P ("**Area Development Agreement**"). Under the Area Development Agreement, franchisees do not have exclusive rights to develop in the Territory and do not have the right to sub franchise Tim Hortons Shops to third party franchisees. In addition, before actually developing a Tim Hortons Shop, a franchisee that has signed an Area Development Agreement must sign the current form of Franchise Agreement that we are using at the time we require you to sign the Franchise Agreement for each Tim Hortons Shop opened under an Area Development Agreement. The terms of these agreements may differ from the form attached to this Disclosure Document. Under an Area Development Agreement, only Standard Shops count towards your development obligations.

If approved by us, you will be offered a Franchise Agreement or Operator Agreement granting you the right to open one of the following two types of Tim Hortons Shops:

1. **Standard Shop**: A Standard Shop is the typical Tim Hortons Shop. It produces, merchandises, and sells a variety of baked goods, such as donuts, cookies, muffins, tarts, as well as coffee and other beverages. Most Standard Shops also offer a variety of soups, chili, and sandwiches. The Standard Shop typically ranges in size from 1,000 to 2,300 square feet, contains a seating area for customers, and may include a drive-thru facility. The Standard Shop may also be a stand-alone, an in-line Shop, or a Shop within another facility. Some Standard Shops are located within retail stores or retail centers, universities, hospitals or airports. In select cases, a Standard Shop may also be drive thru only. The drive thru only includes a drive thru pickup window and a walkup window. It offers abbreviated menu offerings consisting of hot and cold beverages, baked goods and breakfast sandwiches.

2. **Non-Standard Shop**: The versatility of Non-Standard Shops allows them to be installed in almost any type of location or area. There are generally 2 types of Non-Standard Shops: (i) a built-in kiosk; and (ii) a full service cart. The built-in kiosk is designed to accommodate any product format but is best suited for a full menu line, including coffee, baked goods, and sandwiches. The dimensions of a built-in kiosk vary depending on the proposed location. The full service cart is modular and can be modified to suit the size, location and consumer demand of its location. It can accommodate one or more coffee stations and/or a limited menu. In certain limited circumstances, kiosk owners must supply kiosks with all necessary products and may be required to obtain their baked goods from a local Tim Hortons franchisee.

Over the years we have offered multiple images for our Tim Hortons Shops. The current approved image is the Welcome 2021 image. We refer to this image in this disclosure document as the "**New Model**".

In most cases, you must secure control of the property where your Tim Hortons Shop will be located by either leasing or subleasing the property or purchasing it. However, if you are purchasing a Tim Hortons Shop from us and we control the property through a lease or sublease we will, in most situations, lease or sublease the property to you. We have an arrangement with Kahala Franchising, L.L.C. ("**Cold Stone**") under which some franchised Tim Hortons Shops sell, in addition to Tim Hortons products, selected products of Cold Stone. We no longer offer this type of arrangement for new Shops, but information about this supplemental product offering appears in the Cold Stone Addendum attached at Exhibit J.

Finally, we may occasionally permit a prospective franchisee or Operator to attend our initial training program in circumstances where neither we nor the prospective franchisee is obligated to sign a Franchise Agreement, Development Agreement or Operator Agreement.

Competition

The market for the goods and services offered by a Tim Hortons Shop is well developed. Tim Hortons Shops will compete with a wide variety of national and local businesses, including fast food restaurants, bakeries, grocery stores, coffee shops, and other similar types of stores.

Industry Specific Regulations

You must comply with all local, state, and federal laws that apply to your Tim Hortons Shop. A variety of laws govern the operation of a food service business. Examples include laws relating to labor and employment, food safety, health and sanitation codes, packaging and sustainability, laws, rules and regulations concerning "Truth in Menu" (concerning menu item names and product labeling), laws requiring nutritional information on menus and menu boards, laws concerning nutritional claims, the federal

Americans with Disabilities Act of 1990 ("**ADA**"), data protection (such as credit card protection under the U.S. Fair and Accurate Credit Transactions Act) and privacy laws. There may be other laws applicable to your business and we urge you to make further inquiries about these laws. In addition, laws that apply to businesses in general will affect you. You must also comply with Payment Card Industry Data Security Standards. You must also comply with all provisions of the USA Patriot Act and Executive Order 13224. Your business is subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close or limit operations during state or national emergencies.

Consult your lawyer about the laws that may affect your business.

ITEM 2
BUSINESS EXPERIENCE

The Tim Hortons USA Board of Directors

Axel Schwan	Mr. Schwan was named director of Tim Hortons in December 2019. He has served as an Officer of RBI since January 2020. Mr. Schwan was also named President, Tim Hortons (Americas) in December 2019, based in Toronto, Ontario. From October 2019 to December 2019, he served as our Regional President and the Regional President of TDL. From October 2017 to October 2019 he served as Tim Hortons (Global) Chief Marketing Officer and from October 2013 to October 2017, he served as BK Corporation's Global Chief Marketing Officer.
Jill Granat	Ms. Granat was named director of Tim Hortons in September 2021. She has served as a director of FRG since December 2021 and as a director of PLK since March 2017. She has served as the Secretary of PLK since October 2017 and as our Secretary since January 2015. Ms. Granat has been General Counsel of RBI since December 2014. She has also served as BKC's General Counsel since August 2022. Ms. Granat served in this same capacity for BK Corporation from February 2011 to December 2022, along with serving in various legal positions in BK Corporation's Legal Department since 1998.
Matt Dunnigan	Mr. Dunnigan was named director of Tim Hortons in September 2021. He has served as a director of FRG since December 2021. He has been a director and Vice President of PLK since March 2018. Mr. Dunnigan has been Chief Financial Officer of RBI since January 2018. From October 2014 to January 2018, he served as Treasurer of RBI. Mr. Dunnigan has served as a director of Carrols Restaurant Group, Inc., the parent company of Carrols, LLC, a Burger King franchisee located in Syracuse, New York since February 2018.

Executive Chairman of Restaurant Brands International Inc.: Patrick Doyle

Mr. Doyle was appointed as an Officer of RBI in November 2022 and as a Director in January 2023. Before joining RBI, Mr. Doyle served as the Executive Partner for Carlyle Group from September 2019 to November 2022 and the Chief Executive Officer for Domino's Pizza from July 1997 to June 2018. Mr. Doyle joined the Board of Best Buy Co., Inc. located in Minneapolis, MN in 2014 and has served as the Chairman of the Board since 2020.

Chief Executive Officer of Restaurant Brands International Inc.: Joshua Kobza

Mr. Kobza was appointed as the Chief Executive Officer of RBI in March, 2023. Mr. Kobza previously served as the Chief Operational Officer of RBI from January 2019 through February 2023. From January 2018 to January 2019, Mr. Kobza served as the Chief Technology and Development Officer of RBI, and from April 2013 to January 2018, as the Chief Financial Officer.

Restaurant Brands International, Inc.: Jose Cil

Mr. Cil served as RBI's Chief Executive Officer from January 2019 to February 2023. Since that time Mr. Cil has been providing transition services to RBI's new Chief Executive Officer. Mr. Cil previously served as a director and the President of BK Corporation from December 2014 to January 2019.

Chief Marketing Officer, Tim Hortons: Hope Bagozzi

Ms. Bagozzi was named Chief Marketing Officer of Tim Hortons in January 2020. Before joining Tim Hortons in January 2020, she served as Marketing Director and officer for McDonald's Canada in Toronto, Ontario from May 2018 to January 2020 and as Senior Director, National Marketing from January 2013 to May 2018.

Regional President: Ekrem Ozer

Mr. Ozer was named as our Regional President in June of 2022. He previously served as the Senior Vice President of Real Estate for RBI, from March 2022 to June 2022, after having served as RBI's Regional President, Asia Pacific, based in Singapore, from December 2020 to February 2022. Mr. Ozer also served as the Senior Vice President of Global Development for RBI based in Zug, Switzerland and as the Chief Executive Officer for Burger King China, a franchisee of BK APac from January 2019 to May 2020. Mr. Ozer was the Chief Financial Officer of Tab Investments in Istanbul, Turkey from July 2013 to January 2019.

Sr. Director, Marketing, US: Jay Pritchett

Mr. Pritchett was named as our Sr. Director, Marketing, U.S. in November 2021. He previously served as our Director, Calendar Planning & Performance Analytics from April 2020 to November 2021. Before joining us he was a Principal at Oliver Wyman in Miami, Florida from January 2019 to March 2020 and he served as Engagement Manager at Oliver Wyman in Boston, Massachusetts from January 2017 to December 2018.

General Manager and Vice President, Operations & Development: Jeffrey Galletly

Mr. Galletly was named as our General Manager and Vice President of Operations & Development in January 2023. He previously served as the General Manager of TH APAC in Singapore from January 2020 to January 2023, and as the Head of Operations for RBI, Asia Pacific in Singapore from April 2019 to January 2020. He also served as Head of Operations for BK Corporation from August 2018 to April 2019 and Lead, Marketing Analytics from November 2017 to August 2018 based in Miami, FL.

Vice President, Finance: Naira Saeed

Ms. Saeed was appointed our Vice President, Finance in January 2023. Before that, she was Vice President, Franchising for TDL from January 2022 to January 2023 and Senior Director, Franchising from February 2021 to January 2022 based in Toronto, Canada. She also served as TDL's General Manager, Ontario East from January 2019 to February 2021, Director of Operations for Central Ontario from August 2018 to December 2018 and Head of Finance Canada from September 2017 to August 2018 based in Toronto, Canada.

ITEM 3
LITIGATION

Pending litigation:

Great White North Franchisee Association-USA, Inc. v. Tim Hortons USA, Inc. and Restaurant Brands International, LP, The TDL Group Corp., The Coffee Co., Elias Diaz Sese, and John Does 1-20, (Case No.: 1:20-cv-20878-BB), United States District Court for the Southern District of Florida, filed on February 27, 2020.

This action is brought by the Great White North Franchisee Association-USA, Inc. ("**GWNFA**"), which is a franchisee association purportedly consisting of roughly half of our franchisees in the United States. GWNFA seeks, through associational standing, declaratory relief concerning Defendants' business practices with its franchisees, pursuant to the Franchise Disclosure Document and Franchise Agreements. Specifically, GWNFA seeks declaratory relief regarding: (1) that we made too much profit through the sale of certain items that are required to be purchased by franchisees; (2) that we imposed an unreasonable "declining equity" right of first refusal price upon franchisee transfers; and (3) that we used advertising funds in a manner that breached the franchise agreements. GWNFA is seeking: (1) Declaratory Relief under Civil Rico and conspiracy to violate Civil Rico; (2) Declaratory Relief for antitrust violations under the Sherman Act and Florida law; (3) Declaratory Relief for breach of contract with regard to the advertising fund; (4) Declaratory Relief for violation of the Florida Deceptive and Unfair Trade Practices Act; and (5) Declaratory Relief for breach of contract and the implied covenant of good faith and fair dealing.

On February 27, 2020 Plaintiff added alleged violations of the Racketeer Influenced and Corrupt Organizations Act (RICO) and federal and Florida antitrust laws. These additional claims are based on the allegation that Defendants engaged in a fraudulent strategy to convert the Tim Hortons franchise system into a supply chain business disguised as a franchise system. Plaintiffs seek a declaration as to their rights and obligations under applicable law and their agreements, as well as damages and attorneys' fees. On April 16, 2020, Plaintiff filed an Amended Complaint asserting the same causes of action, dropping Elias Dias Sese, and adding additional defendants, RBI, The Tim's National Advertising Program, Inc., Daniel S. Schwartz, Jose E. Cil, Alexandre Macedo, and Joshua Kobza. On April 30, 2020 Defendants THUSA and THD Coffee filed a motion to dismiss the Amended Complaint arguing that the Plaintiff lacks standing to maintain the claims and that the claims asserted are legally deficient. Defendants TDL and RBILP are joining in those arguments, but also filed on April 30, 2020 a separate motion to dismiss for lack of personal jurisdiction and to quash service of process. On May 18, 2020, Defendants Jose Cil and Joshua Kobza filed a motion to dismiss the Amended Complaint with prejudice, adopting the grounds for dismissal previously asserted by THUSA and also seeking dismissal on the grounds that Plaintiff failed to allege any specific wrongdoing on their part. On May 21, 2020, Defendant RBI filed a motion to dismiss, adopting the arguments previously made by THUSA in its motion to dismiss, and a motion to quash service of process on the grounds that Plaintiff's process server improperly attempted to effectuate service.

On June 22, 2020, Plaintiff filed a motion seeking leave to file a second amended complaint. The motion was granted the same day. On June 25, 2020, Plaintiff filed its second Amended Complaint which dropped all Defendants other than THUSA and Jose E. Cil, and which eliminated all causes of action other than two counts seeking declaratory relief under the Florida Deceptive and Unfair Trade Practices Act ("**FDUTPA**"). The first FDUTPA count focuses on alleged misrepresentations made in THUSA's Franchise Disclosure Document related to the use of advertising funds. In the second FDUTPA count, Plaintiff alleges that, among other things, THUSA violated FDUTPA by marking up prices of goods and using advertising funds for THUSA's own benefit, contrary to what THUSA was permitted to do under the franchise agreements. On July 31, 2020, THUSA and Cil filed motions to dismiss the second Amended Complaint. On December 21, 2020, the Court granted the motions to dismiss. On January 4, 2021, Plaintiffs filed their notice of appeal of the order granting the motions to dismiss. On February 16, 2021, THUSA filed a motion

with the lower court seeking an award of attorney's fees. On April 27, 2021, the case was remanded by the appellate court to the district court to decide whether the district court had subject matter jurisdiction in the first instance. The parties have submitted their briefs, and on July 28, 2021, the Court determined on limited remand that it lacked subject matter jurisdiction. The matter then went back before the appellate court, which on December 1, 2021, ultimately vacated the orders granting the motion to dismiss and remanded to the district court to dismiss the case without prejudice. On February 23, 2022, the district court dismissed the case without prejudice.

On November 18, 2021, Plaintiff filed another complaint in state court in Florida (the "**Second State Court Lawsuit**") which includes many of the same allegations included in the last iteration of the complaint filed in the Federal Court Lawsuit. In addition to bringing an identical claim for declaratory relief, Plaintiff added a count seeking declaratory relief in the form of a judicial declaration finding that Plaintiff is a third-party beneficiary of a settlement agreement between THUSA and an association of Canadian franchisees. On December 13, 2021, THUSA filed a Motion to Stay or, in the Alternative, for Extension of Time to Respond to Complaint which asked the court to either stay the action, or grant THUSA an extension of time to respond to the complaint, sufficient to permit THUSA to obtain discovery responses to written discovery requests related to Plaintiff's activities in Florida. On January 26, 2022, Plaintiffs filed their opposition to the motion to stay/motion for extension of time to respond to the complaint. THUSA served its discovery requests on December 28, 2021, and a motion to compel discovery responses on February 22, 2022. On March 21, 2022, the Court *sua sponte* entered an order in which the Court observed that Plaintiff had previously filed another complaint in Miami-Dade County state court. The Court directed Plaintiff to file with the clerk a notice of related case (which it did) and, the Court abstained from ruling on THUSA's Motion to Stay. At the hearing on the motion to compel, the Court advised that it would not rule on any substantive issues until Great White complied with the administrative order requiring that it file a motion to transfer the action back to the division where the case was initially pending in state court. On June 24, 2022, Great White filed a motion seeking to transfer the case back to the original division. On September 13, 2022, the court denied Great White's motion to transfer the action back to the original division. THUSA's motion to compel discovery responses was heard on October 11, 2022. As of March 9, 2022 the court had not ruled on the motion.

Samir Latifi v. The TDL Group Corp., (File No. VLC-S-S-198150), British Columbia Supreme Court, filed July 30, 2019.

On July 30, 2019, TDL was served with a claim on behalf of the Plaintiff individually and all restaurant employees of TDL and its Tim Hortons franchisees in Canada. In the complaint, the Plaintiff, alleges that TDL violated the *Competition Act* by incorporating an employee no-solicitation and no-hiring clause in the standard form franchise agreement all Tim Hortons® franchisees were required to sign. The Plaintiffs seek damages pursuant to: the Competition Act, s. 36; torts of conspiracy; tort of unlawful means; and punitive damages, as well as restitution of the benefits received by TDL and its franchisees or disgorgement of the benefits received by TDL and its franchisees. An application to dismiss was successful on the substantial points, including: the claim related to the Competition Act, concluding that section 45 of the Competition Act, and thus section 36, only apply to "sell-side" agreements among competing suppliers of products, not to "buy-side" agreements for the purchase of products; the contractual "restraint of trade" doctrine (which sometimes applies to non-compete and non-solicitation clauses) could not provide the "unlawful means" for advancing an in unlawful conspiracy claim, as the purpose of the doctrine is to protect contracting parties, not strangers to contracts; and the claim for unjust enrichment, holding that breach of a corporate policy alone, contrary to the Plaintiff's assertion, cannot negate the juristic reason for any enrichment that occurred in this case, the contractual obligations between the franchisor and its franchisees. A hearing on the certification application and a related summary judgment motion has been set for late May, 2023. We are not a party to this litigation.

6646107 Canada Inc. v. The TDL Group Corp., (File No. CV-18-602701-000), Ontario Superior Court of Justice, filed August 21, 2018.

Plaintiff was a franchisee of TDL and operated three stores in Alberta. The franchise agreements for the store located in Canmore, Alberta expired in late December 2016 and was not renewed by TDL (the "**Franchise Agreement**"). The plaintiff sued TDL based on its decision not to renew the Franchise Agreement. The statement of claim alleges that by not renewing the Franchise Agreement, TDL (a) breached its contracts with Plaintiff, and (b) breached its common law and statutory duties of good faith and fair dealing owed to Plaintiff and made misrepresentations to the Plaintiff. The claim seeks total damages against TDL of $4,000,000 plus punitive damages, interest and costs. The Court struck the breach of Franchise Agreement and associated good faith claims without leave to amend but maintained the breach of the oral renewal agreement and the misrepresentation claims. Examinations have not yet been scheduled. We are not a party to this litigation.

Provincial Store Fixtures Ltd. v The TDL Group Corp., (File No. CV-21-00662959-0000), Ontario Superior Court of Justice, filed May 27, 2021.

On May 27, 2021, Provincial Store Fixtures Ltd. filed a Statement of Claim in the Ontario Superior Court of Justice against The TDL Group Corp. ("**TDL**"). TDL was served with notice of this Statement of Claim on June 2, 2021. Plaintiff is a former mill work manufacturer/supplier that we previously had dealings with (and had moved away from). They are claiming damages of $1,500,000 on the basis of breach of contract, unjust enrichment, and negligent misrepresentation arising from inventory allegedly purchased on the basis of TDL's projected demand and pre-negotiated bulk orders. They are also claiming additional damages for costs incurred in storing this inventory since 2019. The parties are currently engaged in settlement discussions. We are not a party to this litigation.

Olympia Tile International Inc. vs. Restaurant Brands International Inc., The TDL Group Corp., Ricky Leem and Gesco Limited Partnership, (File No. CV-20-00648343-0000), Ontario Court of Justice, filed on September 25, 2020.

On September 25, 2020, Olympia Tile International Inc. Filed a Statement of Claim in the Ontario Superior Court of Justice against Restaurant Brands International Inc., carrying on business as Tim Hortons, The TDL Group Corp., Ricky Leem, and Gesco Limited Partnership, carrying on business as Savoia and Savoia Canada. We were served with notice of this Statement of Claim on October 27, 2020. Plaintiff is claiming damages of $3,500,000 and $500,000 in punitive damages on the basis of breach of contract, intentional interference in economic relations, and fraudulent misrepresentation and conspiracy arising from inventory allegedly purchased on behalf of us/our franchisees in reliance of our forecasted demand of these tiles for our renovation program. We received Plaintiff's Response to our Demand for Particulars on April 14, 2021 and filed a Statement of Defence of Restaurant Brands International Inc., and The TDL Group Corp. on June 28, 2021. We are not a party to this litigation.

Arrington v. Burger King Worldwide, Inc., (Case No. 18-24128-CV-MARTINEZ/AOR), United States District Court for the Southern District of Florida, filed on March 15, 2019.

In October 2018 and November 2018, four separate class action complaints; Jarvis Arrington v. Burger King Worldwide and Burger King Corporation, (Case No. 1:18-cv-24128-JEM), Monique Michel v. Restaurant Brands International, Inc., Burger King Worldwide Inc., and Burger King Corporation, (Case No. 1:18-cv-24304-JEM), Geneva Blanchard and Tiffany Miller v. Burger King Corporation and Burger King Worldwide, Inc., (Case No. 1:18-cv-24576 – SCOLA/TORRES), and Sandra Munster v. Restaurant Brands International Inc., Burger King Worldwide, Inc. and Burger King Corporation, (Case No. 1:18-cv-24623 – RNS) were filed against BK Corporation and various BKC affiliates ("**Defendants**") in the U.S. District Court for the Southern District of Florida. Plaintiffs allege that they have been employed at a

BURGER KING® restaurant at some point after 2010, and are filing the complaint individually and on behalf of all others similarly situated. Plaintiffs allege that Defendants violated Section 1 of the Sherman Antitrust Act by incorporating an employee no-solicitation and no-hiring clause in the standard form franchise agreement all Burger King® franchisees must sign. Plaintiffs seek injunctive relief and damages for themselves and other members of the class. On January 17, 2019 the Court issued an order consolidating all four cases. On March 15, 2019 the Plaintiffs filed the Consolidated Complaint in the matter, and on April 19, 2019 Defendants filed a Consolidated Motion to Dismiss. The Plaintiffs filed an Opposition to the Motion to Dismiss on May 23, 2019, and Defendants filed a Reply in Support of the Motion to Dismiss on June 10, 2019. The Court Granted the Motion to Dismiss on March 24, 2020. Plaintiffs filed a motion for leave to amend their complaint on April 20, 2020, and the Defendants filed a motion opposing the motion for leave to amend on April 27, 2020. On August 24, 2020 the court denied the Plaintiffs' motion for leave to amend their complaint. On September 22, 2020 the Plaintiffs filed a notice to appeal the Court's decision to the federal appellate court. On January 27, 2021, the Defendants filed their answer in the case. In February 2021 the International Franchise Association and the Florida Chamber of Commerce filed separate amicus briefs in support of Defendants. The Plaintiffs filed their reply brief on March 17, 2021. The Court heard oral arguments for this case on September 22, 2021. On August 31, 2022, the federal appellate court reversed the lower court's decision to dismiss the case and remanded the case to the lower court for further proceedings. We are not a party to this litigation.

City of Warwick Municipal Employees Pension Fund v. Restaurant Brands International, et al., (Case No. 655686/2020), Supreme Court of the State of New York for the County of New York, filed on October 26, 2020.

On October 26, 2020, City of Warwick Municipal Employees Pension Fund, a purported stockholder of RBI, individually and on behalf of all other stockholders similarly situated, filed a lawsuit in the Supreme Court of the State of New York County of New York naming RBI and certain of its officers, directors and affiliates as Defendants alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, in connection with the offering of securities by an affiliate in August and September 2019. The complaint alleges that the shelf registration statement used in connection with such offering contained certain false and/or misleading statements or omissions. The complaint seeks, among other relief, class certification of the lawsuit, unspecified compensatory damages, rescission, pre-judgement and post-judgement interest, costs and expenses. On December 18, 2020, the Plaintiffs filed an amended complaint. RBI filed a motion to dismiss the complaint, on February 16, 2021 and the Plaintiffs filed a brief in opposition to the motion in April 2021. The court denied the motion to dismiss in May 2022. RBI filed an answer to the complaint on June 6, 2022 and filed an appeal of its motion to dismiss on July 8, 2022. The appellate court granted the motion to dismiss, and the plaintiffs have moved for leave to further appeal to which RBI filed an opposition motion on January 17, 2023. We are not a party to this litigation.

Concluded litigation:

Tim Hortons USA, Inc. v. Tim-Minn, Inc. et al., (Case No. 17-24395-CIV-MORENO), U.S. District Court for the Southern District of Florida, filed December 5, 2017, voluntarily dismissed December 11, 2017. THUSA sued Tim-Minn Inc. and 8 related corporate entities (collectively "**Defendants**") for money damages for breaches of written agreements between THUSA and Defendants, based on Defendants' collective failure to pay amounts owed under their written agreements. THUSA voluntarily dismissed this lawsuit on December 11, 2017, after a settlement was reached between the parties.

1523428 Ontario Inc. v. The TDL Group Corp., (Court file No. CV-18-595714), Ontario Superior Court of Justice, Toronto, Ontario. This action was commenced on April 12, 2018. Plaintiff was a franchisee of TDL and operated two stores in Toronto, Ontario. Plaintiff commenced an action against TDL in connection with its decision not to renew the Franchise Agreement for one of the stores. The statement of claim alleged that by not renewing the Franchise Agreement, TDL a) breached its contract with Plaintiff

and, b) breached its common law and statutory duties of good faith and fair dealing owed to Plaintiff. The claim was settled on August 15, 2018. We were not a party to this litigation.

Five Sumket Corp. v. The TDL Group Corp., Court of Queen's Bench of Alberta, Court File No. 1303 11168. This action was commenced in August 2013.

The dispute involves claims from the purchase by TDL of six Canadian restaurants from its former franchisee, Five Sumket Corp. ("**Sumket**"). Sumket alleges that TDL did not pay the entire purchase price for the Shops and that it is owed approximately $259,000.00 plus interest and punitive damages. TDL answered and filed its counterclaim on October 24, 2013 denying the allegations of Sumket's complaint and alleging its own claims for breach of contract from the Offer to Purchase Agreement totaling over $375,000.00. On November 13, 2013 Sumket delivered their Statement of Defense to Counterclaim. On December 2018, the parties reached a settlement and the settlement agreement was executed on March 12, 2019. We were not a party to this litigation.

1523428 Ontario Inc. v. The TDL Group Corp., Tim Hortons Advertising and Promotion Fund (Canada) Inc., Restaurant Brands International Inc., Daniel Schwartz, Elias Diaz Sese, Andrea John and Jon Domanko, (Court File No. CV-17-577371), Ontario Superior Court of Justice. This action was commenced on June 19, 2017.

The Plaintiff, 1523428 Ontario Inc. ("**152**"), is a franchisee of TDL of two Tim Hortons restaurants in Toronto, Ontario. The action is brought by 152 against TDL, Tim Hortons Advertising and Promotion Fund (Canada) Inc. ("**THAPF**"), the directors of THAPF (*i.e.*, Elias Diaz Sese, Andrea John and Jon Domanko), and RBI. and its Chief Executive Officer, Daniel Schwartz. The action is a proposed class proceeding, and proposes to certify a class defined as "all persons who have carried on business as a Tim Hortons franchisee in Canada under a franchise agreement or other form of operating agreement with TDL at any time on or after December 15, 2014" (the "**Proposed Class**"). The suit alleges various causes of action against the Defendants in relation to the advertising fund, including breach of contract and conversion for alleged improper charges to the advertising fund and failure to provide statements/accounting of the operation of the fund, breach of the duties of good faith and fair dealing, breach of trust and fiduciary obligations by the advertising fund directors, and oppression of the Proposed Class in violation of the Canadian Business Corporations Act. The claim seeks an accounting of all moneys in the fund as of December 15, 2014, and of receipts into and disbursements out of the fund since December 15, 2014, damages against the various Defendants ranging from $150-$500 million, including punitive damages, interest and costs, and an order to return to the fund all moneys wrongfully expended from the fund. The proceedings were brought by a single franchisee but are proceeding under the Class Proceedings Act. On October 22, 2018 the claims against the Individuals, RBI and the Ad Fund were all struck, without leave to amend. The parties entered into a settlement agreement dated March 6, 2019. The Court approved the settlement agreement on April 29, 2019. We were not a party to this litigation.

JB & M Walker Ltd. and 1128419 Alberta Ltd. v. The TDL Group Corp., Restaurant Brands International Inc., Daniel Schwartz, Sami Siddiqui, Andrea John and Jon Domanko, (Court File No. CV-17-584058-OOCP), Ontario Superior Court of Justice, Toronto, Ontario. This action was commenced on October 6, 2017. The Plaintiffs are franchisees of TDL with Tim Hortons restaurants in Mississauga, Ontario and Lethbridge, Alberta. The action is a proposed class proceeding, and proposes to certify a class defined as "all franchisees who have carried on business as a Tim Hortons' franchisee under franchise agreements any time on or after March 9, 2017" (the "**Proposed Class**"). The suit alleges various causes of action against the Defendants in relation to the Great White North Franchisee Association, including breach of the duties of good faith and fair dealing, interference with the franchisees right to associate, and oppression of the Proposed Class in violation of the Canadian Business Corporations Act. The claim seeks various declarations and damages against the various Defendants ranging from $100-$600 million, including punitive damages, interest and costs. On October 22, 2018 the claims against the individuals and

RBI were all struck, without leave to amend. The parties entered into a settlement agreement dated March 6, 2019. The Court approved the settlement agreement on April 29, 2019. We were not a party to this litigation.

Multi-Jurisdictional No-Poach Settlements

In February 2020, we entered into a Settlement Agreement with the states of Massachusetts, California, Illinois, Iowa, Maryland, Minnesota, New Jersey, New York, Pennsylvania and Rhode Island. At this same time, our affiliate, BK Corporation entered into a Settlement Agreement with the states of Massachusetts, California, Illinois, Iowa, Maryland, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont and the District of Columbia and our affiliate PLK entered into a Settlement Agreement with all of these states other than Vermont.

Each of these settlement agreements arose out of an investigation by the states Attorney Generals regarding the alleged impact of the no-poach provision of the BK Corporation, PLK and THUSA franchise agreements which purportedly restricted franchisees from soliciting or employing each other's employees in these franchise agreements. The states alleged that these provisions and their use violated state antitrust laws, consumer protection laws and laws governing the free exercise of the right to contract for employment. Although each of the parties denied all allegations and each of them had already removed the provisions from their current franchise agreements, the parties entered into the Settlement Agreement and, among other things, agreed to not enforce these provisions in existing franchise agreements, notify their franchisees that they had entered into the settlements, attempt to get franchisees with a no-poach provision in their franchise agreement to remove it, notify the Attorneys General of any franchisees who failed to remove the provisions, post a notice at company-owned locations, and ask franchisees to post a notice at their locations, indicating that these types of provisions are unenforceable. None of the parties paid any money under the Settlement Agreements. These states enforced the settlement agreements through Final Judgments and Orders, Assurances of Discontinuance, Assurances of Voluntary Compliance and similar methods.

PLK APAC PTE. Ltd. ("**PLKA**") and Restaurant Brands International, Inc. v. Popeyes Shanghai Restaurant Management Co. Ltd.; TFI TAB Gida Yatirimlari A.Ş.; and TFI Asia Holdings B.V., (International Chamber of Commerce, International Court of Arbitration, ICC CASE NO. 26121/HTG), filed on March 12, 2021.

On March 12, 2021, PLKA filed its initial Statement of Claim with the International Court of Arbitration in Singapore seeking declaratory relief; specifically, a declaration that PLKA properly exercised its right to terminate the MFDA on December 7, 2020 following Respondent's breach of the MFDA. Respondents filed their initial Answer on May 24, 2021, containing their basic defenses, along with four counterclaims with unspecified damages, and adding RBI as a party to the proceeding. Respondents have alleged lost profits of $53,264,697, plus lost franchise income of $5,543,475. PLKA filed its Memorialized Statement of Claim on July 8, 2021. Respondents filed their Memorialized Defenses and Counterclaims on September 6, 2021. PLKA and RBI filed their Memorialized Defenses to Respondents' Counterclaims and Reply in support of PLKA's Statement of Claim on December 16, 2021. Respondents' Memorialized Rejoinder and Reply to the Defenses to its Counterclaims was filed on February 28, 2022. The parties reached a confidential settlement which was acknowledged by the ICC pursuant to an Award by Consent dated June 20, 2022. We were not a party to this litigation.

Other than these actions, 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

The initial franchise fee for each type of Shop is as follows:

Shop Type	Amount of Initial Franchise Fee
Standard Shop.....	$50,000
Non-Standard Shop	$25,000

We generally do not waive or reduce the initial franchise fee for a Standard Shop, except under rare and extraordinary circumstances or in connection with a program that we may be offering. The initial franchise fee is non-refundable. Operators do not pay an initial franchise fee.

The initial franchise fee is payable when you sign the Franchise Agreement, unless we approve otherwise.

Equipment, Fixtures & Signage

In addition to the initial franchise fee, it is likely that (except for Operators) you will make additional payments to us or our affiliates before opening a Franchised Restaurant for various equipment, fixtures and signage that must be acquired by a Shop before its opening. For a Standard Shop, these items will range in total cost from $50,000 - $410,000 and for a Non-Standard Shop from $50,000 to $200,000. Unless the equipment delivered to you is defective or determined by us to be unnecessary, these amounts are non-refundable. They must be paid upon receipt of an invoice for the items.

Under our Operator Agreement, you will pay us a security deposit at the time you sign the Operator Agreement which ranges from $5,000 to $35,000 (depending on the value of the Tim Hortons Shop assets) payable to us or our affiliate, which will be held during the term of the Operator Agreement. Within 15 business days after the end of our relationship, we will refund the security deposit to you, minus any deductions to reimburse us for (i) monies owed by you to us; (ii) repairs, maintenance, and/or replacement to the Shop or assets which you were responsible to maintain and (iii) monies owed by you to third parties incurred in connection with the operation of the Tim Hortons Shop and for which you are or may be responsible.

Area Development Agreement

If you enter into an Area Development Agreement with us, you must prepay a portion of the initial franchise fee ($25,000) multiplied by the number of Franchised Restaurants you commit to develop. This amount is paid in installments with the first installment due and payable on the date of the Area Development Agreement. The remaining amount is paid in installments over a 4 year period. It is deemed fully earned when paid. This amount is non-refundable but $25,000 of this amount will be credited against the then-current initial franchise fee for each Franchised Restaurant opened by you (or your subsidiary or affiliate) under the Area Development Agreement until exhausted. If you default under the Area Development Agreement, then any remaining amount will be forfeited by you to us. These agreements are typically granted only to sophisticated, highly experienced franchisees.

Other

We generally require that you construct a Franchised Restaurant on real estate that you own or lease. If you are constructing a Franchised Restaurant on real estate that you own or lease, unless we approve otherwise in writing, you must purchase all leasehold improvements and building components from a supplier we have approved. In all instances, we or our affiliate or a supplier we approve will supply various equipment, fixtures and signage. The cost will be site specific and will depend on the square footage of the Franchised Restaurant, the existing condition of the Franchised Restaurant premises, and your choice of items to be supplied. In rare circumstances, we may offer to construct all leasehold improvements and the cost of leasehold improvements may be reflected in the rent for the Franchised Restaurant premises. In those situations where we are selling a Franchised Restaurant constructed on real estate that we or one of our affiliates own or lease, we or one of our affiliates will, in most situations, lease the Shop premises directly to you, or lease the Franchised Restaurant premises from the landlord and then sublease the premises to you.

ITEM 6
OTHER FEES

Franchise Agreement

(1) Type of Fee [1/]	(2) Amount	(3) Due Date	(4) Remarks
Royalty	4.5% to 6% of Gross Sales[2/]	Thursday of each week on the prior week's Gross Sales,[3/] but we can change the day the royalty payment is due	See Note 2
Advertising Contribution[4/]	4% of Gross Sales	Within 10 days of the end of each month on the prior month's Gross Sales	See Note 4
Interest and Audit Costs	Costs of audit plus interest	As incurred	See Note 5
Additional training	The materials fee will not exceed $1,000 per person	As incurred	See Note 6
Transfer fee	5% of the full purchase price	Before transfer	See Note 7
Indemnification	Will vary with circumstances	As incurred	See Note 8
Taxes	Amount imposed on us by federal, state, and local tax authorities on any fees or other amounts payable by you to us	Payable upon receipt of invoice	See Note 9
Maintaining Tim Hortons Shop premises in good repair	Varies	Reimburse us or pay directly to suppliers	See Note 10
Refurbishing Shop	Varies	As incurred	See Note 11
Lease for Franchised Restaurant premises	Varies, but between 7% to 8.5% of Gross Sales for a Standard Shop; and up to 13% of Gross Sales for Non-Standard Shops. Must also pay flow through charges such as CAM, insurance, property taxes, and our administrative expenses of billing.	Within 10 days of the end of each month on the prior month's Gross Sales	See Note 12

(1) Type of Fee [1/]	(2) Amount	(3) Due Date	(4) Remarks
Reorganization of your business	Our legal and administrative expenses incurred in processing changes resulting from the reorganization of your business structure	When invoiced by us	
Smart Store charges	$450 to $1,050 per month	As incurred	See Note 13
Approving Suppliers Requested by You	Varies	On Demand	See Note 14
Inspection costs and expenses	Varies	As incurred	See Note 15
Products, Supplies, Equipment	Varies	As incurred	See Note 16
Tim Horton Children's Foundation	Varies	As incurred	See Note 17
Background Check Fee	$280 - $15,000	As incurred	U.S. applicants range typically between $280 - $1,000. International applicants range from $5,000 - $15,000
Brand Damage Fee	Amount of the next installment of initial franchise fees you were required to pay to us under the Area Development Agreement before the date of termination	Upon demand	If we terminate your Area Development Agreement before expiration. We can also retain any initial franchise fees paid under Area Development Agreement

Notes:

Fees for Operators are described in a separate table which follows this table.

1/ All fees payable to us are non-refundable. These fees are uniformly imposed by us; however, we may waive or modify a one-time fee (for example, a transfer fee) or may waive or reduce an ongoing fee (for example, royalty or advertising contributions) for a defined period of time. We may also reduce Royalty and Advertising Contribution paid by franchisees opening Franchised

Restaurants under the Area Development Agreement. We may require payment of these fees by way of electronic funds transfer, through our ePay system or via Wire Transfer, under which the due date for payment may be abridged as we determine.

2/ The royalty is generally 6%, assuming that you have property control. Other franchisees may pay reduced royalties from these amounts based on various factors.

If you are an area developer you will pay royalties, advertising contributions and initial franchise fees that are the greater of the amount disclosed in our then-current Franchise Disclosure Document at the time you sign each Franchise Agreement for a Franchised Restaurant and 6% of weekly Gross Sales for royalties, 4% of weekly gross sales for advertising contributions and $50,000 initial franchise fee for a 20-year term.

3/ In the case of Standard Shops, Gross Sales means the total amount of all sales of all merchandise and services of every kind and character, and all other receipts of business and both for cash and on credit or any other consideration including all orders taken and merchandise or services sold on or from the Franchised Restaurant or the Franchised Restaurant premises and filled or delivered from any other store or place or any merchandise or services produced within the Franchised Restaurant premises and sold on or from any other store or place, and all proceeds received from any business interruption insurance with respect to the Franchised Restaurant.

In the case of Non-Standard Shops, Gross Sales means the total amount of all sales of all merchandise and services of every kind and character, and all other receipts of business and both for cash and on credit or any other consideration including all orders taken and merchandise or services sold on or from the Franchised Restaurant or the Franchised Restaurant premises and filled or delivered from the Franchised Restaurant, and all proceeds received from any business interruption insurance with respect to the Franchised Restaurant.

However, in either case, Gross Sales does not include (i) an exchange of merchandise between your Franchised Restaurants where the exchange is made solely for the convenient operation of your business and is not the completion of a sale on or from the Franchised Restaurant or the Franchised Restaurant premises; (ii) returns to shippers, manufacturers or suppliers; and (iii) sums collected from customers for and paid to a taxing authority by you for retail sales, goods and services, harmonized, excise or similar tax imposed by a governmental authority. You may deduct from the computation of Gross Sales cash or credit refunds to customers for goods returned (but only if the selling price of the goods returned is included in the computation of Gross Sales) and the selling price of goods returned by customers for exchange (but only if the selling price of the goods returned and the selling price of the goods delivered to the customers in exchange are included in the computation of Gross Sales).

4/ Please see Item 11 for details about your advertising contribution.

5/ If you do not make a payment when due, or if you understate Gross Sales, you must pay us interest from the date the payment was due until it is paid, at the maximum rate allowed by law, or if no maximum rate is in effect under applicable law, then 18% per annum. In addition, if an audit is required because you failed to furnish any required material, or if the audit discloses an understatement of Gross Sales for any period, you also must reimburse us for the cost of the audit. You must also, at our option, reimburse us for the cost of one inspection, investigation or audit per year.

6/ Please see Item 11 for details about training.

7/ The full purchase price reflects all consideration that the buyer pays to the seller for the Franchised Restaurant. No transfer fee is charged if the transfer is from a sole proprietorship or partnership to an entity in which the sole proprietor or the partners own all of the outstanding equity, or for a transfer in the event of your death or disability, or for securities offerings as described in the Franchise Agreement.

8/ You must defend, indemnify and reimburse us, our subsidiaries, affiliated and parent companies for all damages, losses, costs, and expenses, including attorneys' fees, we or they incur as a result of any claims arising directly or indirectly from your operation of the Franchised Restaurant, for property damage and for injury, illness or death.

9/ You must reimburse us for any sales, use or other tax or assessment (other than income taxes) imposed on any fees or other amounts payable by you to us by federal, state and local tax authorities.

10/ You must pay for the operation, maintenance, and repair of the exterior and interior of the Franchised Restaurant premises, including annual painting, and maintain and repair fixtures, furnishings, equipment, signs, and décor, and all common operating costs where there are multiple tenants.

11/ We may require you to refurbish the Franchised Restaurant premises once every five (5) years. We may also require you to improve, alter, and remodel the Shop at any time to bring it into conformance with our plans, specifications and standards for new or remodeled Tim Hortons Shops.

12/ You must pay real estate, personal property and sales taxes; insurance; utilities; common area maintenance; and other common area costs as set out in the prime lease ("**CAM**") charges. We may also charge our administrative costs in re-billing any of these costs.

13/ The Smart Store fees include estimates for Tim Card processing, transaction fees associated with mobile order and pay orders, Tim Zone fees, training fees, and Technology and Support fees and are all part of our Smart Store service package. The training fee covers access, use and support of the training platform. Please see Item 8 for further details.

14/ You must pay our reasonable expenses in evaluating any new suppliers you request. Please see Item 8 for further details.

15/ You must reimburse us for all reasonable costs and expenses, including service provider charges, travel, and lodging, associated with: (i) up to 4 mystery guest inspections per year; (ii) testing of samples of ingredients, products, materials, supplies, and paper goods; and (iii) inspections and audits conducted by us to ensure compliance with the Franchise Agreement and applicable laws if we believe you breached the Franchise Agreement (whether or not the inspection found any breach by you).

16/ We or an affiliate may sell to you various products, supplies and equipment. The cost for these items will vary depending upon many factors including the type and quantity of the items. See Items 5 and 8 for more information.

17/ You must participate in any of the fundraising and charitable efforts of any Tim Horton Children's Foundation initiative, as specified from time to time by us and pay for the costs associated with participating in such initiative.

Operator Agreement

(1) Type of Fee [1/]	(2) Amount	(3) Due Date	(4) Remarks
Operator Fee	20% to 24% of Gross Sales	Thursday of each week on the prior week's Gross Sales[3/]	See Note 2
Advertising Contribution	4% of Gross Sales	Thursday of each week on the prior week's Gross Sales[3/]	See Note 4
Additional Training	The materials fee will not exceed $1,000 per person	As incurred	See Note 5
Taxes	Amount imposed on us by federal, state, and local tax authorities on any fees or other amounts payable by you to us	Payable upon receipt of invoice	See Note 6
Insurance	Varies	Reimburse us or pay directly to insurer on the due date	See Note 7
Utilities	Varies	Reimburse us or pay directly to insurer on the due date	See Note 8
Operate and maintain Shop premises	Varies	Reimburse us or pay directly to supplier on the due date	See Note 9
Lease for Shop premises	Pay flow through rental charges and other flow through charges such as CAM, insurance, property taxes, and our administrative expenses of billing	Within 10 days of the end of each month on the prior month's Gross Sales	See Note 10
Smart Store charges	$450 to $1,050 per month	As incurred	See Note 11
Indemnification	Will vary with circumstances	As incurred	See Note 12
Interest and Audit Costs	Costs of audit plus interest	As incurred	See Note 13

(1) Type of Fee [1/]	(2) Amount	(3) Due Date	(4) Remarks
Approving Suppliers Requested by You	Varies	On Demand	See Note 14
Reorganization of your business	Our legal and administrative expenses incurred in processing changes resulting from the reorganization of your business structure	When invoiced by us	
Inspection costs and expenses	Varies	As incurred	See Note 15
Products, Supplies, Equipment	Varies	As incurred	See Note 16
Tim Horton Children's Foundation	Varies	As incurred	See Note 17
Background Check Fee	$280 - $15,000	As incurred	U.S. applicants range typically between $280 - $1,000. International applicants range from $5,000 - $15,000

Notes:

1/ All fees payable to us are non-refundable. We may require payment of these fees by way of electronic funds transfer, through our ePay system or via Wire Transfer, under which the due date for payment may be abridged as we determine.

2/ The Operator Fee could be as much as 24%. Whether your Operator Fee will be increased to an amount above 20% depends on whether there are increased rental costs that we may incur for the Shop's premises.

3/ In the case of Standard Shops, Gross Sales means the total amount of all sales of all merchandise and services of every kind and character, and all other receipts of business and both for cash and on credit or any other consideration including all orders taken and merchandise or services sold on or from the Tim Hortons Shop or the Tim Hortons Shop premises and filled or delivered from any other store or place or any merchandise or services produced within the Tim Hortons Shop premises

and sold on or from any other store or place, and all proceeds received from any business interruption insurance with respect to the Tim Hortons Shop.

In the case of Non-Standard Shops, Gross Sales means the total amount of all sales of all merchandise and services of every kind and character, and all other receipts of business and both for cash and on credit or any other consideration including all orders taken and merchandise or services sold on or from the Tim Hortons Shop or the Tim Hortons Shop premises and filled or delivered from the Tim Hortons Shop, and all proceeds received from any business interruption insurance with respect to the Tim Hortons Shop.

However, in either case, Gross Sales does not include (i) an exchange of merchandise between your Tim Hortons Shops where the exchange is made solely for the convenient operation of your business and is not the completion of a sale on or from the Tim Hortons Shop or the Tim Hortons Shop premises; (ii) returns to shippers, manufacturers or suppliers; and (iii) sums collected from customers for and paid to a taxing authority by you for retail sales, goods and services, harmonized, excise or similar tax imposed by a governmental authority. You may deduct from the computation of Gross Sales cash or credit refunds to customers for goods returned (but only if the selling price of the goods returned is included in the computation of Gross Sales) and the selling price of goods returned by customers for exchange (but only if the selling price of the goods returned and the selling price of the goods delivered to the customers in exchange are included in the computation of Gross Sales).

4/ Please see Item 11 for details about your advertising contribution.

5/ Please see Item 11 for details about training.

6/ You must pay all real estate taxes, personal property taxes and business taxes. We will pay the appropriate tax authority as the real estate and personal property tax bills become due and immediately invoice you for the full amount of taxes and assessments paid. The billed amount will be posted to your portal account and collected within 30 days of posting. You must pay our administrative costs in re-billing your real estate and personal property taxes. You must reimburse us for any sales, use or other tax or assessment (other than income taxes) imposed on any fees or other amounts payable by you to us by federal, state and local tax authorities.

7/ You must pay the premium on all insurance policies covering the Tim Hortons Shop premises and business.

8/ Utilities expenses including heating and air conditioning, water, telephone, and similar operating costs.

9/ You must pay for the operation, maintenance, and repair of the exterior and interior of the Tim Hortons Shop premises, including annual painting, and maintain and repair fixtures, furnishings, equipment, signs, and décor, and all common operating costs where there are multiple tenants.

10/ You must pay all rental charges imposed by our landlord. Common Area Maintenance ("**CAM**") charges include common area insurance, landscaping, parking lot and common area maintenance, common area lighting, waste removal, and other common area costs as set out in the prime lease. If there is a landlord, we will remit these payments to the landlord**.** We may also charge our administrative costs in re-billing any of these costs.

11/ The Smart Store fees include estimates for Tim Card processing, transaction fees associated with mobile order and pay orders, Tim Zone fees, training fees, and Technology and Support fees and are all part of our Smart Store service package. The training fee covers access, use and support of the training platform. Please see Item 8 for further details.

12/ You must defend, indemnify and reimburse us, our subsidiaries, affiliated and parent companies for all damages, losses, costs, and expenses, including attorneys' fees, we or they incur as a result of any claims arising directly or indirectly from your operation of the Shop, for property damage and for injury, illness or death.

13/ If you do not make a payment when due, or if you understate Gross Sales, you must pay us interest from the date the payment was due until it is paid, at the maximum rate allowed by law, or if no maximum rate is in effect under applicable law, then 18% per annum. In addition, if an audit is required because you failed to furnish any required material, or if the audit discloses an understatement of Gross Sales for any period, you also must reimburse us for the cost of the audit. You must also, at our option, reimburse us for the cost of one inspection, investigation or audit per year.

14/ You must pay our reasonable expenses in evaluating any new suppliers you request. Please see Item 8 for further details.

15/ You must reimburse us for all reasonable costs and expenses, including service provider charges, travel, and lodging, associated with: (i) up to 4 mystery guest inspections per year; (ii) testing of samples of ingredients, products, materials, supplies, and paper goods; and (iii) inspections and audits conducted by us to ensure compliance with the Franchise Agreement and applicable laws if we believe you breached the Franchise Agreement (whether or not the inspection found any breach by you).

16/ We or an affiliate may sell to you various products, supplies and equipment. The cost for these items will vary depending upon many factors including the type and quantity of the items. See Items 5 and 8 for more information.

17/ You must participate in any of the fundraising and charitable efforts of any Tim Horton Children's Foundation initiative, as specified from time to time by us and pay for the costs associated with participating in such initiative.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

1. Standard Shop: New Model (Franchise Agreement)

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[2/]	$50,000	$50,000	Lump Sum	Within 10 business days of when you sign the Franchise Agreement and before opening	Tim Hortons
Real Estate Taxes, Personal Property Taxes and CAM Charges[3/]	$5,000	$70,000	As Arranged	Monthly	Tim Hortons, or other lessor or sublessor
Equipment[4/]	$300,000	$410,000	As Arranged	Within 30 days of the invoice date and before opening	Tim Hortons and other suppliers
Real Estate[5/]	See Note 5	See Note 5	See Note 5	See Note 5	Lessor or sublessor or Property Seller
Planning and Development and Design Costs[6/]	$20,000	$100,000	As Arranged	Design costs owed to third parties are due before your Franchised Restaurant opens	Government Agencies and approved service providers
Site Development Costs[7/]	$100,000	$230,000	As Arranged	As Arranged	Contractors
Building Costs[8/]	$440,000	$745,000	As Arranged	As Arranged/ before your Franchised Restaurant's equipment order date	Contractors and Tim Hortons
Training[9/]	$20,000	$27,000	As Arranged	As Arranged	Tim Hortons and suppliers of transportation, food, and lodging
Start-up Supplies and Initial Inventory[10/]	$7,000	$14,000	As Arranged	As Incurred	Suppliers

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Professional and License Fees[11/]	$1,500	$10,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Insurance[12/]	$2,500	$21,500	As Arranged	Annually	Tim Hortons, Insurers or Lessor/Sublessor
Security Deposits[13/]	$0	$15,000	As Arranged	As Incurred	Utilities, Lessor
Additional Funds[14/]	$25,000	$25,000		During the first 3 months of operation	Various
TOTAL[15/]	$971,000	$1,717,500			

Footnotes follow all tables.

Standard Shop: Within Petro Locations (Franchise Agreement)

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[2/]	$50,000	$50,000	Lump Sum	Within 10 business days of when you sign the Franchise Agreement and before opening	Tim Hortons
Real Estate Taxes, Personal Property Taxes and CAM Charges[3/]	$1,000	$10,000	As Arranged	Monthly	Tim Hortons, or other lessor or sublessor
Equipment[4/]	$50,000	$410,000	As Arranged	Within 30 days of the invoice date and before opening	Tim Hortons, and other suppliers
Real Estate[5/]	See Note 5	See Note 5	See Note 5	See Note 5	Lessor or sublessor or Property Seller
Planning and Development and Design Costs[6/]	$15,000	$37,000	As Arranged	Design costs owed to third parties are due before your Franchised Restaurant opens	Approved service providers
Site Development Costs[7/]	$0	$0	As Arranged	As Arranged	Contractors

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Building Costs[8/]	$75,000	$230,000	As Arranged	As Arranged/ before your Franchised Restaurant's equipment delivery date	Contractors and Tim Hortons
Training[9/]	$20,000	$27,000	As Arranged	As Incurred	Tim Hortons and suppliers of transportation, food and lodging
Start-up Supplies and Initial Inventory[10]	$7,000	$14,000	As Arranged	As Incurred	Suppliers
Professional and License Fees[11/]	$1,500	$10,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Insurance[12/]	$2,000	$7,500	As Arranged	Annually	Insurers or Lessor/Sublessor
Security Deposits[13/]	$0	$15,000	As Arranged	As Incurred	Utilities, Lessor
Additional Funds[14/]	$15,000	$25,000		During the first 3 months of operation	Various
TOTAL[15/]	$236,500	$835,500			

Standard Shop: Other (Franchise Agreement)

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[2/]	$50,000	$50,000	Lump Sum	Within 10 business days of when you sign the Franchise Agreement and before opening	Tim Hortons
Real Estate Taxes, Personal Property Taxes and CAM Charges [3/]	$5,000	$70,000	As Arranged	Monthly	Tim Hortons, or other lessor or sublessor
Equipment[4/]	$300,000	$410,000	As Arranged	Within 30 days of the invoice date and before opening	Tim Hortons, and other suppliers

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Real Estate[5/]	See Note 5	See Note 5	See Note 5	See Note 5	Lessor or sublessor or Property Seller
Planning and Development and Design Costs[6/]	$20,000	$100,000	As Arranged	Design costs owed to third parties are due before your Franchised Restaurant opens	Approved service providers
Site Development Costs[7/]	$280,000	$500,000	As Arranged	As Arranged	Contractors
Building Costs[8/]	$290,000	$864,000	As Arranged	As Arranged/ before your Franchised Restaurant's equipment delivery date	Contractors and Tim Hortons
Training[9/]	$20,000	$27,000	As Arranged	As Incurred	Tim Hortons and suppliers of transportation, food and lodging
Start-up Supplies and Initial Inventory[10/]	$7,000	$30,000	As Arranged	As Incurred	Suppliers
Professional and License Fees[11/]	$1,500	$10,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Insurance[12/]	$2,500	$21,500	As Arranged	Annually	Insurers or Lessor/Sublessor
Security Deposits[13/]	$0	$15,000	As Arranged	As Incurred	Utilities, Lessor
Additional Funds[14/]	$25,000	$40,000		During the first 3 months of operation	Various
TOTAL[15/]	$1,001,000	$2,137,500			

2. Non-Standard Shop (Franchise Agreement)

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[2/]	$25,000	$25,000	Lump Sum	Within 10 business days of when you sign the Franchise Agreement and before opening	Tim Hortons
Real Estate Taxes, Personal Property Taxes and CAM Charges[3/]	$1,000	$10,000	As Arranged	Monthly	Tim Hortons, or other lessor or sublessor

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Equipment[4/]	$50,000	$200,000	As Arranged	Within 30 days of the invoice date and before opening	Tim Hortons, and other suppliers
Real Estate[5/]	See Note 5	See Note 5	See Note 5	See Note 5	Lessor or sublessor or Property Seller
Planning and Development and Design Costs[6/]	$10,000	$35,000	As Arranged	Design costs owed to third parties are due before your Franchised Restaurant opens	Approved service providers
Site Development Costs[7/]	$0	$0	As Arranged	As Arranged	Contractors
Building Costs[8/]	$10,000	$50,000	As Arranged	As Arranged/ before your Franchised Restaurant's equipment delivery date	Contractors and Tim Hortons
Training[9/]	$6,000	$8,100	As Arranged	As Incurred	Tim Hortons and suppliers of transportation, food and lodging
Start-up Supplies and Initial Inventory[10/]	$3,500	$8,200	As Arranged	As Incurred	Suppliers
Professional and License Fees[11/]	$1,500	$10,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Insurance[12/]	$2,000	$7,500	As Arranged	Annually	Insurers or Lessor/Sublessor
Security Deposits[13/]	$0	$15,000	As Arranged	As Incurred	Utilities, Lessor
Additional Funds[14/]	$15,000	$25,000		During the first 3 months of operation	Various
TOTAL[15/]	$124,000	$393,800			

Footnotes follow all tables.

Notes:

1/ Except as otherwise noted, all amounts payable to us or our affiliates are non-refundable. As explained in Item 1, the current approved image for our Franchised Restaurants is the Welcome 2021 image, which we refer to as the "**New Model**". The ranges above reflect the estimated investment for each type of Shop.

2/ The initial franchise fee for a Standard Shop is $50,000. If you sign an Area Development Agreement, you must prepay a portion of the initial franchise fee you would pay for each Tim Hortons Shop you commit to develop under the Area Development Agreement upon signing the

Area Development Agreement, which amounts will be credited towards the initial franchise fee payable by you as you develop Tim Hortons Shops under the Area Development Agreement until exhausted. The initial franchise fee for a Non-Standard Shop is $25,000.

3/ Real estate taxes, personal property taxes and CAM charges will vary considerably, depending on the Franchised Restaurant's location.

4/ Equipment must conform to our specifications, which vary among Tim Hortons Shop types. This expense covers items like bakery and display equipment, espresso machine and ancillary equipment, other restaurant equipment, fixtures, signage, digital menu boards, drive thru menu/preview boards, refrigerators, seating and installation and delivery. This estimate excludes sales tax.

5/ Real Estate costs vary considerably according to the type of Tim Hortons Shop, real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor, as well as whether you or your landlord develop the Franchised Restaurant. A Standard Shop typically consists of approximately 500 to 3,000 square feet. The recommended size site for a Standard Shop is one-half acre to 1.5 acres. A Non-Standard Shop/Kiosk will vary in size depending on the type of Non-Standard Shop and location. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs. Lease terms are individually negotiated and may vary materially from one location or transaction to another. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential cost of real estate.

6/ These costs are only applicable to newly constructed Franchised Restaurants, if you are developing and will own or lease the property upon which the Franchised Restaurant premises are located. This estimate includes, among other items, architectural, engineering and design fees, as well as zoning and planning costs and building, health and fire permits. These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, geotechnical issues, etc.

7/ These costs are only applicable to newly constructed Franchised Restaurants, if you are developing and will own or lease the property upon which the Franchised Restaurant premises are located. This estimate includes the costs to develop the land and other site improvements, such as exterior landscaping, electrical and water hookup, paving, sidewalks, and lighting. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants; these amounts are not included in the estimate provided. Costs can be higher for various reasons. For example, if extensive storm water retention and landscaping is required or soil problems or other environmental issues are encountered. These ranges do not include unusual offsite costs including costs to bring utilities to the property for hookup or government imposed "impact fees". Some local governments may also require a performance bond, which is not included in the above estimate.

8/ We have relied on third parties to provide these estimated costs. For new build Franchised Restaurants, building costs include the cost to construct a building's shell structure, systems, and interior finishes prepped for installation of equipment. For remodel Tim Hortons Shops, these costs include modifications to the existing exterior structure, systems and finishes, and interior finishes to satisfy our current design standard. Adding a drive thru to any building type will increase the

building costs. This range of costs does not include metropolitan or unique development areas or special municipal building and zoning requirements that may present extraordinary acquisition costs. Building costs will vary by geographic region.

9/ You must attend and satisfactorily complete our initial training program before you may open your Franchised Restaurant. In exceptional circumstances, we may waive this training for certain franchisees based upon their individual circumstances and experience level. The fee for this training varies based upon whether you are a new or existing franchisee or a branded partner. See Item 11 for these fees. The estimated cost for training is per person and also includes the costs incurred while attending the initial training program. The low estimate assumes two to three people attending the training for 4 weeks and the high estimate assumes two to three people attending the training for 6 weeks.

10/ This estimate will cover our recommended opening inventory of food items, packaging, cleaning, uniforms and other supplies.

11/ These costs cover legal and accounting fees, and various licenses and permits like occupancy and business licenses. If you are (with our approval) negotiating the purchase or lease of the Franchised Restaurant premises, you should expect to pay approximately $7,000 for legal advice and services you may need in connection with negotiating the purchase or lease of the Franchised Restaurant premises. This does not include legal fees for services provided in conjunction with processing and preparing necessary immigration documentation for non-U.S. citizens.

12/ This estimate is for the first year's insurance premium. If you lease or sublease your Franchised Restaurant premises from us or one of our affiliates, you may be required to pay these insurance expenses to us, and we will remit these payments to the insurer or landlord. If you own or lease the Franchised Restaurant premises from a third party, you must pay these expenses directly to the insurer or landlord under your lease.

13/ Security deposits may be required by the landlord, utilities, and suppliers.

14/ You will need capital to support on-going expenses, such as cash float, payroll, utilities, and telephone service, if these costs are not covered by Gross Sales. New businesses often generate a negative cash flow. This amount also includes at a minimum credit card processing fees between $400 to $3,000, financial management software costs of about $900, and guest Wi-Fi service fees between $115 to $900 (if you purchase the Wi-Fi hardware, your costs for this fee will be at the high-end of this estimate). This amount is an estimate, and we cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors like your management skill, experience and business acumen, economic conditions, the local market for your business, competition and the performance of your Franchised Restaurant. We relied on internal financial records in estimating your needs for additional funds.

15/ Total restaurant cost for New Model is based on restaurants built in 2022. Costs will vary by geographic region.

3. Operator Agreement

Type of Expenditures[1/]	Estimated Range		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Start-up Supplies and Initial Inventory[2/]	$1,000	$30,000	As Arranged	As Incurred	Suppliers
Real Estate Taxes, Personal Property Taxes and CAM Charges[3/]	$1,000	$22,000	As Arranged	Monthly	Tim Hortons or other lessor or sublessor
Training[4/]	$20,000	$27,000	As Arranged	As Arranged	Tim Hortons and suppliers of transportation, food, and lodging
Professional and License Fees[5/]	$1,500	$10,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Insurance[6/]	$150	$21,500	As Arranged	Annually	Tim Hortons, Insurers or Lessor/Sublessor
Security Deposits[7/]	$5,000	$35,000	As Arranged	As Incurred	Tim Hortons, Utilities, Lessor
Additional Funds[8/]	$25,000	$40,000		During the first 3 months of operation	Various
TOTAL	$53,650	$185,500			

Footnotes follow all tables.

1/ Except as otherwise noted, all amounts payable to us or our affiliates are non-refundable.

2/ This estimate will cover our recommended opening inventory of food items, packaging, cleaning, uniforms and other supplies.

3/ Real estate taxes, personal property taxes and CAM charges will vary considerably, depending on the Tim Hortons Shop's location.

4/ You must attend and satisfactorily complete our initial training program before you may open your Tim Hortons Shop. In exceptional circumstances, we may waive this training for certain Operators based upon their individual circumstances and experience level. The fee for this training varies based upon whether you are a new or existing franchisee or a branded partner. See Item 11 for these fees. The estimated cost for training is per person and also includes the costs incurred while attending the initial training program. The low estimate assumes two to three people attending the training for 4 weeks and the high estimate assumes two to three people attending the training for 6 weeks.

5/ These costs cover legal and accounting fees, and various licenses and permits like occupancy and business licenses. If you are (with our approval) negotiating the purchase or lease of the Tim Hortons Shop premises, you should expect to pay approximately $7,000 for legal advice and services you may need in connection with negotiating the purchase or lease of the Tim Hortons Shop premises. This does not include legal fees for services provided in conjunction with processing and preparing necessary immigration documentation for non-U.S. citizens.

6/ If you lease or sublease your Tim Hortons Shop premises from us or one of our affiliates, you may be required to pay these insurance expenses to us, and we will remit these payments to the insurer or landlord. If you own or lease the Tim Hortons Shop premises from a third party, you must pay these expenses directly to the insurer or landlord under your lease.

7/ Security deposits may be required by the landlord, utilities, and suppliers. Operators must furnish a security deposit to us. The security deposit for Operators will be refunded (less any chargeable expenses as described in the Operator Agreement) when these agreements are terminated.

8/ You will need capital to support on-going expenses, like cash float, payroll, utilities, and telephone service, if these costs are not covered by Gross Sales. New businesses often generate a negative cash flow. This amount also includes at a minimum credit card processing fees between $400 to $3,000, financial management software costs of about $900, and guest Wi-Fi service fees between $115 to $900 (if you purchase the Wi-Fi hardware, your costs for this fee will be at the high-end of this estimate). This amount is an estimate, and we cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors like your management skill, experience and business acumen, economic conditions, the local market for your business, competition and the performance of your Tim Hortons Shop. We relied on internal financial records in estimating your needs for additional funds.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except for Non-Standard Shops located at institutional sites, or if you are purchasing a Tim Hortons Shop from us, you or your affiliate must purchase or lease the Franchised Restaurant premises directly from a third party, subject to our approval. If we or our affiliate own or lease the Franchised Restaurant premises, you must lease or sublease the Franchised Restaurant premises from us or an affiliate. For subleases, we or our affiliate will usually charge rent as a percentage of sales in addition to a base rent which is an amount in excess of the amount we are obligated to pay to the landlord as lessee. For leases, we or our affiliate will usually charge rent based upon our receipt of a competitive rate of return on our investment.

You must operate your Franchised Restaurant in strict conformance with our standards and operating procedures. These standards and operating procedures are described in the Tim Hortons Confidential Operating Manual ("**Manual**"). The Manual consists of, collectively, all manuals, guides, bulletins, memoranda, notices, audio or video and on-line training materials, computer media, or other publications, documents, or electronic communications (i.e., Internet or e-mail) that provide information, advice, standards, requirements, operating procedures, instructions, or policies about the operation of the Franchised Restaurant. We may, in writing, revise the Manual, or any portion of it, at any time.

Unless we permit you to do otherwise, you must purchase or lease all products, fixtures, furnishings, building components, equipment, including point of sale systems, ordering systems and customer communication systems, decor, signs, paper goods, containers, cartons, packaging, supplies, and smallwares and other utensils, services, including project management services, product ingredients, and other items installed in, used, or sold by the Franchised Restaurant ("**Items**") solely from suppliers who have been approved by us and all these Items must meet our specifications. We can designate ourselves, our affiliates or a third party as the sole supplier for any Item. All or a significant percentage of the Items used or sold by your Franchised Restaurant may be restricted to a single supplier. As used in this disclosure document, the term "**suppliers**" includes manufacturers, distributors, wholesalers and service providers. We may derive revenues from your purchase of Items from us, our affiliates and other approved suppliers. We and our affiliates may charge what we consider to be a reasonable mark-up on items sold to you.

If you want to purchase any Items for which we have not approved a sole supplier, from a supplier who is not currently approved by us, you must submit to us a request for approval using our electronic form, together with evidence of conformity with our specifications as we may require, or you may ask the supplier to do so. The supplier must demonstrate, to our continuing satisfaction, the ability to meet our standards and specifications for the Items, agree to our required Master Terms and Conditions of Supply or services agreement, and possess adequate quality controls and capacity to supply the Items promptly and reliably. We can inspect and evaluate the supplier's facilities and products to be supplied, and you or the supplier must pay, in advance, all of the estimated reasonable expenses of doing so, with a final payment adjustment made after completion of the inspection and evaluation. We also may conduct laboratory testing of product samples at the supplier's expense, and test market products in existing Tim Hortons Shops. Suppliers also must provide us with the detailed formulae and preparation instructions for any food products, and detailed specifications for any packaging materials, such as paper or cardboard specifications. Suppliers must also provide us with evidence of satisfactory insurance coverage for product liability, including naming us as an additional insured under their insurance coverage. We generally decide whether to approve a supplier within 6 months after receipt by us of all information we request. When approving suppliers, we consider their financial condition, capability to comply with our sustainability, quality and safety standards, technical ability, reputation, references, nutritional information of products and their ability to provide goods or services consistently and in a timely manner to a large number of Tim Hortons Shops and/or whether approval will undermine special pricing benefits available to other Tim Hortons Shops from existing suppliers. Otherwise, our criteria for approving suppliers is not available to franchisees and Operators. We

may deny approval of any suggested suppliers if we determine, in our sole discretion, that the product proposed to be provided does not meet our specifications or the supplier does not meet then-current Tim Hortons System standards and criteria for approving new suppliers, and we may revoke approval of a previously approved supplier if we determine, in our sole discretion, that the product or supplier no longer meets these standards. For example, this determination may be made if the supplier is not competitive, is unable to supply products in a consistent and reliable manner, or the products supplied are of inconsistent or inadequate quality. Upon receipt of written notice of revocation, you must immediately cease purchasing from any disapproved supplier.

We estimate that the required purchases and leases that meet our specifications will represent approximately 100% of your total purchases and leases in establishing your Franchised Restaurant and 95% of your total purchases and leases in the continuing operation of the Franchised Restaurant.

As of the date of this disclosure document, we and TDL have an arrangement with third-party distributors under which the distributors provide the benefits of a warehousing and distribution system for all Tim Hortons Shops. We purchase certain paper products, uniforms, coffee, food products , certain beverages, certain cleaning supplies, packaging and equipment ("**Selected Goods**") from TDL and from other affiliated and non-affiliated suppliers and then re-sell these items to a distributor. TDL also purchases certain goods -- such as smallwares -- ("**Articles**") from non-affiliated suppliers and then re-sells these Articles to a distributor. These distributors, in turn, sell these Selected Goods and Articles to the Tim Hortons Shops. As of the date of this disclosure document, these distributors were the only parties authorized by us to distribute Selected Goods and Articles to the Tim Hortons Shops. We, TDL, and any affiliates from whom we or TDL may purchase Selected Goods or Articles will derive revenue from sales of Selected Goods and Articles to these distributors. We also have an unaffiliated sole supplier for certain food, beverages and equipment including soda products, certain cleaning supplies, and digital menu boards and an unaffiliated sole supplier for quality assurance inspection services.

We have a technology strategy we refer to as "**Smart Store**," that seeks to integrate a package of computer and electronic financial, operations, mobile order and pay (paid directly to the credit card processor), and training programs and services that are used by Tim Hortons Shops. These programs and services include point-of-sale (POS) systems, computer equipment, computer and digital menu board software, equipment for internet, Wi-Fi, credit card processing equipment and stored value gift card equipment. Franchisees and Operators are obligated to secure these programs and services, and use the vendors that we designate to provide certain on-going maintenance, service and support for these programs and services.

We or an affiliate, as identified below, are currently the sole supplier of the following:

1. Tim Card Gift Cards - You will sign a Tim Card Addendum with us and a contract with the provider. You will also sign an amendment to the Tim Card Addendum if you are selling Cold Stone products at your location. Copies of these documents are attached at Exhibit F and within the Cold Stone Addendum at Exhibit J.

2. TimZone System - Web-based communication portal and e-mail system known as the "**TimZone**." TimZone allows us, among other things, to advise (via e-mail or portal) about future promotions and other information related to the Tim Hortons System and/or of interest to franchisees and Operators, and allows you to, among other things, transmit sales data to us and to send you invoices and electronic fund transfer notices.

3. Tim Hortons System's Technology Infrastructure and Credit Equipment - Through this package of services, we provide you with a technology package with a black box, training content and support, a digital menu board equipment warranty, and credit card equipment support.

We can cancel or modify any of the above-described programs as well as substitute other approved suppliers at any time.

An Officer of THUSA owns publicly traded shares of Kraft Heinz Foods, Inc. a supplier of approved products to the TIM HORTONS® System.

For the fiscal year ended December 31, 2022, we had revenues of $38,749,566, of which $3,849,206, or approximately 10%, represented franchisees' and Operators' purchases or leases from us (including $1,314,844 in equipment leases). Our affiliate, Tim Donut U.S. Limited, Inc. had revenues of $53,560,752 from leases and subleases with franchisees. Our affiliate, The TDL Group Corp. had revenues of $7,130,946 from franchisee and Operator purchases. Our affiliate, THD Coffee Co., and its successors, had revenues of $14,688,011 from product purchases from franchisees and Operators. All of this information comes from the applicable party's internal financial records.

We or our affiliate occasionally receive rebates, commissions, allowances and other benefits from various suppliers, including the third party distributors disclosed above, as a result of our, our affiliate's or our franchisees' purchases from these suppliers and distributors. We and our affiliate retain these rebates, commissions, allowances and other benefits. Although not directly related to required purchases or leases by franchisees, we do receive sponsorship revenue from suppliers in connection with our annual franchise convention.

We have negotiated purchase arrangements with suppliers. In doing so, we seek to promote the overall interests of the Tim Hortons System and our interest as the franchisor. Franchisees and Operators are not required to purchase from suppliers with whom we have negotiated purchase arrangements, unless we have designated the supplier as the only approved source for the Item.

We do not have purchasing or distribution cooperatives. We do not provide material benefits to franchisees or Operators based on a franchisee's or Operator's purchase of particular products or services or use of particular suppliers.

All advertising and promotion by you must be in the media and of the type and format as we may approve, must be conducted in a dignified manner, and must conform to the standards and requirements we specify. Please see Item 11 under the heading "Advertising" for information about the procedure to obtain our approval for advertising and promotional materials prepared by you.

All fixtures, furnishings, equipment, required computer or communications hardware and software, real estate leases, and insurance will already be in place in a Tim Hortons Shop to be operated by an Operator or franchisee.

You may construct your own Franchised Restaurant only after receiving all necessary franchise, site and design approvals to do so from us. If you are approved to construct your own Franchised Restaurant, the design must be completed (sealed) by a design firm approved by us and must meet our standards. Upon our request, you must use an approved project management service for the construction of your Franchised Restaurant. You must prepare a site survey and your construction plans and specifications for the Franchised Restaurant's site and building to ensure that they comply fully with all applicable ADA and similar rules, other applicable ordinances, building codes, permit requirements, and

lease requirements and restrictions. We must review and approve all final construction plans and specifications before you begin constructing the Franchised Restaurant and all revised or "as built" plans and specifications during construction. Our review is only to ensure your compliance with our design requirements. You are ultimately responsible for ensuring that your design and construction of the Franchised Restaurant meets all applicable laws. We may inspect the Franchised Restaurant during its construction. Once the Franchised Restaurant is constructed, we must approve any renovations.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	§ 1.02 – 1.03, and Key Contract Data Page of the Franchise Agreement; § 3 of the Operator Agreement; § 8.1 of the Asset Purchase Agreement; Art. VI of the Area Development Agreement	Items 1, 10 and 11
b.	Pre-opening purchases/leases	§ 5.02, 5.07, 5.09 and 5.12 of the Franchise Agreement; § 3 and 4 of the Operator Agreement; All of the Asset Purchase Agreement Art. VI and VII of the Area Development Agreement	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	§ 1.02 – 1.04 and 5.02 – 5.03, 8.04 of the Franchise Agreement; § 2, 3, and 4 of the Operator Agreement; Art. III, V, VI, VII of the Area Development Agreement	Items 7, 8, and 11
d.	Initial and ongoing training	§ 1.04, 5.03 – 5.05, 11.03, 12.02, 13.02 of the Franchise Agreement; § 2 and 3 of the Operator Agreement	Item 11
e.	Opening	§ 1.03, 1.04 and 5.02 – 5.04, and Key Contract Data Page of the Franchise Agreement; Art. III, V, VI, VII of the Area Development Agreement; § 2 and 3 of the Operator Agreement	Item 7, 11

Obligation		Section in Agreement	Disclosure Document Item
f.	Fees	§ 3.01, 4.01 – 4.09, 5.03, 5.05, 5.07, 5.09, 5.11, 7.06, 8.04, 9.09, 10.04, 10.05, 11.03, 12.03, 13.08, 13.11, 15.01, 15.02, 16.02, 17.18 and 22.01, and Key Contract Data Page of the Franchise Agreement; § 3, 5, 7, 8, 9.3, 16.8, and Key Contract Data Page of the Lease/Sublease; § 4 and 8.2 of the Asset Purchase Agreement; Art. I, VII, VIII, X, XIII of the Area Development Agreement; § 4, 6, and 10 of the Operator Agreement	Items 5, 6, 7, 8, and 11
g.	Compliance with standards and policies/Operating Manual	§ 5.01 – 5.20, 6.08, 7.01 – 7.06, 8.03 – 8.06, 9.01, 9.09, 10.03, 12.01, and 12.02 of the Franchise Agreement; Art. VI, VII, and IX of the Area Development Agreement; § 5 of Lease/Sublease; § 3 of the Operator Agreement	Items 8, 11, 14 15, and 16
h.	Trademarks and proprietary information	§ 1.01, 5.01, 5.08, 5.12, 5.20, 6.01 – 6.13, 7.01 – 7.06, 8.06, 12.02, 13.05, and 13.12 – 13.13 of the Franchise Agreement; § 3 of the Operator Agreement; Art. III, IX, X of the Area Development Agreement	Items 13 and 14
i.	Restrictions on products/services offered	§ 5.01, 5.06 – 5.07, 5.09, 5.13, 5.15 – 5.16, and 5.20 of the Franchise Agreement; § 5 of Lease/Sublease; § 3 of the Operator Agreement	Items 8 and 16
j.	Warranty and customer service requirements	§ 5.04 and 5.09 – 5.10 of the Franchise Agreement; § 3 of the Operator Agreement	Not applicable
k.	Territorial development and sales quotas	§ 8.4 of the Asset Purchase Agreement; Art. 1, III, V, VI, Schedule 1, Exhibit B of the Area Development Agreement	Item 1 and 12

Obligation		Section in Agreement	Disclosure Document Item
l.	Ongoing product/service purchases	§ 5.07 of the Franchise Agreement; § 3 and 4 of the Operator Agreement Art. VIII of the Area Development Agreement	Items 6, 8, 11, and 16
m.	Maintenance, appearance and remodeling requirements	§ 5.06, 5.08 – 5.12, 5.16, 5.20, 6.09, 12.01, and 21.01 of the Franchise Agreement; § 2.4, 4, and 5 of Lease/Sublease; § 15 of the Asset Purchase Agreement; § 3 and 4 of the Operator Agreement § 6.2, 6.4 of the Area Development Agreement	Items 6, 8, and 11
n.	Insurance	§ 10.01 – 10.06 of the Franchise Agreement; § 4 and 5 of the Lease/Sublease; § 9 of the Asset Purchase Agreement; § 4 of the Operator Agreement § 13.4 of the Area Development Agreement	Items 6, 7, and 8
o.	Advertising	§ 4.04, 5.12, 5.20, 6.01 – 6.13, and 8.01 – 8.06 of the Franchise Agreement; § 6 of the Operator Agreement; Art. I, VII, X of the Area Development Agreement	Items 6, 7, 8, and 11
p.	Indemnification	§ 1.03, 5.04 10.02, and 16.02 and Attachment A of the Franchise Agreement; § 3.3, 8, and 16 of the Lease/Sublease; § 2(d) of the Owner's Guaranty; § 16 of the Asset Purchase Agreement; Art. XIII and §14.7of the Area Development Agreement; § 3 and 7 of the Operator Agreement	Item 6
q.	Owner's participation/ management/staffing	§ 5.04, 13.02, and 13.04 of the Franchise Agreement; § 1, 3, and 7 of the Operator Agreement	Item 15

Obligation		Section in Agreement	Disclosure Document Item
r.	Records/reports	§ 4.03, 4.04, 5.11, 9.00 – 9.10 of the Franchise Agreement; § 3 and 9.1 of the Lease/Sublease; § 3 and 6 of the Operator Agreement Art. VIII of the Area Development Agreement	Item 6 and 11
s.	Inspection/audits	§ 5.14, 6.12, 9.03, and 9.09 of the Franchise Agreement; § 2, 3, 5, and 16 of the Lease/Sublease; § 3 and 6 of the Operator Agreement	Items 6 and 11
t.	Transfer	§ 11.01 – 11.07, and 12.02 of the Franchise Agreement; § 13 of the Lease/Sublease; Art. XI of the Area Development Agreement; § 9 of the Operator Agreement	Item 17
u.	Renewal	§ 2.02 and Key Contract Data Page of the Franchise Agreement; § 2 of the Lease/Sublease	Item 17
v.	Post-termination obligations	§ 6.02 – 6.03, 6.06, 6.08, 9.09, 12.03, 13.05 – 13.06, 13.09, 13.12 – 13.13, 13.19, and 17.23 of the Franchise Agreement; § 2, 9, and 16.7 of the Lease/Sublease; Articles VII, VIII, X § 5.3, 7.6, 9.2, 9.3, 13.1, 18.10 of the Area Development Agreement; § 3, 11, and 14 of the Operator Agreement	Item 17
w.	Non-competition covenants	§ 6.11, 13.05 – 13.18, and 17.21 of the Franchise Agreement; Art. X of the Area Development Agreement; § 3 and 14 of the Operator Agreement	Item 17

Obligation		Section in Agreement	Disclosure Document Item
x.	Dispute resolution	§ 17.14 – 17.18 of the Franchise Agreement; § 20.10 of Asset Purchase Agreement; § 18.4 of the Area Development Agreement; § 3 of the Operator Agreement; § 17.1 and 17.4 of the Lease/Sublease	Item 17
y.	Other: Guarantee of Obligations (Note 1)	§ 14.01-03 and Attachment A of the Franchise Agreement; § 13 and Attachment C of the Operator Agreement Art. XIV of the Area Development Agreement	Item 22

Unless otherwise stated, references in the table to the Franchise Agreement, Lease/Sublease and Operator Agreement apply to both types of Shops.

1. If you transfer your Franchise Agreement to an entity or partnership, or you are an entity or partnership, all of your owners must personally guaranty all obligations under the Franchise Agreement and indemnify us and our affiliates for any losses we or our affiliates incur, and any actions we commence, based upon failure to comply with the Franchise Agreement. The Owner's Guaranty is attached to the Franchise Agreement. The Owner's Guaranty is attached to the Operator Agreement. If you sign an Area Development Agreement, your owners must sign the Area Development Agreement as guarantors, and as such will guarantee all obligations under it, including all obligations under any Franchise Agreements granted pursuant to it, and be personally bound by various of its provisions.

ITEM 10
FINANCING

If you lease/sublease your Tim Hortons Shop premises location from us or an affiliate the terms of the lease or sublease will be site-specific. If we construct the leasehold improvements and install all necessary fixtures, furnishings, signs, and equipment, the rent may reflect the cost of leasehold improvements. The standard form of lease/sublease is attached as Exhibit E.

Neither we nor any affiliate of ours offers financing to our franchisees or arranges for financing for our franchisees from other sources. We do not guarantee your notes, leases, or obligations to third parties.

ITEM 11
FRANCHISOR ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

1. We will provide an initial training program to two of your employees. (Franchise Agreement, Sections 3.01(d) and 5.03; Operator Agreement, Sections 2 and 3)

2. We will provide advice as we deem advisable regarding the construction of the Franchised Restaurant to meet our plans and specifications (if the Franchised Restaurant is constructed, equipped, and furnished by you) or we will as we deem advisable construct, equip, and furnish the Franchised Restaurant, but you will be responsible for our costs to do so (if we construct, equip, and furnish the Franchised Restaurant). (Franchise Agreement, Section 3.01)

3. We may provide franchisees or Operators operating their first Tim Hortons Shop certain on-site pre-opening and opening assistance, which may be with or without charge. The timing, nature, and duration of this assistance will be at our sole discretion. We do not need to provide to you any pre-opening and opening assistance under the Franchise Agreement or Operator Agreement if you or one of your affiliates is a franchisee of an existing Tim Hortons Shop. (Franchise Agreement, Section 3.01(e) and (g); Operator Agreement, Section 3)

4. We will provide you access to the Confidential Operating Manual. The information contained in the Manual will remain our property. (Franchise Agreement, Section 3.01(h) and Article VII.; Operator Agreement, Section 3)

5. Under the Operator Agreement, we will provide Operators with a fully operational Tim Hortons Shop, including fixtures, equipment, and other tangible personal property identified in the specific Operator Agreement. (Operator Agreement, Recital A and Section 1)

6. If you lease the Franchised Restaurant premises from anyone other than us or our affiliate or an entity that you are affiliated with, we must approve the lease terms and you must have the Lease Rider attached to the Franchise Agreement signed by the landlord or sublandlord of the premises. You must deliver a copy of your lease to us for our approval at least 10 business days before you sign it. You must also provide us with a copy of your lease for the Franchised Restaurant premises and the Lease Rider within 10 days after each is fully signed. Any lease for the Franchised Restaurant premises must include provisions to protect our interests as a franchisor in the property. We have no liability to you regarding the terms or negotiation of the lease you sign directly with a landlord or sublandlord. (Franchise Agreement, Section 1.03)

7. If you own or lease your Franchised Restaurant premises directly or through an entity affiliated with you, you or your affiliated entity that owns the property must sign our Lease Option Agreement, the form of which is attached at Exhibit L. Under the Lease Option Agreement we can lease the Franchised Restaurant premises from you or your affiliated entity (as applicable) if the Franchise Agreement is terminated or expires. (Lease Option Agreement, Section 2.) Your affiliated entity must also provide these same rights afforded to us within any lease or sublease for the Franchised Restaurant premises. (Lease Option Agreement, Section 1.)

8. Under the Area Development Agreement, we will provide to you a development schedule for the number of Franchised Restaurants within the Territory you must open and the periods in which you must open them. (Area Development Agreement, Section 1.1.61 and Article III and V)

9. Under the Area Development Agreement, for each Franchised Restaurant to be developed by you (or your subsidiary or affiliate), we will grant or deny approval for the Franchised Restaurant based on, at the relevant time, our standard franchise approval criteria, including without limitation, operational financial, credit, and legal criteria. (Area Development Agreement, Article VI)

Continuing Obligations

1. We will make available additional training programs as we determine during the term of the Franchise Agreement or Operator Agreement. (Franchise Agreement, Section 5.05; Operator Agreement, Section 3)

2. We may revise the Manual to incorporate changes. (Franchise Agreement, Sections 3.01 and 7.04; Operator Agreement, Section 3)

3. We may conduct, when and as frequently as we deem advisable, up to 4 inspections per year of your Franchised Restaurant; testing of samples of ingredients, products, materials, supplies, and paper goods from your Franchised Restaurant; and periodic inspections and audits of your Franchised Restaurant to ensure compliance with the Franchise Agreement (including Tim Hortons' System standards) and applicable laws. (Franchise Agreement, Sections 5.13, 6.12 and 9.09; Operator Agreement, Section 3)

4. We may require you to enter into service contracts with service providers we designate, at your expense, for the evaluation and maintenance of the interior and exterior of your Franchised Restaurant. (Franchise Agreement, Section 4.11)

5. We will administer the special advertising, marketing and sales promotion account, The Tim's National Advertising Program, Inc., and direct the development of advertising and promotional programs. (Franchise Agreement, Section 3.01(c); Operator Agreement, Sections 3 and 6).

6. We will review for approval and, if appropriate, approve each location for a Franchised Restaurant you propose to develop under an Area Development Agreement based on our then-current standards for site approval. (Area Development Agreement, Section 6.2)

7. Under the Area Development Agreement, for each Franchised Restaurant to be developed by you (or your subsidiary or affiliate), we will grant or deny approval for the Franchised Restaurant based on, at the relevant time, our standard franchise approval criteria, including without limitation operational , financial, credit, and legal criteria (Area Development Agreement, Article VI)

Site Selection and Length of Time Before Opening

It is our current practice not to provide you with a Franchise Agreement until your site has been selected and approved. You are responsible for all costs to remodel and re-decorate the Franchised Restaurant premises. If you identify a potential site for your Franchised Restaurant, you must apply for approval of that site by submitting to us information and materials that we require. We have no obligation to consider your site submission if you are in default of any agreement with us or do not meet the criteria for franchise approval at the time of your submission. We can consider any factors, which may include general location and neighborhood; traffic patterns; accessibility; visibility; demographics; anticipated land acquisition and construction costs; and existing restaurants in the area. The timeframe for approval of the

proposed site varies, but we generally approve or disapprove a site within 60 days after we have all information we have requested. You should not enter into any binding commitments with property owners or vendors until we have approved your proposed site in writing. You must construct, equip and furnish the Franchised Restaurant at the approved site in accordance with our approved plans and specifications and purchase equipment through approved suppliers. We typically assist with these purchases and either deliver or arrange for the delivery of the equipment to you. You must perform an inventory of equipment delivered within 3 days of equipment delivery date and smallwares 1 week prior to the Franchised Restaurant opening. You must conform the premises to local ordinances and building codes and obtain any required permits. We do not provide services or assistance with construction, installation of equipment or furnishing the Franchised Restaurant or with obtaining required permits. You must remodel and re-decorate the Franchised Restaurant premises in accordance with our then current specifications.

If you or your affiliate has our approval to lease or own the property upon which the Franchised Restaurant premises are located and you are developing and/or constructing the Franchised Restaurant yourself, the estimated elapsed time between the signing of the Franchise Agreement and the opening of the Franchised Restaurant is approximately 4 to 6 weeks, depending upon how quickly you obtain property rights and construct the Franchised Restaurant premises, the need for training, and return to us of the signed documents. We estimate that the typical length of time between signing the Area Development Agreement and the time you begin operating your development business is approximately 3 months to 1 year. Factors that may affect this timing include your ability to obtain any necessary permits, your ability to secure any necessary financing and the time needed to close on the acquisition of any existing Franchised Restaurants.

Under the Area Development Agreement, once we grant franchise approval for a Franchised Restaurant you propose to develop, you must apply for and obtain our approval to build the Franchised Restaurant at a particular location within the Territory in accordance with our then-current approval procedures.

Operators will operate a Tim Hortons Shop that contains all required furnishings, fixtures, and equipment from a location that has already been approved by us. The estimated elapsed time between the signing of the Operator Agreement and the opening of a Tim Hortons Shop is 1 day to 16 weeks depending upon may factors, like the need for training, finalization of a lease for the Tim Hortons Shop, and return to us of the executed documents and closing funds. The Operator Agreement will specify the date on which the Operator must open its Tim Hortons Shop for business.

Our offer or approval of any site is not a guarantee or assurance that the Tim Hortons Shop will be profitable or successful. If we approve a site that you identify, we rely heavily on your knowledge of the local market in selecting the proposed site. You are encouraged to evaluate the potential site before entering into a Franchise Agreement or Operator Agreement and you must conduct your own investigations and use your own business judgment about any potential site.

The Tim Hortons Training Program

All franchisees and Operators must attend and satisfactorily complete our initial training program before they may open their Tim Hortons Shop. In exceptional circumstances, we may waive this training for certain franchisees based upon their individual circumstances and experience level. This training is typically approximately 30 business days over a period of approximately 1 to 6 weeks, and is held at a certified training facility in Columbus, Ohio we select. The initial training program is typically provided immediately before your Tim Hortons Shop opening. The cost for this training is $500 per person per week.

You are responsible for all other expenses incurred in attending the initial training program, including the cost of lodging, travel, and living expenses. Your principal owners who will be involved in

the operation of your Tim Hortons Shop, must attend and successfully complete the training. If you retain a General Manager, and you must retain a General Manager if you own more than one Tim Hortons Shop, the General Manager must also attend and successfully complete the training. Likewise, if you retain a Restaurant Manager for the Tim Hortons Shop, that person must attend and successfully complete the training. If you or your Managers fail to successfully complete the initial training program to our satisfaction we can terminate the Franchise Agreement or Operator Agreement. You will be responsible for all expenses incurred in attending the training program, including the cost of lodging, travel, and living expenses.

The initial training program is designed to develop the skills necessary to properly operate a Tim Hortons Shop. We also offer truncated versions of this training program to Tim Hortons managers we approve. Instructional materials consist of the production manual, various online training modules, and subject-specific written materials prepared especially for the initial training program.

An overview of the full training program as of December 31, 2022 is as follows:

TRAINING PROGRAM

Classroom Training		On-the-Job Training (Full Program)		
Subject	Hours	Subject	Hours	Location
Welcome to Tim Hortons (orientation)	1.0	Welcome to Tim Hortons (orientation) Beverage Service	1.0 30.0	Columbus, Ohio
Hospitality & Brand Standards	3.5	Drive Thru (if applicable)	36.0	Columbus, Ohio
Food Safety	2.5	Equipment Maintenance	4.0	Columbus, Ohio
Coffee Leadership & Other Beverages	4.5	Food Safety	8.0	Columbus, Ohio
Restaurant Management Routines	2.0	Food Preparation and Food Service	32.0	Columbus, Ohio
Restaurant Management Routines P.L.A.N.	2.0	Digital & Loyalty	1.0	Columbus, Ohio
		Restaurant Management Operations	43.0	Columbus, Ohio
		REV	8.0	Columbus, Ohio
		Clearview overview and introduction	8.0	Columbus, Ohio
		Training at Tim's Modules	8.0	Columbus, Ohio
TOTAL CLASSROOM TRAINING	15.5	TOTAL ON-THE-JOB TRAINING	179.0	

During the term of the Franchise Agreement or Operator Agreement, you (or a principal of a partnership or corporate franchisee, or, if you are operating a Non-Standard Shop, you may appoint a Designated Manager) must attend and complete additional training programs as required by us at the time(s) and location(s) selected by us. At any additional training programs you must attend, we will provide the training, instructors and workbook as we deem appropriate, without charge to you, except for a materials fee not to exceed $1,000 per person. You will be responsible for any and all other expenses incurred in attending additional training programs such as the cost of travel, lodging, and living expenses.

All training is presently under the supervision of Kody Ball. Mr. Ball has been employed by THUSA since February 2022 serving as Manager, Operations Training. Before joining THUSA, Mr. Ball had over 9 years of experience in the restaurant industry. Some specific subjects are taught by employees of Tim Hortons and its affiliate TDL, and employees of the certified training facility, all who have daily management responsibility in the subject being taught.

Advertising

Under the Franchise Agreement or Operator Agreement, you must make a monthly advertising contribution at the rate of 4% of the Gross Sales of the Tim Hortons Shop. These contributions are paid to our current Tim Hortons System fund, The Tim's National Advertising Program, Inc. ("**TNAP**"). We can either discontinue any System fund or substitute a different fund in place of TNAP. TNAP is a not-for-profit corporation established on December 15, 1997 under the laws of the State of Ohio. Tim Hortons Shops operated by us and our affiliates also contribute to TNAP, each month, on the same basis and in the same amounts as franchisees operating under a Franchise Agreement or Operator Agreement. (Franchise Agreement Section 8.02; Operator Agreement Section 6). Besides TNAP you do not need to participate in any other advertising fund.

For Non-Standard Shops located in "captured traffic" locations like offices, hospitals, airports, colleges, grocery stores, gas and convenience stores, including those in arenas and sports stadiums that operate only during events, and for those Tim Hortons Shops located in an emerging market, we may refund up to 3% of your advertising fund contribution to TNAP for you to locally market the Tim Hortons Shop. If we do that, records pertaining to your local advertising expenditures are subject to our review and audit.

TNAP is directed, maintained and administered by us as follows:

1. We direct all advertising and promotional programs, with sole discretion over the creative concepts, materials and media used in these programs, and their placement and allocation. There is no franchise advertising council that advises us on our advertising policies.

TNAP is intended to maximize general public recognition, acceptance and use of the Tim Hortons System and Tim Hortons Trademarks. Other than through TNAP we have no obligation to conduct advertising. We are not obligated, in administering TNAP, to make expenditures for you equivalent or proportionate to your contributions, or to ensure that you benefit directly or pro-rata from expenditures by TNAP. TNAP is not a trust fund, and we have no fiduciary responsibility to you in connection with the collection or use of TNAP monies or any other aspect of TNAP's operations. (Franchise Agreement Section 8.02(a) and (f); Operator Agreement Sections 3 and 6)

2. All contributions to TNAP and any earnings, are used exclusively to meet the costs of maintaining, administering, directing, conducting and developing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities and related investments and/or initiatives including, for example, capital investments we believe will enhance the image of the Tim Hortons System, the cost of preparing and conducting advertising campaigns with various media including the

Internet, preparing direct mail advertising, market research, employing advertising and/or public relations agencies to assist with these activities, purchasing promotional items, conducting and administering product introductions, and providing promotional and other marketing materials and services. The advertising and promotional programs are prepared primarily by outside advertising agencies. (Franchise Agreement Section 8.02(b); Operator Agreement Sections 3 and 6)

3. All sums paid to TNAP are accounted for separately from our other monies, and are not used to defray any of our expenses, except for the reasonable costs and overhead, if any, we may incur in activities related to the administration or direction of TNAP and advertising programs, like the cost of personnel for creating and implementing advertising, promotional, and marketing programs. We prepare audited financial statements for TNAP; a copy of which will be made available to you upon request, the cost of the audit to be paid by TNAP. If there is a surplus in TNAP at the end of the year, expenditures during the next year will be made first from funds contributed during the previous year. We may also loan money to TNAP. We can terminate TNAP at any time in our sole discretion but, if we do so, any monies in TNAP at the time of termination will be expended or returned to the contributors. (Franchise Agreement Section 8.02(c), (d), (e); Operator Agreement Sections 3 and 6)

4. Though the coverage of the advertising, marketing, publications and promotional programs is currently local in scope, we can allocate your contributions in TNAP among local, regional and national advertising and promotion. We can also modify this allocation. (Franchise Agreement Section 8.02(a); Operator Agreement Sections 3 and 6)

We have entered into an agreement with TNAP under which we may, in our sole discretion, loan up to $35 million, which may be increased at our discretion, to TNAP to fund advertising expenses, including but not limited to digital menu boards on which TNAP has not yet collected advertising contributions from franchisees. These loans are interest free and are scheduled to be fully repaid to us by December 31, 2028. As of the date of this Disclosure Document, we have loaned TNAP approximately $20 million under this agreement, and we may advance additional funds in the future.

During our fiscal year ended December 31, 2022, 57.0% of the expenditures from TNAP were for media placement; 16.2% for production of promotional and advertising materials; 21.7% for administrative expenses generally; and 5.1% for administrative expenses tied to our technology development. Except as discussed above, in 2022, neither Tim Hortons nor any of our affiliates received any payment from TNAP. No TNAP monies, or any other advertising funds, were used for directly soliciting the sales of franchises during the fiscal year ending December 31, 2022.

You do not have to participate in a local or regional advertising council. However, all local advertising and promotion conducted by you must appear in the media and be of the type and format as approved by us, must be conducted in a dignified manner, over the time frame established by us, and must conform to the standards and requirements described in the Manual or otherwise in writing. You must submit all advertising and promotional plans and materials to us before their use, and may not use the materials unless we have furnished written notice to you authorizing use. We can at any time after you start using any advertising or promotional plans and materials prohibit further use, effective upon your receipt of written notice from us.

Before a new Tim Hortons Shop opens or a renovated Tim Hortons Shop re-opens, you must have your advertising and promotion campaign approved by us. Immediately following the opening or re-opening of the Tim Hortons Shop, all franchisees and Operators of newly opened or renovated Tim Hortons Shops must conduct the advertising and promotion campaign which we must approve in advance. Expenditures for your opening or re-opening promotional campaign are not counted or credited towards your monthly system advertising fund contributions. We may, at our option, elect to contribute an amount

we determine towards your initial advertising campaign. Franchisees or Operators who take over operations of an existing open Tim Hortons Shop may be required to engage in an opening or re-opening promotional campaign.

You must participate in and furnish information to our market information system in order to assist us in planning, conducting, and evaluating regional and national advertising and promotional programs. You must, at your expense, install and maintain in good working order the equipment specified by us to enable us to electronically gather all relevant information, including Clearview software and other "Smart Store" technologies. You must pay all initial and ongoing internet and VPN charges incurred in participating in our market information program. Please see Item 8 and the information under the subheading "Computer and Other Technology Systems" in this Item 11 for additional information.

Any Internet websites, e-mail addresses, or other means of electronic advertising or commerce created and/or operated by or for us are considered as advertising and may be paid for by TNAP or a regional or other advertising program as we determine. Unless authorized by us, you may not register, create, and/or operate any Internet websites, social media, or Internet domain name or other address that contains any reference to the Tim Hortons System, any Tim Hortons Trademark, or the Tim Hortons Shop.

The Franchise Agreement and Operator Agreement does not require you to join any local or regional advertising cooperative.

Computer and Other Technology Systems

At our request, you must purchase or lease at your expense, and subsequently maintain in good working order, the telecommunications systems, computer hardware and software, required dedicated telephone and power lines, guest Wi-Fi, modem(s), printer(s), and other computer-related accessories or peripheral equipment like point-of-sale, back office reporting systems, credit or debit verification, automatic bank transfer or depository, information storage and/or retrieval transmission systems, and surveillance or security systems as we specify and may change from time to time. Any changes to the above items must be approved by us before you sign the Franchise Agreement.

Computer and technology systems will be used for, among other functions, web-based employee training, recording sales, processing credit and debit card transactions, and other recordkeeping and central functions. If requested, you must help us connect your computer and technology systems with our computer and technology systems so that we can independently retrieve and use, for any purpose, the data and information from your computer and technology systems. Because of the need for compatibility between interconnected computer and technology systems, you must strictly comply with our standards and specifications for all item(s) associated with your computer and technology systems. At your expense, you also must (i) keep your computer and technology systems in good maintenance and repair, and (ii) promptly install the additions, changes, modifications, substitutions, and/or replacements to your computer hardware, software, telephone and power lines, and other computer-related facilities as we direct. You must ensure that you are PCI compliant.

All new Tim Hortons Shops must use the current POS system that we require. This system records all sales transactions, performs various analyses, and creates reports on sales. This system may be purchased from our authorized vendor. You must secure or maintain a maintenance contract on your computer systems. We may choose to change our designated POS system to implement one standardized Tim Hortons POS system with all of our franchisees, which utilizes new technology of our choosing. All restaurants must support our approved digital programs as designed, including Digital Ordering, Digital Payments and Customer Loyalty.

You must provide your customers with the option of paying for products by credit card. To do so, you will need to enter into a bank merchant agreement with a credit card service provider or providers designated by us and purchase the equipment necessary to authorize and process credit card purchases. We have also established a stored value gift card program called Tim Card you must participate in. You must acquire the necessary hardware and software and must enter into service contracts with our designated supplier of stored value gift card processing services. These providers will charge a fee for processing services. These fees will vary depending upon the amount of sales, the number of transactions processed, and the type of credit card or stored value gift card processed. We can also require you to accept debit cards and other non-cash systems. If we require you to do so, you must acquire at your expense, all necessary hardware and software to do so.

If your Tim Hortons Shop contains a drive-thru, you will also receive, as part of the equipment package that must be purchased from us or one of our affiliates (as described in Item 5), a wireless communications system that consists of antennas, vehicle detection board, speakers, menu board, confirmation screens, headsets, battery and battery chargers. The system also includes software that enables a customer to place an order from the outside menu board that is communicated to the staff inside the drive-thru who will prepare the order, as well as a drive thru timer. You must maintain a maintenance contract on this communications equipment to ensure it remains in good working order.

We estimate that the cost of purchasing or leasing the required hardware and software described above will range from $50,000 to $81,000. In addition, we estimate that the cost of purchasing or leasing all of the optional hardware and software described above will range from $500 to $7,000 on an annual basis. Under an Operator Agreement, you are not required to purchase any computer hardware, credit card equipment or communications system, but must maintain, at your expense, any computer or communications system we have installed at the Tim Hortons Shop. You may be required to purchase licensing and support services for a new standardized POS system.

We estimate that the annual cost of optional or required maintenance, updating, upgrading or support services will range from $4,400 to $10,500, exclusive of credit card processing fees. These fees will vary depending upon the amount of sales, the number of transactions processed, and the type of credit card processed. Except as described above, neither we nor any of our affiliates, nor any other third party have an obligation to provide ongoing maintenance, repairs, upgrades or updates of your computer hardware or software.

Manual

A copy of the table of contents to the Confidential Operating Manual provided to franchisees is attached as Exhibit B. There are a total of 672 pages in the Manual.

ITEM 12
TERRITORY

We or any affiliate may establish, and/or otherwise license others to establish, at any location other than your Tim Hortons Shop's premises, regardless of its geographic proximity to or impact on your Tim Hortons Shop, other outlets under the same or different Tim Hortons Trademarks and/or under the same or different system, including the Tim Hortons System (regardless of whether the outlet may compete with your location). We can also sell or distribute, or license others to sell or distribute, at retail or wholesale, any products or services under any mark, including the Tim Hortons Trademarks, at or from any location, regardless of its geographic proximity to or its impact on your Tim Hortons Shop, or by means of telephone, television, mail order, catalogue, and/or computerized or other electronic remote entry ordering systems, including, the Internet, delivery units, kiosks, grocery or convenience stores, express units, catering, home delivery, food trucks, mail order, and other mobile means of delivery. There are no restrictions on us from soliciting or selling goods or services to customers in your market using any channel of distribution under our Tim Hortons Trademarks or otherwise. We will not pay you any compensation for soliciting or accepting orders in your market. All of our rights above apply under a Franchise Agreement, an Operator Agreement and under an Area Development Agreement. Under each of these agreements, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

In certain circumstances, and in our sole discretion, we may grant you certain non-exclusive development rights under an Area Development Agreement. Under an Area Development Agreement, you must open a minimum number of new Franchised Restaurants in a designated area, or "**Territory**". We will determine the size and location of the Territory at the time you sign the Area Development Agreement. In determining the size of the Territory we consider various factors, including the number of Franchised Restaurants you are committing to develop, your business acumen, financial wherewithal and any prior experience you may have as an area developer. Although the size of a Territory will vary based upon the particular circumstances of the transaction, Territories will generally be a designated market area that we determine based upon information available to us at the time. The Territory applies only to the development of Franchised Restaurants in the Territory. If you do not meet the development schedule as to the number and types of Franchised Restaurants you must open in the Territory, we can terminate the Area Development Agreement.

All Tim Hortons Shop locations must be approved by us based on our then-current standards. You may not relocate the Tim Hortons Shop without our prior written consent, which will be granted or withheld based on our then-current standards, including proximity to other Tim Hortons Shops and desirability of the new location.

The Franchise Agreement, Area Development Agreement, and Operator Agreement do not provide you with any options, rights of first refusal, similar rights to acquire additional franchises or provide you the right to develop any other restaurant brand that may be franchised by us or any affiliate.

Under a Franchise Agreement and Operator Agreement, there are no restrictions on customers to whom you may sell, but except as permitted by us, all sales must be made at your Tim Hortons Shop premises and any advertising or Internet presence must be approved by us. You may not sell any goods or services from or to any location other than your Shop premises except as permitted by us.

As explained in Item 1, our affiliates BKC, BK Europe, BK APac, and BK Canada each franchise the operation of and/or operate Burger King® restaurants, our affiliates PLK, PLK Europe, and PLK APAC franchise the operation of and operate Popeyes® restaurants, and our affiliates FOA and Firehouse Canada franchise the operation of and operate Firehouse Subs® restaurants. The principal business address of BKC

and PLK is 5707 Blue Lagoon Drive, Miami, Florida 33126. The principal business address of FOA is 12735 Gran Bay Parkway, Suite 150 Jacksonville, Florida 32258. The principal business address of BK Europe and PLK Europe is Dammstrasse 23, 6300 Zug, Switzerland. The principal business address of BK APac and PLK APAC is 8 Cross Street, Manulife Tower, #28-01, Singapore 048424. The principal business address of BK Canada and Firehouse Canada is 130 King Street West, Suite 300, Toronto, Ontario M5X 1E1, Canada. Burger King® restaurants, Popeyes® restaurants, Firehouse Subs® restaurants and Tim Hortons Shops currently offer significantly different menus but they do also offer some similar goods and they may offer similar goods or services in the future. For example, all four currently offer sandwiches, french fried potatoes and/or chips, dessert items and beverages. We will not grant you a territory, unless we enter into an Area Development Agreement with you as described above and in any event there may be now or in the future Burger King® restaurants, Popeyes® restaurants and/or Firehouse Subs® restaurants located in the same market in the U.S. as current or future Tim Hortons Shops. These Burger King®, Popeyes® and Firehouse Subs® restaurants could be company-owned, franchised or both. If there is a conflict between you and us caused by a Burger King®, Popeyes® or Firehouse Subs® restaurant or between a Tim Hortons franchisee and a Burger King®, Popeyes® or Firehouse Subs® franchisee, our management team will attempt to resolve the conflict after taking into account the specific facts of each situation and what is in the best interests of the affected system or systems. However, we are not responsible for resolving conflicts between or among Tim Hortons franchisees, or between or among a Tim Hortons franchisee and a Burger King®, Popeyes® or Firehouse Subs® franchisee.

Except as previously described in Item 1 and in this Item 12, neither we nor any of our affiliates has established or presently intends to establish other franchises or company-owned or affiliate-owned outlets which sell similar products or services under a different trade name or trademark. However, we and our affiliates have retained the right to do so in the future.

ITEM 13
TRADEMARKS

Under a Franchise Agreement and Operator Agreement you will be given the non-exclusive right and license to use the Tim Hortons Trademarks to operate the Tim Hortons Shop at the Tim Hortons Shop premises, but only in the manner we authorize.

We own the following principal trademarks which are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Trademark	Registration Number	Registration Date
ICED CAPP	4949055	05/03/2016
ICED CAPP & Design (Linear)	6639535	02/08/2022
ICED CAPP & Design (Stacked)	6775130	06/28/2022
TIM HORTONS	2025251	12/24/1996
TIM HORTONS CAFE & BAKE SHOP & Design (Stacked)	6646698	02/15/2022
TIM HORTONS Script Design	6667100	03/08/2022
TIM HORTONS Script Design (B&W)	1690691	06/02/1992
TIMBITS	2026723	12/31/1996
TIMBITS (Stylized)	6639536	02/08/2022

The principal trademarks in the chart below have not been registered on the Principal Register of the USPTO. We do not have a registration for these principal trademarks. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use either of these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Trademark	Application Number	Application Date
TIMS Script Design	90/650093	04/16/2021
TIMS Maple Logo	97/014160	09/07/2021

We have filed, or will file, all required affidavits with respect to the trademarks identified in the charts above. There are no agreements currently in effect that limit our right to use or license the use of the Tim Hortons Trademarks that are in any manner material to you.

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Tim Hortons Trademarks that is relevant to their use by you.

There are no infringing uses actually known to us that could materially affect your use of the Tim Hortons Trademarks. You must promptly notify us of any suspected unauthorized use of, or challenge to the validity of, the Tim Hortons Trademarks or any challenge to our ownership of, or right to use or license others to use, the Tim Hortons Trademarks. You must also promptly notify us of any litigation instituted or threat of litigation against us or you involving the Tim Hortons Trademarks. We reserve the right to direct and control any administrative proceeding or litigation involving the Tim Hortons Trademarks, including any settlement. We may take action against uses by others that may constitute infringement of the Tim Hortons Trademarks. We will neither defend you against any third-party claim, suit, or demand arising out of your use of the Tim Hortons Trademarks nor indemnify you for expenses or damages you may incur as a result of any administrative proceeding or litigation involving the Tim Hortons Trademarks under the Franchise Agreement or Operator Agreement. If any litigation arises relating to your use of the Tim Hortons Trademarks, you must sign all documents and do all acts we may request, to defend or prosecute the litigation, including becoming a nominal party in any legal action.

We may require you to use different proprietary marks, including modifying your signs and advertising materials at your expense, to identify your business and the products and services you offer, if the Tim Hortons Trademarks can no longer be used, or if we, in our sole discretion, determine that substitution of different proprietary marks will be beneficial to the Tim Hortons System. In these circumstances, the use of the substituted proprietary marks will be governed by the terms of the Franchise Agreement or Operator Agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents or copyright registrations that are material to the franchise. However, we claim copyright protection over the Manual, our other forms and materials, and our trademarks that contain design elements. We also claim proprietary rights in the confidential information and trade secrets contained in the Manual.

Confidential Information

We will lend you a copy of the Manual (which may be in a written or electronic format, or a combination of the two formats), which you may use during the term of the Franchise Agreement or Operator Agreement, and you must conduct your business in the manner specified in the Manual. The Manual describes our standards and procedures, among other things, for operating a Tim Hortons Shop, including recipes for our food products. We may revise the Manual, and you must comply with each modification. You must keep your copy of the Manual up-to-date, and if there is a dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will prevail.

You must at all times treat the Manual and the information contained in it as confidential, and use all reasonable efforts to maintain the information as secret and confidential. In addition, any information, trade secrets, knowledge, and know-how including drawings, materials, equipment, recipes, construction, operating information, and other data we designate as secret or confidential, also must be kept confidential by you. You may divulge confidential information only to those of your employees with a need-to-know in order to operate the Tim Hortons Shop. You must not, without our prior written consent, copy or reproduce the Manual or any other confidential information, or otherwise make them available to any unauthorized person or source.

You must require any employee who may have access to any confidential information to maintain the confidentiality of the information received and to sign a confidentiality covenant. The covenant must be in a form satisfactory to us, including our specific identification as a third-party beneficiary of the covenant with an independent right to enforce it.

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

You must designate a "managing owner" who must have the authority to bind you in your dealings with us and our affiliates and who can direct any action necessary for your compliance with the Franchise Agreement, Operator Agreement, or any other agreements relating to your Tim Hortons Shop. You, or a managing director you designate (and approved by us), must; (i) operate your Tim Hortons Shop on a full-time basis; and (ii) reside in the United States at a location no further than 30 miles from your Tim Hortons Shop or another Tim Hortons Shop you operate. You cannot delegate this responsibility except in very special circumstances and subject to our prior approval. If you own or operate more than one Tim Hortons Shop, then you must retain a full-time general manager with authority to direct the day-to-day operation of the Tim Hortons Shop, and at least one restaurant manager who is responsible for the direct, personal supervision of the Tim Hortons Shop. Any general manager or restaurant manager must complete our initial training program within 6 months after taking the position. If you are a business entity, no manager is required to have an equity interest in you.

You must obtain covenants from certain individuals associated with you. These covenants will concern the maintenance of the confidentiality of information about the Tim Hortons System, and an agreement not to compete with the Tim Hortons Shop or any other business operated under the Tim Hortons System using the Tim Hortons Trademarks.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell only those products and services that have been approved by us and that have been prepared using the recipes and ingredients we specify. You must sell all of the products and services we require in the Manual or may otherwise specify in writing as being part of the Tim Hortons System. You are not permitted to sell any product or service that we have not authorized in writing. You cannot sell any products or services from outside the Tim Hortons Shop. We can modify the products and services you must sell and you must comply with any changes.

Item 8 of the disclosure document contains a description of certain restrictions and controls over the purchase of items that may be used in or sold by the Tim Hortons Shop, as well as the locations from which they may be sold.

You must use the Tim Hortons Shop premises solely for the operation of the Tim Hortons Shop. You must operate the Tim Hortons Shop in strict conformity with our standards and must not operate in any manner that reflects adversely on the Tim Hortons Trademarks or the Tim Hortons System.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE 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.

1. Franchise Agreement,
Asset Purchase Agreement, and Operator Agreement

Provision	Section in Agreement	Summary
a. Length of the franchise term	§ 1.04, 2.01, and Key Contract Data Page of the Franchise Agreement; § 8 of the Operator Agreement	Typically, all Tim Hortons Shops have a term that begins when the Franchise Agreement is signed by you and us, and expires 20 years, less one day, after your Franchised Restaurant opens for business, except for Non-Standard Shops, whose terms can vary depending upon the circumstances but are generally 5-10 years less 1 day based upon the location of the Non-Standard Shop, menu offering, existence of a drive thru, non-exclusive seating, and other factors. The term of the Operator Agreement continues until the earlier of a specific date to be agreed upon by the parties or the termination (with or without cause) by either party.
b. Renewal or extension of the term	§ 2.02 of the Franchise Agreement	Not applicable
c. Requirements for you to renew or extend	None	Not applicable
d. Termination by you	§ 11 of the Operator Agreement	You may terminate the Operator Agreement by providing us 30 business days' written notice.
e. Termination by us without cause	§ 11 of the Operator Agreement	We may terminate the Operator Agreement by providing you 30 business days' written notice.
f. Termination by us with cause	§ 12.01 – 12.02 of the Franchise Agreement; § 9 and 11 of the Operator Agreement	Some defaults under the Franchise Agreement can be cured while others cannot.

Provision	Section in Agreement	Summary
		The Operator Agreement may be terminated for good cause, effective upon the Operator's receipt of notice of termination.
g. "Cause" defined – curable defaults	§ 12.01 of the Franchise Agreement; § 11 of the Operator Agreement	All breaches of the Franchise Agreement not specifically listed as being non-curable can be cured, including failure to pay amounts due under the Franchise Agreement or any other agreement with us. There is no right to cure defaults under the Operator Agreement.
h. "Cause" defined – non-curable defaults	§ 12.02 and 18.01 of the Franchise Agreement; § 11 of the Operator Agreement	Conduct by you will permit us to terminate without any opportunity by you to cure, such as, for example, bankruptcy or insolvency, abandonment of business, disclosure of confidential information, criminal or other improper conduct, failure to cure 2 or more defaults in a 12-month period, loss of any lease/sublease or license, and others.
i. Your obligations on termination/ nonrenewal	§ 6.02 – 6.03, 6.06, 6.08, 9.09, 12.03, 13.05 – 13.06, 13.09, 13.12 – 13.13, 13.19, and 17.23 of the Franchise Agreement; § 3, 11, and 14 of the Operator Agreement	Under the Franchise Agreement, obligations include ceasing to operate the business and vacating the Franchised Restaurant premises; payment of amounts due; cessation of use of the Tim Hortons System and the Tim Hortons Trademarks; and sale of the assets used in the Franchised Restaurant to us. Under the Operator Agreement, obligations include ceasing to operate the business; cessation of use of the Tim Hortons System; returning all assets set forth in the Operator Agreement; payment of amounts due; vacating the Tim Hortons Shop; and others.

Provision	Section in Agreement	Summary
j. Assignment of contract by us	§ 11.01 of the Franchise Agreement; § 9 of the Operator Agreement	No restriction on our right to transfer.
k. "Transfer" by you – definition	§ 11.02(a) of the Franchise Agreement; § 9 of the Operator Agreement	Under the Franchise Agreement: includes transfer of interest in the Franchise Agreement, Franchisee, or the assets of the Franchised Restaurant. Under the Operator Agreement: includes Assignment of the Operator Agreement.
l. Our approval of transfer by you	§ 11.02 – 11.07 of the Franchise Agreement; § 20.5 of the Asset Purchase Agreement; § 9 of the Operator Agreement	We have the right to approve transfers where transfers are permitted. No transfer permitted of your rights under the Asset Purchase Agreement.
m. Conditions for our approval of transfer	§ 11.02 – 11.07 of the Franchise Agreement	Compliance with all provisions of the Franchise Agreement, payment of money owed, sign general release, transferee meets qualifications, including absence of any competing business interests, sign new franchise agreement, complete training, payment of transfer fee, our approval of the sales price, and providing information specified by us to the buyer and us to assist in making an informed evaluation of your business and the terms of the proposed transfer.
n. Our right of first refusal to acquire your business	§ 11.02 of the Franchise Agreement	If you propose to transfer, we have the first right of refusal to purchase the Franchised Restaurant at the depreciated value of the furniture, equipment, signs and improvements.
o. Our option to purchase your business	§ 12.03 of the Franchise Agreement	Upon expiration or termination, we can buy certain assets and receive an assignment of your lease.
p. Your death or disability	§ 11.05 of the Franchise Agreement	Interest must be transferred to an approved transferee within 3 months.

Provision	Section in Agreement	Summary
q. Non-competition covenants during the term of the franchise	§ 6.11 and 13.05 of the Franchise Agreement; § 3 and 14 of the Operator Agreement	Prohibits franchisee (and their owners and immediate family members) from engaging in other business (unless approved by us), and diverting customers, owning or having any association or relationship with any business that offers products or services that are the same or similar to those offered in a Tim Hortons Shop.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.06 of the Franchise Agreement; § 3 and 14 of the Operator Agreement	A 2-year prohibition on diverting customers, or owning or having any association or relationship with any business that offers products or services that are the same or similar to those offered in a Shop: (i) at the Tim Hortons Shop premises; (ii) within a 5 mile radius of the Tim Hortons Shop premises; or (iii) within a 2 mile radius of any other Tim Hortons Shop operated by us or any of our franchisees at the time of termination or expiration of the Franchise Agreement.
s. Modification of the agreement	§ 7.01, 7.04, 13.07, 17.03, and 17.09 – 17.10 of the Franchise Agreement; § 20.3 of the Asset Purchase Agreement; § 15 of the Operator Agreement	Must be in writing and, except as otherwise specified in the Franchise Agreement, Asset Purchase Agreement and Operator Agreement, signed by both parties, but Manuals are subject to our unilateral change.
t. Integration/merger clause	§ 17.03 of the Franchise Agreement; § 20.3 of the Asset Purchase Agreement; § 15 of the Operator Agreement	Only the terms of the Franchise Agreement, Asset Purchase Agreement, and Operator Agreement and all agreements signed with it are binding (subject to state law). Any representations or promises outside of the disclosure document and the Franchise Agreement, Asset Purchase Agreement Operator Agreement and any other agreements signed with it, as applicable, may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	Not applicable

Provision	Section in Agreement	Summary
v. Choice of forum	§ 17.18 of the Franchise Agreement; § 20.10.2 of the Asset Purchase Agreement; § 3 of the Operator Agreement	The county where we have our principal place of business when the proceeding begins; currently, Miami-Dade County, Florida (subject to state law).
w. Choice of law	§ 17.14 of the Franchise Agreement; § 20.10.1 of the Asset Purchase Agreement; § 3 of the Operator Agreement	Generally, Florida (subject to state law).

2. Area Development Agreement

Provision	Article/Section in Area Development Agreement	Summary
a. Length of the franchise term	Article IV	The end of the last Development Year under the Development Schedule
b. Renewal or extension of the term	None	Not applicable
c. Requirements for you to renew or extend	None	Not applicable
d. Termination by you	None	Not applicable
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	§ 5.3, Article IX	Some defaults under the Area Development Agreement can be cured while others cannot.
g. "Cause" defined – curable defaults	Article IX	You will have 10 days to cure a default for non-payment of sums due, and 30 days to cure a default for; bankruptcy which is not dismissed;[1] or failure to comply with any other terms of the Area Development Agreement or any applicable Franchise Agreement.
h. "Cause" defined – non-curable defaults	Article IX	We can terminate the Area Development Agreement immediately if you: (i) transfer the Area Development Agreement without written consent; (ii) fail to meet the "**Cumulative Opening**

Provision	Article/Section in Area Development Agreement	Summary
		Target" (as defined in the Area Development Agreement); (iii) duplicate the Tim Hortons System; (iv) breach the confidentiality covenants; breach any restrictive covenant of any applicable Franchise Agreement; (v) are unable to pay debts or appoint a receiver; (vi) open a New Developer Restaurant without franchise approval or site approval and/or without having delivered to us a Franchise Agreement for such Restaurant and applicable franchise fee; (vii) challenge the validity of any of the Tim Hortons Trademarks or proprietary marks; (viii) provide any materially false or misleading information to us; (ix) breach various financial covenants that we negotiate with you; (x) fail to score Restaurant operations at the level we negotiate with you; (xi) failure to meet requirements for franchise approval; or (xii) or a board member or senior officer commit any materially adverse action.
i. Your obligations on termination/ nonrenewal	§ 7.6, Article IX	All rights granted under the Area Development Agreement and all franchise approvals for Tim Hortons Shops not yet opened terminate, and we will retain all Franchise Fees previously paid to us, and you must pay liquidated damages to us in an amount equal to the next installment, if any, of Franchise Fees that would have come due following the termination.
j. Assignment of contract by us	§ 11.4	We may assign at any time.
k. "Transfer" by you – definition	§ 11.1; 11.2; 11.3	Restrictions apply to any direct or indirect assignment, transfer, sale, conveyance, charge, encumbrance, mortgage, pledge, hypothecation, lease, license, sublicense, or other disposition of the Area Development Agreement or any rights granted under the Area Development Agreement, or the

Provision	Article/Section in Area Development Agreement	Summary
		subcontracting or transfer of any assets necessary for you to fulfill your obligations under the Area Development Agreement.
l. Our approval of transfer by you	§ 11.1	No transfers permitted without our prior written consent
m. Conditions for our approval of transfer	§ 11.1	Any transfer requires our prior written consent, which consent may be withheld in our sole discretion.
n. Our right of first refusal to acquire your business	None	Not applicable
o. Our option to purchase your business	None	Not applicable
p. Your death or disability	None	Not applicable
q. Non-competition covenants during the term of the franchise	Article X	Prohibits area developer (and their principals) from diverting customers, engaging in other business (unless approved by us), maintaining, advising, operating, being employed by, making loans to, investing in, providing any assistance to, or having any interest in (as owner or otherwise) or relationship or association with, any business that offers products or services that are the same or similar to those offered in a Tim Hortons Shop.

Provision	Article/Section in Area Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Article X	Same restrictions as q. above, a 1-year prohibition on diverting customers, or owning or having any association or relationship with any business that offers products or services that are the same or similar to those offered in a Tim Hortons Shop either at or within 2 miles of any Developer Restaurant or other Tim Hortons Shop operated by us or any of our franchisees at the time of termination or expiration.
s. Modification of the agreement	§ 18.9	The Area Development Agreement may only be modified or amended in writing.
t. Integration/merger clause	Article XVI	The Area Development Agreement constitutes the entire agreement. Any representations or promises outside of the disclosure document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	Not applicable
v. Choice of forum	§ 18.4	Subject to state law, litigation must be brought in the U.S. District Court for the Southern District of Florida, or if such court lacks jurisdiction, the 11th Judicial Court (or its successor) in and for Miami-Dade County, Florida.
w. Choice of law	§ 18.4	The governing law will be the laws of the State of Florida (subject to state law).

Area Development Agreement Footnotes:

1. Caveat for Termination upon Bankruptcy.

A provision in the Area Development Agreement that terminates the franchise upon the bankruptcy of the franchisee may not be enforceable under Title 11, United States Code Section 101.

3. Lease/Sublease

Provision	Section in Lease/Sublease	Summary
a. Length of the term of the Lease/Sublease	§ 2.1 and Lease/Sublease Key Contract Data Page	Term is 20 years for Standard Shop; may be less for Non Standard Shops. Will vary by location depending on property control. Where we own the property, the typical term is 20 years.[1]
b. Renewal or extension of the term	None	No right of renewal. Depending on property control, if you meet the requirements for a successor franchise, we may offer you a new lease.
c. Requirements for you to renew or extend.	None	After completion of required remodeling, you will have to sign the current form of the Lease/Sublease and Franchise Agreement and pay a successor franchise fee, current royalty, advertising rates and rent, if applicable, and sign a release.
d. Termination by you	None	You have no right to terminate.
e. Termination by us without cause	None	We have no right to terminate without cause.
f. Termination by us with cause	§ 9	Failure to cure any default after receipt of notice. In some cases no cure period is required, but for most defaults, the period is 30 days. If any law or rule requires a longer notice or cure period than that provided in the Lease/Sublease, the period required by law or rule will apply.
g. "Cause" defined – curable defaults	§ 9	You have 10 days to cure: non-payment of rent and percentage rent; You have 30 days to cure: failure to submit reports timely, understatement of gross sales, unauthorized transfer, loss of premises, failure to restore building after damage or destruction.
h. "Cause" defined – defaults which cannot be cured	§ 9	Non-curable defaults: bankruptcy[2]; you knowingly and intentionally submit false or misleading statements to us; assign the Lease/Sublease without consent; default after notice from us of multiple defaults; default under the Franchise Agreement.
i. Your obligations on termination / non-renewal	§ 2, 9, and 16.7	Removal of hazardous waste materials, removal of underground or above ground storage tank, soil remediation and surrender site free of

Provision	Section in Lease/Sublease	Summary
		hazardous substances generated or used by you during lease term; fixtures and any personal property not removed by you become our property; make payment to us for repairs.
j. Assignment of contract by us	§ 13.1	We may assign at any time.
k. "Transfer" by you – defined	§ 13.2	Any sale, assignment or transfer of your interest in the Lease/Sublease.
l. Our approval of transfer by you	§ 13.2	Our written consent is required; must be in connection with sale of franchise rights.
m. Conditions for our approval of transfer	§ 13.2 and § 13.3	Buyer must meet financial, operational, credit, legal criteria, approval of contract of sale; comply with ownership and corporate governing instrument requirements; satisfaction of all obligations at time of transfer; completion of training; payment of transfer fee; execution of any assignment, a general release of us by seller, and a current Franchise Agreement.
n. Our right of first refusal to purchase your business.	§ 14	We have a right of first refusal to purchase any adjacent property you control based on the same terms and conditions of a bona fide offer from a third party. We have 20 business days after receipt of notice and furnishing of all reasonably requested information in order to notify you of its intent to accept or reject the offer.
o. Our option to purchase your business	None	Not applicable
p. Your death or disability	None	Not applicable
q. Non-competition covenants during the term of the Lease/Sublease	None	Not applicable
r. Non-competition covenants after the Lease/Sublease is terminated or expires	None	Not applicable
s. Modification of the agreement	§ 17.13	The Agreement may only be modified or amended in writing.

Provision	Section in Lease/Sublease	Summary
t. Integration / merger clause	§ 17.13	The Lease/Sublease (and any applicable addenda) constitute the entire agreement. Any representations or promises outside of the disclosure document and the Lease/Sublease may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 17.1	Arbitration only in cases of condemnation; held in Miami Dade County.
v. Choice of forum	None	Not applicable
w. Choice of law	§ 17.4	Florida law applies.

Lease/Sublease Footnotes:

1. This period may be less if we lease the Restaurant or property at the Restaurant from a third party, and the underlying lease is for less than this time period.

2. Caveat for Termination upon Bankruptcy.

A provision in the Lease/Sublease that terminates the franchise upon the bankruptcy of the franchisee may not be enforceable under Title 11, United States Code Section 101.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Monthly Gross Sales, Costs of Goods Sold and Labor Expense

This section describes monthly Gross Sales, Cost of Goods Sold and Labor percentages in 2022 for certain franchised Standard Shops as described below.

Monthly Gross Sales Information

The Gross Sales information in this section was taken from 558 Standard Shops (the "**2022 Shops**"). The 2022 Shops were open as of December 31, 2022 and reported to us at least 10 months of sales for 2022. The first of the 2022 Shops opened in 1985 and the most recent opened in 2022. Included in the 2022 Shops are 8 Shops operating under our New Model. We did not include any Shops that operated under Operator Agreements (32), 28 Standard Shops that reported less than 10 months of sales information, 5 Standard Shops that provided inconsistent information to us, and 13 Shops that were self-serve locations. Included in the excluded Shops are 11 Standard Shops that closed in 2022. None of these 11 Shops were open for less than 12 months before closing.

The 2022 Shops had average monthly Gross Sales of $98,691. The median monthly Gross Sales of the 2022 Shops was $93,090. 254, or 46%, of the 2022 Shops had average monthly Gross Sales that exceeded $98,691. The highest reported average monthly Gross Sales of the 2022 Shops was $330,167 and the lowest was $4,101.

Cost of Goods Sold and Labor Expense Information

The Cost of Goods Sold ("**COGS**") and labor expense information in this section was taken from 475 Standard Shops that were included in the 2022 Shops. Included in these Shops are 8 Shops operating under our New Model. 83 Standard Shops were excluded because they failed to report Cost of Goods Sold and/or Labor information or reported that information for less than 10 months.

The average monthly COGS as a percentage of Gross Sales for these Shops was 30% and the median was 30%. The average monthly labor expense as a percentage of Gross Sales for these Shops was 31% and the median was 31%. 241, or 51%, experienced an average monthly COGS as a percentage of Gross Sales at or above the 30% average. 255, or 54%, experienced an average monthly labor expense as a percentage of Gross Sales at or above the 31% average.

New Model Shops

The table below shows monthly Gross Sales Information, COGS and labor expense information (in dollars and as a percentage of Gross Sales) for the 8 Shops built under our New Model that were included in the 2022 Shops. The first of these Shops opened in 2020, and the most recent opened in 2022. No Shops operating under our New Model closed during 2022.

	Average[1]	**Median**
Gross Sales[2]	$85,679	$83,231
COGS	$25,112	$24,305
COGS % of Sales[3]	29%	29%
Labor	$24,330	$23,658
Labor % of Sales [4]	28%	28%

1. The highest reported average monthly Gross Sales of the 8 New Model Shops was $113,111 and the lowest was $60,291.

2. Of the 8 New Model Shops 3, or 38%, had average monthly Gross Sales that were at or above the average monthly Gross Sales in the table above.

3. Of the 8 New Model Shops 3, or 38%, had a COGS as a percentage of Gross Sales at or above the 29% average in the table above.

4. Of the 8 New Model Shops 5, or 63%, had a labor expense as a percentage of Gross Sales at or above the 28% average in the table above.

Same Shop Gross Sales Standard and New Model 2022 Shops 2021-2022

The tables below show a comparison of the average and median same Standard Shop Gross Sales growth from 2021 to 2022 for 552 of the 2022 Shops that reported comparable sales for the same day of 2021 and 2022 and that were open as of December 31, 2022. We did not include the information from 6 Standard Shops. Of these 6 Standard Shops, 2 were New Model Shops that opened in 2022 and the other 4 failed to report their sales information for the comparable time period.

Total Standard Shops, including New Model Shops				
Period	**Shop SSS Growth**	**Total # of Shops**	**#/% of Shops exceeding Average SSS**	**Median Shop SSS Growth**
2021-2022	0.4%	552	273/49%	0.3%

New Model Shops				
Period	**Shop SSS Growth**	**Total # of Shops**	**#/% of Shops exceeding Average SSS**	**Median Shop Growth**
2021-2022	7.3%	6	2/33%	4.7%

Notes Applicable to all the Foregoing Information:

1. Gross Sales include all revenues received by the Tim Hortons Shop, less refunds and sales taxes. Cost of Goods Sold includes food and beverages and supplies. This is consistent with the definition of Gross Sales used in the Franchise Agreement. Labor costs include payroll, payroll taxes and benefits.

2. In preparing these tables, we relied on the data contained in the unaudited reports submitted to us by our franchisees.

3. The dollar amounts shown in this Item 19 have been rounded to the nearest dollar, the percentages shown for Costs of Goods Sold and Labor expense have been rounded to the nearest full percentage point and the percentages showing same shop growth have been rounded to the nearest tenth of a percent.

4. The information above concerning Cost of Goods Sold and Labor expenses does not reflect all costs of sales, operating expenses or other costs or expenses that must be deducted from the Gross Sales figures to reflect net income or profit. Moreover, this information should not be considered as the actual or probable sales results that will be realized by any franchisee or Tim Hortons Shop. Actual results vary from Tim Hortons Shop to Tim Hortons Shop and we cannot estimate the results of any specific Tim Hortons Shop. A new franchisee's Tim Hortons Shop results are likely to differ from those of established Tim Hortons Shops. We recommend that you make your own independent investigation, including an investigation of the costs and expenses you will incur in operating a Tim Hortons Shop, to determine whether your Tim Hortons Shop may be profitable. Franchisees or former franchisees listed in this disclosure document may be one source of this information.

Written substantiation for the data presented in this Item 19 will be made available to all prospective franchisees upon reasonable request.

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

We do not make any representation to prospective operators about an operator's past or future financial performance, the past or future financial performance of company-owned outlets, the future performance of our franchised shops, or any other information about the past performance of our franchised shops. We also do not authorize our employees or representatives to make any such representation 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 Ryan Ferranti, Director, Business Development at 5707 Blue Lagoon Drive, Miami, FL 33126, (305) 378-3878, the Federal Trade Commission, and the appropriate state regulator.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	656	633[i]	-23
	2021	633	637[ii]	+4
	2022	637	636[iii]	-1
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	656	633	-23
	2021	633	637	+4
	2022	637	636	-1

i. As of December 31, 2020, 33 of the 633 Shops were operated under an Operator Agreement.

ii. As of December 31, 2021, 33 of the 637 Shops were operated under an Operator Agreement

iii. As of December 31, 2022, 32 of the 636 Shops were operated under an Operator Agreement

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

State	Year	Number of Transfers[1]
Indiana	2020	0
	2021	0
	2022	4
Kentucky	2020	2
	2021	0
	2022	0
Michigan	2020	17
	2021	16
	2022	12
New York	2020	6
	2021	9
	2022	3
Ohio	2020	63
	2021	8
	2022	12
Pennsylvania	2020	0
	2021	3
	2022	0
West Virginia	2020	5
	2021	0
	2022	0
Total	2020[i]	93
	2021	36
	2022	31

1. "Transfers" include all units for which 50% or more of the ownership interests changed and do not include transfers involving less than 50% of the ownership interests in the Restaurant.

i. In 2020, there were 16 transfers under Operator Agreements.

Table No. 3

Status of Franchised Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Indiana	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	2	4
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Maine	2020	11	0	0	0	0	1	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
Maryland	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
Michigan	2020	219[iv]	2	0	0	0	12	209
	2021	209	2	0	0	0	4	207
	2022	207	0	0	1	0	1	205
New Jersey	2020	3	0	0	0	0	2	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
New York	2020	241	8	0	0	0	11	238
	2021	238	10	0	4	0	2	242
	2022	242	9	0	4	0	2	245
Ohio	2020	139	1	0	0	0	5	135
	2021	135	1	0	0	0	0	136
	2022	136	0	0	0	0	2	134
Pennsylvania	2020	21[iv]	0	0	0	0	2	19
	2021	19	0	0	0	0	0	19
	2022	19	1	0	0	0	0	20

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
West Virginia	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	1	0	0	0	0	11
Totals	2020	656	11	0	0	0	34	633[i]
	2021	633	14	0	4	0	6	637[ii]
	2022	637	14	0	7	0	8	636[iii]

i. As of December 31, 2020, 33 of the 633 Shops were operated under an Operator Agreement.

ii. As of December 31, 2021, 33 of the 637 Shops were operated under an Operator Agreement.

iii. As of December 31, 2022, 32 of the 636 Shops were operated under an Operator Agreement.

iv. Outlets at Start of Year adjusted due to State reclassification.

Table No. 4

Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All states	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

Projected Openings As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Georgia	0	4-11	0
Indiana	0	0-2	0
Michigan	0	8-14	0
New Jersey	0	4-6	0
New York	0	12-23	0
Ohio	0	2-4	0
Pennsylvania	0	0-1	0
Texas	0	4-5	0
Total	0	34-66	0

*We are looking for prospective franchisees throughout the United States. We will add Franchised Restaurants wherever we find qualified prospects. In total, we expect to open between 34 and 66 new Franchised Restaurants in the United States in the fiscal year ending December 31, 2023 under Franchise Agreements. As of the issuance date, we do not expect to open any new Tim Hortons Shops in the United

States under Operator Agreements (no Operator Agreements for outlets not opened were signed as of December 31, 2022).

Notes to all tables:

1. Our fiscal year-end is December 31st.

2. The information contained in these Item 20 Tables (except for Table 4) pertains to Shops operating under a Franchise Agreement or under an Operator Agreement.

* * *

The name, Shop address, and telephone number of all of our current franchisees operating under a Franchise Agreement or under an Operator Agreement as of December 31, 2022 appear at Exhibit G. The name and last known home address and telephone number of every franchisee operating under a Franchise Agreement or under an Operator Agreement who has had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement or under an Operator Agreement during our fiscal year ended December 31, 2022, or who has not communicated with us within 10 weeks of the date of this disclosure document appear at Exhibit H. The number of franchisees/Operators listed on this Exhibit H is 46. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Tim Hortons system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document at Exhibit C are the audited consolidated balance sheets as of December 31, 2022 and 2021 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2022 and the related notes to the consolidated financial statements of RBI, and its subsidiaries. Exhibit C also contains the audited consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes to the consolidated financial statements of RBILP, and its subsidiaries.

If you are a resident of, or your franchise will be located in, California, Illinois, Maryland, North Dakota, Rhode Island, Virginia or Washington RBILP will be the guarantor of all of our duties and obligations under the Franchise Agreement with you. Otherwise, RBI will be the guarantor of all of our duties and obligations under the Franchise Agreement with you. The RBI Guaranty of Performance and the RBILP Guaranty of Performance are also included at Exhibit C.

ITEM 22
CONTRACTS

The following agreements are attached to this disclosure document:

EXHIBITS

D. Franchise Agreement

E. Lease/Sublease

F. Tim Card Addendum and Participation Agreement

I. State Specific Disclosures and Agreement Amendments

J. Cold Stone Addendum which includes, among other Exhibits, copies of a Franchise Agreement Amendment

K. Franchise Application

L. Lease Option Agreement

M. Bill of Sale

O. Asset Purchase Agreement

P. Area Development Agreement

Q. Operator Agreement

ITEM 23
RECEIPTS

The Receipts are attached as the last two pages of this Franchise Disclosure Document.

EXHIBIT A

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

ALABAMA Registered Agent C T Corporation System 2 North Jackson Street - Suite 605 Montgomery, AL 36104	**ALASKA** Registered Agent C T Corporation System 8585 Old Dairy Road, Ste 208 Juneau, AK 99801
ARIZONA Registered Agent C T Corporation System 3800 North Central Avenue - Suite 460 Phoenix, AZ 85012	**ARKANSAS** Registered Agent C T Corporation System 124 West Capitol Avenue - Suite 1900 Little Rock, AR 72201-3736
CALIFORNIA Registered Agent C T Corporation System 330 N. Brand Blvd, Ste 700 Glendale, CA, 91203-2336 Regulatory Authority Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205, Toll Free: (866) 275-2677 Ask.DFPI@dfpi.ca.gov	**COLORADO** Registered Agent C T Corporation System 7700 East Arapahoe Road, Suite 220 Centennial, CO 80112-1268
CONNECTICUT Registered Agent C T Corporation System 67 Burnside Avenue East Hartford, CT 06108-3408	**DELAWARE** Registered Agent The Corporation Trust Company 1209 Orange Street - Corporation Trust Center Wilmington, DE 19801
DISTRICT OF COLUMBIA Registered Agent C T Corporation System 1015 15th Street, NW, Suite 1000 Washington, DC 20005	**FLORIDA** Registered Agent C T Corporation System 1200 South Pine Island Road Plantation, FL 33324 Regulatory Authority Florida Dept. of Agriculture & Consumer Services 407 South Calhoun Street Tallahassee, FL 32399-0800 (850) 410-3800

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

GEORGIA Registered Agent C T Corporation System 289 South Culver Street Lawrenceville, GA 30046-4805	**HAWAII** Registered Agent C T Corporation System 900 Fort Street Mall, Ste. 1680 Honolulu, HI 96813 Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Rm. 205 Honolulu, HI 96813 Regulatory Authority Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Rm. 205 Honolulu, HI 96813 (808) 586-2722
IDAHO Registered Agent C T Corporation System 1555 W. Shoreline Drive, Suite 100 Boise, ID 83702	**ILLINOIS** Registered Agent C T Corporation System 208 South LaSalle Street, Suite 814 Chicago, IL 60604 Regulatory Authority Illinois Attorney General Franchise Bureau 500 S. Second Street Springfield, IL 62706 (217) 782-4465
INDIANA Registered Agent C T Corporation System 334 North Senate Avenue Indianapolis, IN 46204-1708 Regulatory Authority Indiana Secretary of State Securities Division 302 W. Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**IOWA** Registered Agent C T Corporation System 400 East Court Avenue Des Moines, IA 50309

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

KANSAS Registered Agent C T Corporation System 112 S.W. Seventh Street, Suite 3C Topeka, KS 66603	**KENTUCKY** Registered Agent C T Corporation System 306 West Main Street, Suite 512 Frankfort, KY 40601 Regulatory Authority Office of the Attorney General Consumer Protection Division 1024 Capital Center Drive Frankfort, KY 40601 (502) 696-5389
LOUISIANA Registered Agent C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816-4378	**MAINE** Registered Agent C T Corporation System 128 State Street, # 3 Augusta, ME 04330
MARYLAND Registered Agent The Corporation Trust Incorporated 2405 York Road, Suite 201 Lutherville Timonium, MD 21093-2264 Regulatory Authority Office of the Attorney General Division of Securities 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	**MASSACHUSETTS** Registered Agent C T Corporation System 155 Federal Street, Suite 700 Boston, MA 02110
MICHIGAN Registered Agent The Corporation Company 40600 Ann Arbor Road East, Suite 201 Plymouth, MI 48170-4675 Regulatory Authority Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 (517) 373-7117	**MINNESOTA** Registered Agent CT Corporation System, Inc. 1010 Dale Street North Saint Paul, MN 55117-5603 Regulatory Authority Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

MISSISSIPPI Registered Agent C T Corporation System 645 Lakeland East Drive, Suite 101 Flowood, MS 39232	**MISSOURI** Registered Agent C T Corporation System 120 South Central Avenue Clayton, MO 63105
MONTANA Registered Agent C T Corporation System 3011 American Way Missoula, MT 59808	**NAVAJO NATION** Registered Agent J. Nicci Unsicker, Attorney at Law 412 West Arrington Street Farmington, NM 87401
NEBRASKA Registered Agent C T Corporation System 5601 South 59th Street Lincoln, NE 68516 Regulatory Authority Department of Banking and Finance Financial Institutions Division, Bureau of Securities P.O. Box 95006 1526 K Street, Suite 300 Lincoln, Nebraska 68508 (402) 471-2171	**NEVADA** Registered Agent C T Corporation System 701 S. Carson Street, Suite 200 Carson City, NV 89701
NEW HAMPSHIRE Registered Agent C T Corporation System 2 ½ Beacon Street Concord, NH 03301-4447	**NEW JERSEY** Registered Agent C T Corporation System 820 Bear Tavern Road West Trenton, NJ 08628
NEW MEXICO Registered Agent C T Corporation System 206 S Coronado Avenue Espanola, NM 87532-2792	**NEW YORK** Registered Agent C T Corporation System 28 Liberty Street New York, NY 10005 Regulatory Authority NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

NORTH CAROLINA Registered Agent C T Corporation System 160 Mine Lake Court, Suite 200 Raleigh, NC 27615-6417	**NORTH DAKOTA** Registered Agent C T Corporation System 120 West Sweet Avenue Bismarck, ND 58504-5566 Regulatory Authority North Dakota Securities Department 600 East Boulevard Avenue State Capitol – Fifth Floor Bismarck, ND 58505-0510 (701) 328-2910
OHIO Registered Agent C T Corporation System 4400 Easton Commons Way, Suite 125 Columbus, OH 43219-6223	**OKLAHOMA** Registered Agent C T Corporation System 1833 South Morgan Road Oklahoma City, OK 73128
OREGON Registered Agent C T Corporation System 780 Commercial Street-SE, Suite 100 Salem, OR 97301-3465 Regulatory Authority Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter St. NE, Room 410 Salem, OR 97301 (503) 378-4140	**PENNSYLVANIA** Registered Agent C T Corporation System 600 N 2nd Street, Suite 401 Harrisburg, PA 17101-1071
RHODE ISLAND Registered Agent C T Corporation System 450 Veterans Memorial Parkway, Suite 7A East Providence, RI 02914 Regulatory Authority Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920 (401) 222-3048	**SOUTH CAROLINA** Registered Agent C T Corporation System 2 Office Park Court, Suite 103 Columbia, SC 29223

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

SOUTH DAKOTA Registered Agent / Agent for Service of Process C T Corporation System 319 South Coteau Street Pierre, SD 57501 Director of Division of Insurance Department of Labor and Regulation Securities Regulation 124 S Euclid Ave., Suite 104 Pierre, SD 57501 Regulatory Authority Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid Ave., Suite 104 Pierre, SD 57501 (605) 773-3563	**TENNESSEE** Registered Agent C T Corporation System 300 Montvue Road Knoxville, TN 37919-5546
TEXAS Registered Agent C T Corporation System 1999 Bryan Street, Suite 900 Dallas, TX 75201 Regulatory Authority Secretary of State Registrations Unit 1019 Brazos Street Austin, TX 78701 (512) 475-0775	**UTAH** Registered Agent C T Corporation System 1108 East South Union Avenue Midvale, UT 84047 Regulatory Authority Department of Commerce Division of Consumer Protection 160 E. 300 South Salt Lake City, UT 84111 (801) 530-6601
VERMONT Registered Agent C T Corporation System 17 G W Tatro Drive Jeffersonville, VT 05464-9919	**VIRGINIA** Registered Agent C T Corporation System 4701 Cox Road, Suite 285 Glen Allen, VA 23060-6802 Regulatory Authority Director, Securities and Retail Franchising Division State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

WASHINGTON Registered Agent C T Corporation System 711 Capitol Way S, Suite 204 Olympia, WA 98501-1267 Regulatory Authority Washington Dept. of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	**WEST VIRGINIA** Registered Agent C T Corporation System 5098 Washington St. W. Ste. 407 Charleston, WV 25313-1561
WISCONSIN Registered Agent C T Corporation System 301 S. Bedford Street, Suite 1 Madison, WI 53703 Regulatory Authority Office of the Commissioner of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 261-2139	**WYOMING** Registered Agent C T Corporation System 2232 Dell Range Blvd, Suite 200, Cheyenne, WY 82009-4942

EXHIBIT B

Tim Hortons®
Operations Manual

February 24, 2023

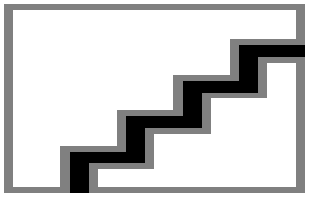

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EXHIBIT C

Item 8. ***Financial Statements and Supplementary Data***

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

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Management's Report on Internal Control Over Financial Reporting

Management is responsible for the preparation, integrity and fair presentation of the consolidated financial statements, related notes and other information included in this annual report. The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and include certain amounts based on management's estimates and assumptions. Other financial information presented in the annual report is derived from the consolidated financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2022. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Management performed an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, management determined that the Company's internal control over financial reporting was effective as of December 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in its report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Restaurant Brands International Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Restaurant Brands International Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 22, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Gross unrecognized tax benefits

As discussed in Notes 2 and 11 to the consolidated financial statements, the Company records a liability for unrecognized tax benefits associated with uncertain tax positions. The Company recognizes tax benefits from tax positions only if there is more than a 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities, based on the technical merits of the positions. As of December 31, 2022, the Company has recorded gross unrecognized tax benefits, excluding associated interest and penalties, of $139 million.

We identified the assessment of gross unrecognized tax benefits resulting from certain tax planning strategies implemented during the year as a critical audit matter. Identifying and determining uncertain tax positions arising from implementing tax planning strategies involved a number of judgments and assumptions, which included complex considerations of tax law. As a result, subjective and complex auditor judgment, including the involvement of tax professionals with specialized skills and knowledge, was required to evaluate the Company's interpretation of tax law and its determination of which tax positions have more than a 50% likelihood of being sustained upon examination.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's gross unrecognized tax benefits process, including controls related to 1) interpreting tax law, 2) identifying significant uncertain tax positions arising from tax planning strategies that were implemented during the year, 3) evaluating the tax consequences of the related strategies, and 4) evaluating which of the Company's tax positions may not be sustained upon examination. In addition, we involved tax professionals with specialized skills and knowledge, who assisted in:

- obtaining an understanding of the Company's tax planning strategies
- evaluating the Company's interpretation of the relevant tax laws by developing an independent assessment
- evaluating the Company's identification of uncertain tax positions to assess the tax consequences of these related tax positions
- performing an independent assessment of the Company's tax positions and comparing our assessment to the Company's assessment.

(signed) KPMG LLP

We have served as the Company's auditor since 1989.

Miami, Florida
February 22, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Restaurant Brands International Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Restaurant Brands International Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated February 22, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(signed) KPMG LLP

Miami, Florida
February 22, 2023

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions of U.S. dollars, except share data)

	As of December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,178	$ 1,087
Accounts and notes receivable, net of allowance of $36 and $18, respectively	614	547
Inventories, net	133	96
Prepaids and other current assets	123	86
Total current assets	2,048	1,816
Property and equipment, net of accumulated depreciation and amortization of $1,061 and $979, respectively	1,950	2,035
Operating lease assets, net	1,082	1,130
Intangible assets, net	10,991	11,417
Goodwill	5,688	6,006
Net investment in property leased to franchisees	82	80
Other assets, net	905	762
Total assets	$ 22,746	$ 23,246
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts and drafts payable	$ 758	$ 614
Other accrued liabilities	1,001	947
Gift card liability	230	221
Current portion of long-term debt and finance leases	127	96
Total current liabilities	2,116	1,878
Long-term debt, net of current portion	12,839	12,916
Finance leases, net of current portion	311	333
Operating lease liabilities, net of current portion	1,027	1,070
Other liabilities, net	872	1,822
Deferred income taxes, net	1,313	1,374
Total liabilities	18,478	19,393
Commitments and contingencies (Note 17)		
Shareholders' equity:		
Common shares, no par value; Unlimited shares authorized at December 31, 2022 and December 31, 2021; 307,142,436 shares issued and outstanding at December 31, 2022; 309,025,068 shares issued and outstanding at December 31, 2021	2,057	2,156
Retained earnings	1,121	791
Accumulated other comprehensive income (loss)	(679)	(710)
Total Restaurant Brands International Inc. shareholders' equity	2,499	2,237
Noncontrolling interests	1,769	1,616
Total shareholders' equity	4,268	3,853
Total liabilities and shareholders' equity	$ 22,746	$ 23,246

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:

By: /s/ J. Patrick Doyle
J. Patrick Doyle, Executive Chairman

By: /s/ Ali Hedayat
Ali Hedayat, Director

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In millions of U.S. dollars, except per share data)

	2022	2021	2020
Revenues:			
Sales	$ 2,819	$ 2,378	$ 2,013
Franchise and property revenues	2,661	2,443	2,121
Advertising revenues and other services	1,025	918	834
Total revenues	6,505	5,739	4,968
Operating costs and expenses:			
Cost of sales	2,312	1,890	1,610
Franchise and property expenses	518	489	515
Advertising expenses and other services	1,077	986	870
General and administrative expenses	631	484	407
(Income) loss from equity method investments	44	4	39
Other operating expenses (income), net	25	7	105
Total operating costs and expenses	4,607	3,860	3,546
Income from operations	1,898	1,879	1,422
Interest expense, net	533	505	508
Loss on early extinguishment of debt	—	11	98
Income before income taxes	1,365	1,363	816
Income tax (benefit) expense	(117)	110	66
Net income	1,482	1,253	750
Net income attributable to noncontrolling interests (Note 13)	474	415	264
Net income attributable to common shareholders	$ 1,008	$ 838	$ 486
Earnings per common share:			
Basic	$ 3.28	$ 2.71	$ 1.61
Diluted	$ 3.25	$ 2.69	$ 1.60
Weighted average shares outstanding (in millions):			
Basic	307	310	302
Diluted	455	464	468

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(In millions of U.S. dollars)

	2022	2021	2020
Net income	$ 1,482	$ 1,253	$ 750
Foreign currency translation adjustment	(703)	(67)	332
Net change in fair value of net investment hedges, net of tax of $(77), $15, and $60	332	111	(242)
Net change in fair value of cash flow hedges, net of tax of $(141), $(36), and $91	382	96	(244)
Amounts reclassified to earnings of cash flow hedges, net of tax of $(12), $(36), and $(27)	34	96	73
Gain (loss) recognized on defined benefit pension plans and other items, net of tax of $(2), $(3), and $3	6	15	(16)
Other comprehensive income (loss)	51	251	(97)
Comprehensive income (loss)	1,533	1,504	653
Comprehensive income (loss) attributable to noncontrolling interests	490	499	224
Comprehensive income (loss) attributable to common shareholders	$ 1,043	$ 1,005	$ 429

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

(In millions of U.S. dollars, except shares)

	Issued Common Shares		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
	Shares	Amount				
Balances at December 31, 2019	298,281,081	$ 2,478	$ 775	$ (763)	$ 1,769	$ 4,259
Stock option exercises	2,447,627	82	—	—	—	82
Share-based compensation	—	74	—	—	—	74
Issuance of shares	469,145	6	—	—	—	6
Dividends declared on common shares ($2.08 per share)	—	—	(631)	—	—	(631)
Dividend equivalents declared on restricted stock units	—	8	(8)	—	—	—
Distributions declared by Partnership on partnership exchangeable units ($2.08 per unit)	—	—	—	—	(336)	(336)
Repurchase of Partnership exchangeable units	—	(293)	—	(22)	(65)	(380)
Exchange of Partnership exchangeable units for RBI common shares	3,636,169	48	—	(12)	(36)	—
Other	(115,273)	(4)	—	—	—	(4)
Restaurant VIE contributions (distributions)	—	—	—	—	(2)	(2)
Net income	—	—	486	—	264	750
Other comprehensive income (loss)	—	—	—	(57)	(40)	(97)
Balances at December 31, 2020	304,718,749	$ 2,399	$ 622	$ (854)	$ 1,554	$ 3,721
Stock option exercises	1,594,146	60	—	—	—	60
Share-based compensation	—	88	—	—	—	88
Issuance of shares	1,839,941	12	—	—	—	12
Dividends declared on common shares ($2.12 per share)	—	—	(658)	—	—	(658)
Dividend equivalents declared on restricted stock units	—	11	(11)	—	—	—
Distributions declared by Partnership on partnership exchangeable units ($2.12 per units)	—	—	—	—	(318)	(318)
Repurchase of RBI common shares	(9,247,648)	(551)	—	—	—	(551)
Exchange of Partnership exchangeable units for RBI common shares	10,119,880	137	—	(23)	(114)	—
Restaurant VIE contributions (distributions)	—	—	—	—	(5)	(5)
Net income	—	—	838	—	415	1,253
Other comprehensive income (loss)	—	—	—	167	84	251
Balances at December 31, 2021	309,025,068	$ 2,156	$ 791	$ (710)	$ 1,616	$ 3,853
Stock option exercises	483,980	21	—	—	—	21
Share-based compensation	—	121	—	—	—	121
Issuance of shares	1,737,934	43	—	—	—	43
Dividends declared on common shares ($2.16 per share)	—	—	(664)	—	—	(664)
Dividend equivalents declared on restricted stock units	—	14	(14)	—	—	—
Distributions declared by Partnership on partnership exchangeable units ($2.16 per unit)	—	—	—	—	(309)	(309)
Repurchase of RBI common shares	(6,101,364)	(326)	—	—	—	(326)
Exchange of Partnership exchangeable units for RBI common shares	1,996,818	28	—	(4)	(24)	—
Restaurant VIE contributions (distributions)	—	—	—	—	(4)	(4)
Net income	—	—	1,008	—	474	1,482
Other comprehensive income (loss)	—	—	—	35	16	51
Balances at December 31, 2022	307,142,436	$ 2,057	$ 1,121	$ (679)	$ 1,769	$ 4,268

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In millions of U.S. dollars)

	2022	2021	2020
Cash flows from operating activities:			
Net income	$ 1,482	$ 1,253	$ 750
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	190	201	189
Premiums paid and non-cash loss on early extinguishment of debt	—	11	97
Amortization of deferred financing costs and debt issuance discount	28	27	26
(Income) loss from equity method investments	44	4	39
Loss (gain) on remeasurement of foreign denominated transactions	(4)	(76)	100
Net (gains) losses on derivatives	(9)	87	32
Share-based compensation and non-cash incentive compensation expense	136	102	84
Deferred income taxes	(60)	(5)	(208)
Other	19	(16)	28
Changes in current assets and liabilities, excluding acquisitions and dispositions:			
Accounts and notes receivable	(110)	8	(30)
Inventories and prepaids and other current assets	(61)	12	(10)
Accounts and drafts payable	169	149	(183)
Other accrued liabilities and gift card liability	37	67	6
Tenant inducements paid to franchisees	(26)	(20)	(22)
Other long-term assets and liabilities	(345)	(78)	23
Net cash provided by operating activities	1,490	1,726	921
Cash flows from investing activities:			
Payments for property and equipment	(100)	(106)	(117)
Net proceeds from disposal of assets, restaurant closures and refranchisings	12	16	12
Net payment for purchase of Firehouse Subs, net of cash acquired	(12)	(1,004)	—
Settlement/sale of derivatives, net	71	5	33
Other investing activities, net	(35)	(14)	(7)
Net cash used for investing activities	(64)	(1,103)	(79)
Cash flows from financing activities:			
Proceeds from revolving line of credit and long-term debt	2	1,335	5,235
Repayments of revolving line of credit, long-term debt and finance leases	(94)	(889)	(4,708)
Payment of financing costs	—	(19)	(43)
Payment of dividends on common shares and distributions on Partnership exchangeable units	(971)	(974)	(959)
Repurchase of Partnership exchangeable units	—	—	(380)
Repurchase of common shares	(326)	(551)	—
Proceeds from stock option exercises	21	60	82
Proceeds from issuance of common shares	30	—	—
(Payments) proceeds from derivatives	34	(51)	(46)
Other financing activities, net	(3)	(4)	(2)
Net cash used for financing activities	(1,307)	(1,093)	(821)
Effect of exchange rates on cash and cash equivalents	(28)	(3)	6
Increase (decrease) in cash and cash equivalents	91	(473)	27
Cash and cash equivalents at beginning of period	1,087	1,560	1,533
Cash and cash equivalents at end of period	$ 1,178	$ 1,087	$ 1,560
Supplemental cash flow disclosures:			
Interest paid	$ 487	$ 404	$ 463
Income taxes paid, net	$ 275	$ 256	$ 267

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1. Description of Business and Organization

Description of Business

Restaurant Brands International Inc. (the "Company," "RBI," "we," "us" or "our") is a Canadian corporation that serves as the sole general partner of Restaurant Brands International Limited Partnership (the "Partnership"). On December 15, 2021 we acquired FRG, LLC ("Firehouse Subs"). We franchise and operate quick service restaurants serving premium coffee and other beverage and food products under the *Tim Hortons*® brand ("Tim Hortons" or "TH"), fast food hamburgers principally under the *Burger King*® brand ("Burger King" or "BK"), chicken under the *Popeyes*® brand ("Popeyes" or "PLK") and sandwiches under the *Firehouse Subs*® brand ("Firehouse" or "FHS"). We are one of the world's largest quick service restaurant, or QSR, companies as measured by total number of restaurants. As of December 31, 2022, we franchised or owned 5,600 Tim Hortons restaurants, 19,789 Burger King restaurants, 4,091 Popeyes restaurants, and 1,242 Firehouse restaurants, for a total of 30,722 restaurants, and operate in more than 100 countries. Approximately 100% of current system-wide restaurants are franchised.

All references to "$" or "dollars" are to the currency of the United States unless otherwise indicated. All references to "Canadian dollars" or "C$" are to the currency of Canada unless otherwise indicated.

Note 2. Significant Accounting Policies

Fiscal Year

We operate on a monthly calendar, with a fiscal year that ends on December 31.

Basis of Presentation

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") and related rules and regulations of the U.S. Securities and Exchange Commission requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Principles of Consolidation

The consolidated financial statements (the "Financial Statements") include our accounts and the accounts of entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consolidate marketing funds we control. All material intercompany balances and transactions have been eliminated in consolidation. Investments in other affiliates that are owned 50% or less where we have significant influence are accounted for by the equity method.

We are the sole general partner of Partnership and, as such we have the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of Partnership, subject to the terms of the partnership agreement of Partnership ("partnership agreement") and applicable laws. As a result, we consolidate the results of Partnership and record a noncontrolling interest in our consolidated balance sheets and statements of operations with respect to the remaining economic interest in Partnership we do not hold.

We also consider for consolidation entities in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. Our maximum exposure to loss resulting from involvement with VIEs is attributable to accounts and notes receivable balances, investment balances, outstanding loan guarantees and future lease payments, where applicable.

As our franchise and master franchise arrangements provide the franchise and master franchise entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might be a VIE.

Tim Hortons has historically entered into certain arrangements in which an operator acquires the right to operate a restaurant, but Tim Hortons owns the restaurant's assets. In these arrangements, Tim Hortons has the ability to determine which operators manage the restaurants and for what duration. We perform an analysis to determine if the legal entity in which operations are

conducted is a VIE and consolidate a VIE entity if we also determine Tim Hortons is the entity's primary beneficiary ("Restaurant VIEs"). As of December 31, 2022 and 2021, we determined that we are the primary beneficiary of 41 and 46 Restaurant VIEs, respectively, and accordingly, have consolidated the results of operations, assets and liabilities, and cash flows of these Restaurant VIEs in our Financial Statements.

Assets and liabilities related to consolidated VIEs are not significant to our total consolidated assets and liabilities. Liabilities recognized as a result of consolidating these VIEs do not necessarily represent additional claims on our general assets; rather, they represent claims against the specific assets of the consolidated VIEs. Conversely, assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims by our creditors as they are not legally included within our general assets.

Reclassifications

Certain prior year amounts in the accompanying consolidated financial statements and notes to the consolidated financial statements have been reclassified in order to be comparable with the current year classifications. These consist of the 2021 reclassification of $9 million of technology fee revenues from Franchise and property revenues to Advertising revenues and other services and $24 million of technology expenses from General and administrative expenses to Advertising expenses and other services. These reclassifications did not arise as a result of any changes to accounting policies and relate entirely to presentation with no effect on previously reported net income.

Foreign Currency Translation and Transaction Gains and Losses

Our functional currency is the U.S. dollar, since our term loans and senior secured notes are denominated in U.S. dollars, and the principal market for our common shares is the U.S. The functional currency of each of our operating subsidiaries is generally the currency of the economic environment in which the subsidiary primarily does business. Our foreign subsidiaries' financial statements are translated into U.S. dollars using the foreign exchange rates applicable to the dates of the financial statements. Assets and liabilities are translated using the end-of-period spot foreign exchange rates. Income, expenses and cash flows are translated at the average foreign exchange rates for each period. Equity accounts are translated at historical foreign exchange rates. The effects of these translation adjustments are reported as a component of accumulated other comprehensive income (loss) ("AOCI") in the consolidated statements of shareholders' equity.

For any transaction that is denominated in a currency different from the entity's functional currency, we record a gain or loss based on the difference between the foreign exchange rate at the transaction date and the foreign exchange rate at the transaction settlement date (or rate at period end, if unsettled) which is included within other operating expenses (income), net in the consolidated statements of operations.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less and credit card receivables are considered cash equivalents.

Accounts and Notes Receivable, net

Our credit loss exposure is mainly concentrated in our accounts and notes receivable portfolio, which consists primarily of amounts due from franchisees, including royalties, rents, franchise fees, contributions due to advertising funds we manage and, in the case of our TH segment, amounts due for supply chain sales. Accounts and notes receivable are reported net of an allowance for expected credit losses over the estimated life of the receivable. Credit losses are estimated based on aging, historical collection experience, financial position of the franchisee and other factors, including those related to current economic conditions and reasonable and supportable forecasts of future conditions.

Bad debt expense recognized for expected credit losses is classified in our consolidated statement of operations as Cost of sales, Franchise and property expenses or Advertising expenses and other services, based on the nature of the underlying receivable. Net bad debt expense (recoveries) totaled $19 million in 2022, $(9) million in 2021 and $33 million in 2020.

Inventories

Inventories are carried at the lower of cost or net realizable value and consist primarily of raw materials such as green coffee beans and finished goods such as new equipment, parts, paper supplies and restaurant food items. The moving average method is used to determine the cost of raw materials and finished goods inventories held for sale to Tim Hortons franchisees.

Property and Equipment, net

We record property and equipment at historical cost less accumulated depreciation and amortization, which is recognized using the straight-line method over the following estimated useful lives: (i) buildings and improvements – up to 40 years; (ii) restaurant equipment – up to 17 years; (iii) furniture, fixtures and other – up to 10 years; and (iv) manufacturing equipment – up to 25 years. Leasehold improvements to properties where we are the lessee are amortized over the lesser of the remaining term of the lease or the estimated useful life of the improvement.

Major improvements are capitalized, while maintenance and repairs are expensed when incurred.

Capitalized Software and Cloud Computing Costs

We record capitalized software at historical cost less accumulated amortization, which is recognized using the straight-line method. Amortization expense is based on the estimated useful life of the software, which is primarily up to five years, once the asset is available for its intended use.

Implementation costs incurred in connection with Cloud Computing Arrangements ("CCA") are capitalized consistently with costs capitalized for internal-use software. Capitalized CCA implementation costs are included in "Other assets" in the consolidated balance sheets and are amortized over the term of the related hosting agreement, including renewal periods that are reasonably certain to be exercised. Amortization expense of CCA implementation costs is classified as "General and administrative expenses" in the consolidated statements of operations.

Leases

In all leases, whether we are the lessor or lessee, we define lease term as the noncancellable term of the lease plus any renewals covered by renewal options that are reasonably certain of exercise based on our assessment of the economic factors relevant to the lessee. The noncancellable term of the lease commences on the date the lessor makes the underlying property in the lease available to the lessee, irrespective of when lease payments begin under the contract.

Lessor Accounting

We recognize lease payments for operating leases as property revenue on a straight-line basis over the lease term, and property revenue is presented net of any related sales tax. Lease incentive payments we make to lessees are amortized as a reduction in property revenue over the lease term. We account for reimbursements of maintenance and property tax costs paid to us by lessees as property revenue.

We also have net investments in properties leased to franchisees, which meet the criteria of sales-type leases or met the criteria of direct financing leases under the previous accounting guidance. Investments in sales-type leases and direct financing leases are recorded on a net basis. Profit on sales-type leases is recognized at lease commencement and recorded in other operating expenses (income), net. Unearned income on direct financing leases is deferred, included in the net investment in the lease, and recognized over the lease term yielding a constant periodic rate of return on the net investment in the lease.

We recognize variable lease payment income in the period when changes in facts and circumstances on which the variable lease payments are based occur.

Lessee Accounting

In leases where we are the lessee, we recognize a right-of-use ("ROU") asset and lease liability at lease commencement, which are measured by discounting lease payments using our incremental borrowing rate as the discount rate. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease, as adjusted for the currency of the lease. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Reductions of the ROU asset and the change in the lease liability are included in changes in Other long-term assets and liabilities in the Consolidated Statement of Cash Flows.

A finance lease ROU asset is depreciated on a straight-line basis over the lesser of the useful life of the leased asset or lease term. Interest on each finance lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Operating lease and finance lease ROU assets are assessed for impairment in accordance with our long-lived asset impairment policy.

We reassess lease classification and remeasure ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate contract or upon certain other events that require reassessment. Maintenance and property tax expenses are accounted for on an accrual basis as variable lease cost.

We recognize variable lease cost in the period when changes in facts and circumstances on which the variable lease payments are based occur.

Goodwill and Intangible Assets Not Subject to Amortization

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed in connection with the acquisition of Firehouse Subs in 2021, the acquisition of Popeyes in 2017, the acquisition of Tim Hortons in 2014 and the acquisition of Burger King Holdings, Inc. by 3G Capital Partners Ltd. in 2010. Our indefinite-lived intangible assets consist of the *Tim Hortons* brand, the *Burger King* brand, the *Popeyes* brand and the *Firehouse Subs* brand (each a "Brand" and together, the "Brands"). Goodwill and the Brands are tested for impairment at least annually as of October 1 of each year and more often if an event occurs or circumstances change which indicate impairment might exist. Our annual impairment tests of goodwill and the Brands may be completed through qualitative assessments. We may elect to bypass the qualitative assessment and proceed directly to a quantitative impairment test for any reporting unit or Brand in any period. We can resume the qualitative assessment for any reporting unit or Brand in any subsequent period.

Under a qualitative approach, our impairment review for goodwill consists of an assessment of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. If we elect to bypass the qualitative assessment for any reporting unit, or if a qualitative assessment indicates it is more-likely-than-not that the estimated carrying value of a reporting unit exceeds its fair value, we perform a quantitative goodwill impairment test that requires us to estimate the fair value of the reporting unit. If the fair value of the reporting unit is less than its carrying amount, we will measure any goodwill impairment loss as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Under a qualitative approach, our impairment review for the Brands consists of an assessment of whether it is more-likely-than-not that a Brand's fair value is less than its carrying amount. If we elect to bypass the qualitative assessment for a Brand, or if a qualitative assessment indicates it is more-likely-than-not that the estimated carrying value of a Brand exceeds its fair value, we estimate the fair value of the Brand and compare it to its carrying amount. If the carrying amount exceeds fair value, an impairment loss is recognized in an amount equal to that excess.

We completed our impairment tests for goodwill and the Brands as of October 1, 2022, 2021 and 2020 and no impairment resulted.

Long-Lived Assets

Long-lived assets, such as property and equipment, intangible assets subject to amortization and lease right-of-use assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. Some of the events or changes in circumstances that would trigger an impairment review include, but are not limited to, bankruptcy proceedings or other significant financial distress of a lessee; significant negative industry or economic trends; knowledge of transactions involving the sale of similar property at amounts below the carrying value; or our expectation to dispose of long-lived assets before the end of their estimated useful lives. The impairment test for long-lived assets requires us to assess the recoverability of long-lived assets by comparing their net carrying value to the sum of undiscounted estimated future cash flows directly associated with and arising from use and eventual disposition of the assets or asset group. Long-lived assets are grouped for recognition and measurement of impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. If the net carrying value of a group of long-lived assets exceeds the sum of related undiscounted estimated future cash flows, we record an impairment charge equal to the excess, if any, of the net carrying value over fair value.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) ("OCI") refers to revenues, expenses, gains and losses that are included in comprehensive income (loss), but are excluded from net income (loss) as these amounts are recorded directly as an adjustment to shareholders' equity, net of tax. Our other comprehensive income (loss) is primarily comprised of unrealized gains and losses on foreign currency translation adjustments and unrealized gains and losses on hedging activity, net of tax.

Derivative Financial Instruments

We recognize and measure all derivative instruments as either assets or liabilities at fair value in the consolidated balance sheets. Derivative instruments accounted for as net investments hedges are classified as long term assets and liabilities in the consolidated balance sheets. We may enter into derivatives that are not designated as hedging instruments for accounting purposes, but which largely offset the economic impact of certain transactions.

Gains or losses resulting from changes in the fair value of derivatives are recognized in earnings or recorded in other comprehensive income (loss) and recognized in the consolidated statements of operations when the hedged item affects earnings, depending on the purpose of the derivatives and whether they qualify for, and we have applied, hedge accounting treatment.

When applying hedge accounting, we designate at a derivative's inception, the specific assets, liabilities or future commitments being hedged, and assess the hedge's effectiveness at inception and on an ongoing basis. We discontinue hedge accounting when: (i) we determine that the cash flow derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (ii) the derivative expires or is sold, terminated or exercised; (iii) it is no longer probable that the forecasted transaction will occur; or (iv) management determines that designation of the derivatives as a hedge instrument is no longer appropriate. We do not enter into or hold derivatives for speculative purposes.

Disclosures about Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (the exit price). The fair value is based on assumptions that market participants would use when pricing the asset or liability. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation, as follows:

Level 1 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The carrying amounts for cash and cash equivalents, accounts and notes receivable and accounts and drafts payable approximate fair value based on the short-term nature of these amounts.

We carry all of our derivatives at fair value and value them using various pricing models or discounted cash flow analysis that incorporate observable market parameters, such as interest rate yield curves and currency rates, which are Level 2 inputs. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or us. For disclosures about the fair value measurements of our derivative instruments, see Note 12, *Derivative Instruments*.

The following table presents the fair value of our variable rate term debt and senior notes, estimated using inputs based on bid and offer prices that are Level 2 inputs, and principal carrying amount (in millions):

	As of December 31,	
	2022	2021
Fair value of our variable term debt and senior notes	$ 11,885	$ 12,851
Principal carrying amount of our variable term debt and senior notes	12,890	12,943

The determinations of fair values of certain tangible and intangible assets for purposes of the application of the acquisition method of accounting to the acquisition of Firehouse Subs were based on Level 3 inputs. The determination of fair values of our reporting units and the determination of the fair value of the Brands for impairment testing using a quantitative approach during 2022 and 2020 were based upon Level 3 inputs.

Revenue Recognition

Sales

Sales consist primarily of supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales to retailers and are presented net of any related sales tax. Orders placed by customers specify the goods to be delivered and transaction prices for supply chain sales. Revenue is recognized upon transfer of control over ordered items, generally upon delivery to the customer, which is when the customer obtains physical possession of the goods, legal title is transferred, the customer has all risks and rewards of ownership and an obligation to pay for the goods is created. Shipping and handling costs associated with outbound freight for supply chain sales are accounted for as fulfillment costs and classified as cost of sales.

To a much lesser extent, sales also include Company restaurant sales (including Restaurant VIEs), which consist of sales to restaurant guests. Revenue from Company restaurant sales is recognized at the point of sale. Taxes assessed by a governmental authority that we collect are excluded from revenue.

Franchise and property revenues

Franchise revenues consist primarily of royalties, initial and renewal franchise fees and upfront fees from development agreements and master franchise and development agreements ("MFDAs"). Under franchise agreements, we provide franchisees with (i) a franchise license, which includes a license to use our intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials and menu items and restaurant monitoring and inspections. These services are highly interrelated and dependent upon the franchise license and we concluded these services do not represent individually distinct performance obligations. Consequently, we bundle the franchise license performance obligation and promises to provide these services into a single performance obligation (the "Franchise PO"), which we satisfy by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee upon a new restaurant opening or renewal of an existing franchise agreement. Our franchise agreement royalties represent sales-based royalties that are related entirely to the Franchise PO and are recognized as franchise sales occur. Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. Our performance obligation under development agreements other than MFDAs generally consists of an obligation to grant exclusive development rights over a stated term. These development rights are not distinct from franchise agreements, so upfront fees paid by franchisees for exclusive development rights are deferred and apportioned to each franchise restaurant opened by the franchisee. The pro rata amount apportioned to each restaurant is accounted for as an initial franchise fee.

We have a distinct performance obligation under our MFDAs to grant subfranchising rights over a stated term. Under the terms of MFDAs, we typically either receive an upfront fee paid in cash and/or receive noncash consideration in the form of an equity interest in the master franchisee or an affiliate of the master franchisee. We account for noncash consideration as investments in the applicable equity method investee and recognize revenue in an amount equal to the fair value of the equity interest received. Upfront fees from master franchisees, including the fair value of noncash consideration, are deferred and amortized over the MFDA term on a straight-line basis. We may recognize unamortized upfront fees when a contract with a franchisee or master franchisee is modified and is accounted for as a termination of the existing contract.

The portion of gift cards sold to customers which are never redeemed is commonly referred to as gift card breakage. We recognize gift card breakage income proportionately as each gift card is redeemed using an estimated breakage rate based on our historical experience.

Property revenues consists of rental income from properties we lease or sublease to franchisees. Property revenues are accounted for in accordance with applicable accounting guidance for leases and are excluded from the scope of revenue recognition guidance.

In certain instances, we provide incentives to franchisees in connection with restaurant renovations or other initiatives. These incentives may consist of cash consideration or non-cash consideration such as restaurant equipment. In general, these incentives are designed to support system-wide sales growth to increase our future revenues. The costs of these incentives are capitalized and amortized as a reduction in franchise and property revenue over the term of the contract to which the incentive relates.

Advertising revenues and other services

Advertising revenues consist primarily of franchisee contributions to advertising funds in those markets where our subsidiaries manage an advertising fund and are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Under our franchise agreements, advertising contributions received from franchisees must be spent on advertising, product development, marketing, and related activities. We determined our advertising and promotion management services do not represent individually distinct performance obligations and are included in the Franchise PO.

Other services revenues consist primarily of fees from digital sales that partially offset expenses related to technology initiatives. These services are distinct from the Franchise PO because they are not dependent upon the franchise license or highly interrelated with the franchise license.

Cost of Sales

Cost of sales consists primarily of costs associated with the management of our TH supply chain, including cost of goods, direct labor, depreciation and bad debt expense (recoveries) from supply chain sales. Cost of sales also includes food, paper and labor costs of Company restaurants.

Franchise and Property Expenses

Franchise and property expenses consist primarily of depreciation of properties leased to franchisees, rental expense associated with properties subleased to franchisees, amortization of franchise agreements, and bad debt expense (recoveries) from franchise and property revenues.

Advertising Expenses and Other Services

Advertising expenses and other services consist primarily of expenses relating to marketing, advertising and promotion, including market research, production, advertising costs, sales promotions, social media campaigns, technology initiatives, bad debt expense (recoveries) from franchisee contributions to advertising funds we manage, depreciation and amortization and other related support functions for the respective brands. Additionally, we may incur discretionary expenses to fund advertising programs in connection with periodic initiatives.

Company restaurants and franchise restaurants contribute to advertising funds that our subsidiaries manage in the United States and Canada and certain other international markets. The advertising funds expense the production costs of advertising when the advertisements are first aired or displayed. All other advertising and promotional costs are expensed in the period incurred. Under our franchise agreements, advertising contributions received from franchisees must be spent on advertising, product development, marketing and related activities. The advertising contributions by Company restaurants (including Restaurant VIEs) are eliminated in consolidation. Consolidated advertising expense totaled $1,032 million, $962 million and $870 million in 2022, 2021 and 2020, respectively.

Deferred Financing Costs

Deferred financing costs are amortized over the term of the related debt agreement into interest expense using the effective interest method.

Income Taxes

Amounts in the Financial Statements related to income taxes are calculated using the principles of ASC Topic 740, *Income Taxes*. Under these principles, deferred tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes, as well as tax credit carry-forwards and loss carry-forwards. These deferred taxes are measured by applying currently enacted tax rates. A deferred tax asset is recognized when it is considered more-likely-than-not to be realized. The effects of changes in tax rates on deferred tax assets and liabilities are recognized in income in the year in which the law is enacted. A valuation allowance reduces deferred tax assets when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

We recognize positions taken or expected to be taken in a tax return in the Financial Statements when it is more-likely-than-not (i.e., a likelihood of more than 50%) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit with greater than 50% likelihood of being realized upon ultimate settlement.

Translation gains and losses resulting from the remeasurement of foreign deferred tax assets or liabilities denominated in a currency other than the functional currency are classified as other operating expenses (income), net in the consolidated statements of operations.

Share-based Compensation

Compensation expense related to the issuance of share-based awards to our employees is measured at fair value on the grant date. We use the Black-Scholes option pricing model to value stock options. The fair value of restricted stock units (“RSUs”) is generally based on the closing price of RBI's common shares on the trading day preceding the date of grant. Our total shareholder return and if applicable our total shareholder return relative to our peer group is incorporated into the underlying assumptions using a Monte Carlo simulation valuation model to calculate grant date fair value for performance based awards with a market condition. The compensation expense for awards that vest over a future service period is recognized over the requisite service period on a straight-line basis, adjusted for estimated forfeitures of awards that are not expected to vest. We use historical data to estimate forfeitures for share-based awards. Upon the end of the service period, compensation expense is adjusted to account for the actual forfeiture rate. The compensation expense for awards that contain performance conditions is recognized when it is probable that the performance conditions will be achieved.

New Accounting Pronouncements

Accounting Relief for the Transition Away from LIBOR and Certain other Reference Rates – In March 2020 and as clarified in January 2021 and December 2022, the Financial Accounting Standards Board ("FASB") issued guidance which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This amendment is effective as of March 12, 2020 through December 31, 2024. The expedients and exceptions provided by this new guidance do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships. During the third quarter of 2021, we adopted certain of the expedients as it relates to hedge accounting as certain of our debt agreements and hedging relationships bear interest at variable rates, primarily U.S. dollar LIBOR. The adoption of and future elections under this new guidance did not and are not expected to have a material impact on our Financial Statements. We will continue to monitor the discontinuance of LIBOR on our debt agreements and hedging relationships.

Lessors—Certain Leases with Variable Lease Payments – In July 2021, the FASB issued guidance that requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if (a) the lease would have been classified as a sales-type lease or a direct financing lease in accordance with lease classification criteria and (b) the lessor would have otherwise recognized a day-one loss. This amendment is effective in 2022 with early adoption permitted. This guidance may be applied either retrospectively to leases that commenced or were modified on or after the adoption of lease guidance we adopted in 2019 or prospectively to leases that commence or are modified on or after the date that this new guidance is applied. The adoption of this new guidance during the first quarter of 2022 did not have a material impact on our Financial Statements.

Liabilities—Supplier Finance Programs – In September 2022, the FASB issued guidance that requires buyers in a supplier finance program to disclose sufficient information about the program to allow investors to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. These disclosures would include the key terms of the program, as well as the obligation amount that the buyer has confirmed as valid to the third party that is outstanding at the end of the reporting period, a rollforward of that amount, and a description of where that amount is presented in the balance sheet. This amendment is effective in 2023, except for the amendment on rollforward information which is effective in 2024, with early adoption permitted. This guidance should be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively. We are currently evaluating the impact that the adoption of this new guidance will have on our Financial Statements and will add necessary disclosures upon adoption.

Note 3. Firehouse Acquisition

We acquired Firehouse Subs on December 15, 2021 (the "Firehouse Acquisition") which complements RBI's existing portfolio. Like RBI's other brands, the *Firehouse Subs* brand is managed independently, while benefiting from the global scale and resources of RBI. The Firehouse Acquisition was accounted for as a business combination using the acquisition method of accounting.

Total consideration in connection with the Firehouse Acquisition was $1,016 million. The consideration was funded through cash on hand and $533 million of incremental borrowings under our Term Loan Facility - See Note 9, *Long-Term Debt*.

Fees and expenses related to the Firehouse Acquisition and related financings totaled $1 million during 2022 and $18 million during 2021, consisting primarily of professional fees and compensation related expenses which are classified as general and administrative expenses in the accompanying consolidated statements of operations.

During 2022, we adjusted our preliminary estimate of the fair value of net assets acquired. The final allocation of consideration to the net tangible and intangible assets acquired is presented in the table below (in millions):

	December 15, 2021
Total current assets	$ 21
Property and equipment	4
Firehouse Subs brand	816
Franchise agreements	19
Operating lease assets	9
Total liabilities	(48)
Total identifiable net assets	821
Goodwill	195
Total consideration	$ 1,016

The adjustments to the preliminary estimate of net assets acquired and a decrease in total consideration resulted in a corresponding decrease in estimated goodwill due to the following changes to preliminary estimates of fair values and allocation of purchase price (in millions):

	Increase (Decrease) in Goodwill
Change in:	
Operating lease assets	$ (9)
Firehouse Subs brand	(48)
Franchise agreements	(19)
Total liabilities	35
Total consideration	(17)
Total decrease in goodwill	$ (58)

The *Firehouse Subs* brand has been assigned an indefinite life and, therefore, will not be amortized, but rather tested annually for impairment. Franchise agreements have a weighted average amortization period of 18 years. Goodwill attributable to the Firehouse Acquisition will be deductible and amortized for tax purposes. Goodwill is considered to represent the value associated with the workforce and synergies anticipated to be realized as a combined company. We have allocated goodwill related to the Firehouse Acquisition to our FHS operating segment and to one reporting unit for goodwill impairment testing purposes. In the event that actual results vary from the estimates or assumptions used in the valuation or allocation process, we may be required to record an impairment charge or an increase in depreciation or amortization in future periods, or both. We completed our impairment reviews for goodwill and the Firehouse Subs brand as of October 1, 2022 and no impairment resulted.

The results of operations of Firehouse Subs have been included in our consolidated financial statements from the acquisition date of December 15, 2021. The Firehouse Acquisition is not material to our consolidated financial statements, and therefore, supplemental pro forma financial information related to the acquisition is not included herein.

Note 4. Earnings per Share

An economic interest in Partnership common equity is held by the holders of Class B exchangeable limited partnership units (the "Partnership exchangeable units"), which is reflected as a noncontrolling interest in our equity. See Note 13, *Shareholders' Equity*.

Basic and diluted earnings per share is computed using the weighted average number of shares outstanding for the period. We apply the treasury stock method to determine the dilutive weighted average common shares represented by outstanding equity awards, unless the effect of their inclusion is anti-dilutive. The diluted earnings per share calculation assumes conversion of 100% of the Partnership exchangeable units under the "if converted" method. Accordingly, the numerator is also adjusted to include the earnings allocated to the holders of noncontrolling interests.

The following table summarizes the basic and diluted earnings per share calculations (in millions, except per share amounts):

	2022	2021	2020
Numerator:			
Net income attributable to common shareholders - basic	$ 1,008	$ 838	$ 486
Add: Net income attributable to noncontrolling interests	471	411	262
Net income available to common shareholders and noncontrolling interests - diluted	$ 1,479	$ 1,249	$ 748
Denominator:			
Weighted average common shares - basic	307	310	302
Exchange of noncontrolling interests for common shares (Note 12)	144	151	162
Effect of other dilutive securities	4	3	4
Weighted average common shares - diluted	455	464	468
Basic earnings per share (a)	$ 3.28	$ 2.71	$ 1.61
Diluted earnings per share (a)	$ 3.25	$ 2.69	$ 1.60
Anti-dilutive securities outstanding	6	3	6

(a) Earnings per share may not recalculate exactly as it is calculated based on unrounded numbers.

Note 5. Property and Equipment, net

Property and equipment, net, consist of the following (in millions):

	As of December 31,	
	2022	2021
Land	$ 985	$ 1,011
Buildings and improvements	1,165	1,200
Restaurant equipment	192	193
Furniture, fixtures, and other	300	257
Finance leases	317	323
Construction in progress	52	30
	3,011	3,014
Accumulated depreciation and amortization	(1,061)	(979)
Property and equipment, net	$ 1,950	$ 2,035

Depreciation and amortization expense on property and equipment totaled $135 million for 2022, $148 million for 2021 and $140 million for 2020.

Included in our property and equipment, net at December 31, 2022 and 2021 are $227 million and $246 million, respectively, of assets leased under finance leases (mostly buildings and improvements), net of accumulated depreciation and amortization of $90 million and $77 million, respectively.

Note 6. Intangible Assets, net and Goodwill

Intangible assets, net and goodwill consist of the following (in millions):

	As of December 31,					
	2022			2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Identifiable assets subject to amortization:						
Franchise agreements	$ 720	$ (313)	$ 407	$ 722	$ (290)	$ 432
Favorable leases	90	(57)	33	104	(63)	41
Subtotal	810	(370)	440	826	(353)	473
Indefinite-lived intangible assets:						
Tim Hortons brand	$ 6,293	$ —	$ 6,293	$ 6,695	$ —	$ 6,695
Burger King brand	2,088	—	2,088	2,126	—	2,126
Popeyes brand	1,355	—	1,355	1,355	—	1,355
Firehouse Subs brand	815	—	815	768	—	768
Subtotal	10,551	—	10,551	10,944	—	10,944
Intangible assets, net			$ 10,991			$ 11,417
Goodwill						
Tim Hortons segment	$ 4,059			$ 4,306		
Burger King segment	590			601		
Popeyes segment	846			846		
Firehouse segment	193			253		
Total	$ 5,688			$ 6,006		

Amortization expense on intangible assets totaled $39 million for 2022, $41 million for 2021, and $43 million for 2020. The change in the franchise agreements, brands and goodwill balances during 2022 was due to the impact of foreign currency translation and the impact of final adjustments to the preliminary allocation of consideration to the net tangible and intangible assets acquired in the Firehouse Acquisition.

As of December 31, 2022, the estimated future amortization expense on identifiable assets subject to amortization is as follows (in millions):

Twelve-months ended December 31,	Amount
2023	$ 37
2024	36
2025	34
2026	34
2027	34
Thereafter	265
Total	$ 440

Note 7. Equity Method Investments

The aggregate carrying amount of our equity method investments was $167 million and $194 million as of December 31, 2022 and 2021, respectively, and is included as a component of Other assets, net in our consolidated balance sheets.

Except for the following equity method investments, no quoted market prices are available for our other equity method investments. The aggregate market value of our 15.2% equity interest in Carrols Restaurant Group, Inc. ("Carrols") based on the quoted market price on December 31, 2022 is approximately $13 million. The aggregate market value of our 9.4% equity interest in BK Brasil Operação e Assessoria a Restaurantes S.A. based on the quoted market price on December 31, 2022 is approximately $27 million. The aggregate market value of our 3.8% equity interest in TH International Limited based on the quoted market price on December 31, 2022 was approximately $16 million. We have evaluated recent declines in the market value of these equity method investments and recognized an impairment of $15 million as a result of a sustained decline in Carrols' share price and market capitalization during 2022.

We have equity interests in entities that own or franchise Tim Hortons, Burger King and Popeyes restaurants. Franchise and property revenue recognized from franchisees that are owned or franchised by entities in which we have an equity interest consist of the following (in millions):

	2022	2021	2020
Revenues from affiliates:			
Royalties	$ 353	$ 350	$ 239
Advertising revenues	71	67	50
Property revenues	31	32	32
Franchise fees and other revenue	18	21	14
Sales	18	10	3
Total	$ 491	$ 480	$ 338

At December 31, 2022 and 2021, we had $42 million and $48 million, respectively, of accounts receivable, net from our equity method investments which were recorded in accounts and notes receivable, net in our consolidated balance sheets.

With respect to our TH business, the most significant equity method investment is our 50.0% joint venture interest with The Wendy's Company (the "TIMWEN Partnership"), which jointly holds real estate underlying Canadian combination restaurants. Distributions received from this joint venture were $13 million, $16 million and $8 million during 2022, 2021 and 2020, respectively.

We recognized rent expense associated with the TIMWEN Partnership of $19 million, $18 million, and $15 million during 2022, 2021 and 2020, respectively.

(Income) loss from equity method investments reflects our share of investee net income or loss, non-cash dilution gains or losses from changes in our ownership interests in equity investees and impairment charges.

Note 8. Other Accrued Liabilities and Other Liabilities

Other accrued liabilities (current) and other liabilities, net (non-current) consist of the following (in millions):

	As of December 31,	
	2022	2021
Current:		
Dividend payable	$ 243	$ 241
Interest payable	89	63
Accrued compensation and benefits	124	99
Taxes payable	190	106
Deferred income	43	48
Accrued advertising expenses	37	43
Restructuring and other provisions	29	90
Current portion of operating lease liabilities	137	140
Other	109	117
Other accrued liabilities	$ 1,001	$ 947
Non-current:		
Taxes payable	$ 139	$ 533
Contract liabilities (see Note 15)	540	531
Derivatives liabilities	34	575
Unfavorable leases	50	65
Accrued pension	40	47
Deferred income	44	37
Other	25	34
Other liabilities, net	$ 872	$ 1,822

Note 9. Long-Term Debt

Long-term debt consists of the following (in millions):

	As of December 31,	
	2022	2021
Term Loan B	$ 5,190	$ 5,243
Term Loan A	1,250	1,250
3.875% First Lien Senior Notes due 2028	1,550	1,550
3.50% First Lien Senior Notes due 2029	750	750
5.75% First Lien Senior Notes due 2025	500	500
4.375% Second Lien Senior Notes due 2028	750	750
4.00% Second Lien Senior Notes due 2030	2,900	2,900
TH Facility and other	155	173
Less: unamortized deferred financing costs and deferred issuance discount	(111)	(138)
Total debt, net	12,934	12,978
Less: current maturities of debt	(95)	(62)
Total long-term debt	$ 12,839	$ 12,916

Credit Facilities

On December 13, 2021, two of our subsidiaries (the "Borrowers") entered into a fifth incremental facility amendment and a sixth amendment (the "2021 Amendment") to the credit agreement governing our senior secured term loan A facility (the "Term Loan A"), our senior secured term loan B facility (the "Term Loan B" and together with the Term Loan A the "Term Loan Facilities") and our $1,000 million senior secured revolving credit facility (including revolving loans, swingline loans and letters of credit) (the "Revolving Credit Facility" and together with the Term Loan Facilities, the "Credit Facilities"). The 2021 Amendment increased the existing Term Loan A to $1,250 million and extended the maturity date of the Term Loan A and Revolving Credit Facility to December 13, 2026 (subject to earlier maturity in specified circumstances). The security and guarantees under the Revolving Credit Facility and Term Loan A are the same as those under the existing facilities. The proceeds from the increase in the Term Loan A were used with cash on hand to complete the Firehouse Acquisition. In connection with the 2021 Amendment, we capitalized approximately $12 million in debt issuance costs.

The 2021 Amendment also amended the interest rate applicable to the Revolving Credit Facility and the Term Loan A to incorporate SOFR. The interest rate applicable to the Term Loan A and Revolving Credit Facility is, at our option, either (a) a base rate, subject to a floor of 1.00%, plus an applicable margin varying from 0.00% to 0.50%, or (b) Adjusted Term SOFR (Adjusted Term SOFR is calculated as Term SOFR plus a 0.10% adjustment), subject to a floor of 0.00%, plus an applicable margin varying between 0.75% and 1.50%, in each case, determined by reference to a net first lien leverage-based pricing grid. The commitment fee on the unused portion of the Revolving Credit Facility is 0.15%. At December 31, 2022, the interest rate on the Term Loan A was 5.44%. The principal amount of the Term Loan A amortizes in quarterly installments equal to $8 million beginning March 31, 2023 until September 30, 2024 and thereafter in quarterly installments equal to $16 million until maturity, with the balance payable at maturity. The 2021 Amendment includes amendments to certain negative covenants to provide increased flexibility. The 2021 Amendment made no other material changes to the terms of the Credit Agreement.

The maturity date of our Term Loan B is November 19, 2026 and the interest rate applicable to our Term Loan B is, at our option, either (a) a base rate, subject to a floor of 1.00%, plus an applicable margin of 0.75%, or (b) a Eurocurrency rate, subject to a floor of 0.00%, plus an applicable margin of 1.75%. At December 31, 2022, the interest rate on the Term Loan B was 6.13%. The principal amount of the Term Loan B amortizes in quarterly installments equal to $13 million until maturity, with the balance payable at maturity.

Revolving Credit Facility

As of December 31, 2022, we had no amounts outstanding under our Revolving Credit Facility. Funds available under the Revolving Credit Facility may be used to repay other debt, finance debt or share repurchases, to fund acquisitions or capital expenditures and for other general corporate purposes. We have a $125 million letter of credit sublimit as part of the Revolving Credit Facility, which reduces our borrowing availability thereunder by the cumulative amount of outstanding letters of credit. The interest rate applicable to amounts drawn under each letter of credit is 0.75% to 1.50%, depending on our net first lien leverage ratio. As of December 31, 2022, we had $2 million of letters of credit issued against the Revolving Credit Facility, and our borrowing availability was $998 million.

Obligations under the Credit Facilities are guaranteed on a senior secured basis, jointly and severally, by the direct parent company of one of the Borrowers and substantially all of its Canadian and U.S. subsidiaries, including The TDL Group Corp., Burger King Company LLC, Popeyes Louisiana Kitchen, Inc., FRG, LLC and substantially all of their respective Canadian and U.S. subsidiaries (the "Credit Guarantors"). Amounts borrowed under the Credit Facilities are secured on a first priority basis by a perfected security interest in substantially all of the present and future property (subject to certain exceptions) of each Borrower and Credit Guarantor.

3.875% First Lien Senior Notes due 2028

On September 24, 2019, the Borrowers entered into an indenture (the "3.875% First Lien Senior Notes Indenture") in connection with the issuance of $750 million of 3.875% first lien senior notes due January 15, 2028 (the "2019 3.875% Senior Notes"). On July 6, 2021, the Borrowers issued an additional $800 million under the 3.875% First Lien Senior Notes Indenture (the "Additional Notes" and together with the 2019 3.875% Senior Notes, the "3.875% First Lien Senior Notes due 2028"). No principal payments are due until maturity and interest is paid semi-annually. The Additional Notes were priced at 100.250% of their face value. The net proceeds from the offering of the Additional Notes were used to redeem the remaining $775 million principal amount outstanding of 4.25% first lien senior notes, plus any accrued and unpaid interest thereon, and pay related redemption premiums, fees and expenses. In connection with the issuance of the Additional Notes, we capitalized approximately $7 million in debt issuance costs. In connection with the redemption of the remaining $775 million principal amount outstanding of the 4.25% first lien senior notes, we recorded a loss on early extinguishment of debt of $11 million that primarily reflects the payment of redemption premiums and the write-off of unamortized debt issuance costs.

Obligations under the 3.875% First Lien Senior Notes due 2028 are guaranteed on a senior secured basis, jointly and severally, by the Borrowers and substantially all of the Borrower's Canadian and U.S. subsidiaries, including The TDL Group Corp., Burger King Company LLC, Popeyes Louisiana Kitchen, Inc., FRG, LLC and substantially all of their respective Canadian and U.S. subsidiaries (the "Note Guarantors"). The 3.875% First Lien Senior Notes due 2028 are first lien senior secured obligations and rank equal in right of payment with all of the existing and future first lien senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees under our Credit Facilities.

The 3.875% First Lien Senior Notes due 2028 may be redeemed in whole or in part at any time at the redemption prices set forth in the 3.875% First Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 3.875% First Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

5.75% First Lien Senior Notes due 2025

On April 7, 2020, the Borrowers entered into an indenture (the "5.75% First Lien Senior Notes Indenture") in connection with the issuance of $500 million of 5.75% first lien notes due April 15, 2025 (the "5.75% First Lien Senior Notes due 2025"). No principal payments are due until maturity and interest is paid semi-annually. The net proceeds from the offering of the 5.75% First Lien Senior Notes due 2025 were used for general corporate purposes. In connection with the issuance of the 5.75% First Lien Senior Notes due 2025, we capitalized approximately $10 million in debt issuance costs.

Obligations under the 5.75% First Lien Senior Notes due 2025 are guaranteed on a senior secured basis, jointly and severally, by the Note Guarantors. The 5.75% First Lien Senior Notes due 2025 are first lien senior secured obligations and rank equal in right of payment with all of the existing and future first lien senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees of the Credit Facilities.

Our 5.75% First Lien Senior Notes due 2025 may be redeemed in whole or in part at any time at the redemption prices set forth in the 5.75% First Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 5.75% First Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

3.50% First Lien Senior Notes due 2029

On November 9, 2020, the Borrowers entered into an indenture (the "3.50% First Lien Senior Notes Indenture") in connection with the issuance of $750 million of 3.50% first lien notes due February 15, 2029 (the "3.50% First Lien Senior Notes due 2029"). No principal payments are due until maturity and interest is paid semi-annually. The proceeds from the offering of the 3.50% First Lien Senior Notes due 2029, together with cash on hand, were used to redeem $725 million of 4.25% first lien senior notes and pay related redemption premiums, fees and expenses. In connection with the issuance of the 3.50% First Lien Senior Notes due 2029, we capitalized approximately $7 million in debt issuance costs. In connection with the redemption of the 4.25% first lien senior notes, we recorded a loss on early extinguishment of debt of $19 million that primarily reflects the payment of premiums to redeem the notes and the write-off of unamortized debt issuance costs.

Obligations under the 3.50% First Lien Senior Notes due 2029 are guaranteed on a senior secured basis, jointly and severally, by the Note Guarantors. The 3.50% First Lien Senior Notes due 2029 are first lien senior secured obligations and rank equal in right of payment with all of the existing and future first lien senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees of the Credit Facilities.

Our 3.50% First Lien Senior Notes due 2029 may be redeemed in whole or in part, on or after February 15, 2024 at the redemption prices set forth in the 3.50% First Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 3.50% First Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

4.375% Second Lien Senior Notes due 2028

On November 19, 2019, the Borrowers entered into an indenture (the "4.375% Second Lien Senior Notes Indenture") in connection with the issuance of $750 million of 4.375% second lien senior notes due January 15, 2028 (the "4.375% Second Lien Senior Notes due 2028"). No principal payments are due until maturity and interest is paid semi-annually.

Obligations under the 4.375% Second Lien Senior Notes due 2028 are guaranteed on a second priority senior secured basis, jointly and severally, by the Note Guarantors. The 4.375% Second Lien Senior Notes due 2028 are second lien senior secured obligations and rank equal in right of payment with all of the existing and future senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees of the Credit Facilities, and effectively subordinated to all of the existing and future first lien senior debt of the Borrowers and Note Guarantors.

Our 4.375% Second Lien Senior Notes due 2028 may be redeemed in whole or in part at any time at the redemption prices set forth in the 4.375% Second Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 4.375% Second Lien Senior Notes Indenture also contains redemption provisions related to tender offers, change of control and equity offerings, among others.

4.00% Second Lien Senior Notes due 2030

During 2020, the Borrowers entered into an indenture (the "4.00% Second Lien Senior Notes Indenture") in connection with the issuance of $2,900 million of 4.00% second lien notes due October 15, 2030 (the "4.00% Second Lien Senior Notes due 2030"). No principal payments are due until maturity and interest is paid semi-annually. The proceeds from the offering of the 4.00% Second Lien Senior Notes due 2030 were used to redeem the entire outstanding principal balance of $2,800 million of 5.00% second lien senior notes due October 15, 2025 (the "5.00% Second Lien Senior Notes due 2025"), pay related redemption premiums, fees and expenses. In connection with the issuance of the 4.00% Second Lien Senior Notes due 2030, we capitalized approximately $26 million in debt issuance costs. In connection with the full redemption of the 5.00% Second Lien Senior Notes due 2025, we recorded a loss on early extinguishment of debt of $79 million that primarily reflects the payment of premiums to redeem the notes and the write-off of unamortized debt issuance costs.

Obligations under the 4.00% Second Lien Senior Notes due 2030 are guaranteed on a second priority senior secured basis, jointly and severally, by the Note Guarantors. The 4.00% Second Lien Senior Notes due 2030 are second lien senior secured obligations and rank equal in right of payment will all of the existing and future senior debt of the Borrowers and Note Guarantors and effectively subordinated to all of the existing and future first lien senior debt of the Borrowers and Note Guarantors.

Our 4.00% Second Lien Senior Notes due 2030 may be redeemed in whole or in part, on or after October 15, 2025 at the redemption prices set forth in the 4.00% Second Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 4.00% Second Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

Restrictions and Covenants

Our Credit Facilities, as well as the 3.875% First Lien Senior Notes Indenture, 5.75% First Lien Senior Notes Indenture, 3.50% First Lien Senior Notes Indenture, 4.375% Second Lien Senior Notes Indenture and 4.00% Second Lien Senior Notes Indenture (all together the "Senior Notes Indentures") contain a number of customary affirmative and negative covenants that, among other things, limit or restrict our ability and the ability of certain of our subsidiaries to: incur additional indebtedness; incur liens; engage in mergers, consolidations, liquidations and dissolutions; sell assets; pay dividends and make other payments in respect of capital stock; make investments, loans and advances; pay or modify the terms of certain indebtedness; and engage in certain transactions with affiliates. In addition, under the Credit Facilities, the Borrowers are not permitted to exceed a first lien senior secured leverage ratio of 6.50 to 1.00 when, as of the end of any fiscal quarter beginning with the first fiscal quarter of 2020, (1) any amounts are outstanding under the Term Loan A and/or (2) the sum of (i) the amount of letters of credit outstanding exceeding $50 million (other than those that are cash collateralized); (ii) outstanding amounts under the Revolving Credit Facility and (iii) outstanding amounts of swing line loans, exceeds 30.0% of the commitments under the Revolving Credit Facility.

The restrictions under the Credit Facilities and the Senior Notes Indentures have resulted in substantially all of our consolidated assets being restricted.

As of December 31, 2022, we were in compliance with applicable financial debt covenants under the Credit Facilities and the Senior Notes Indentures and there were no limitations on our ability to draw on the remaining availability under our Revolving Credit Facility.

TH Facility

One of our subsidiaries entered into a non-revolving delayed drawdown term credit facility in a total aggregate principal amount of C$225 million with a maturity date of October 4, 2025 (the "TH Facility"). The interest rate applicable to the TH Facility is the Canadian Bankers' Acceptance rate plus an applicable margin equal to 1.40% or the Prime Rate plus an applicable margin equal to 0.40%, at our option. Obligations under the TH Facility are guaranteed by four of our subsidiaries, and amounts borrowed under the TH Facility are secured by certain parcels of real estate. As of December 31, 2022, we had approximately C$203 million outstanding under the TH Facility with a weighted average interest rate of 6.07%.

RE Facility

One of our subsidiaries entered into a non-revolving delayed drawdown term credit facility in a total aggregate principal amount of $50 million with a maturity date of October 12, 2028 (the "RE Facility"). The interest rate applicable to the RE Facility is, at our option, either (i) a base rate, subject to a floor of 0.50%, plus an applicable margin of 0.50% or (ii) Adjusted Term SOFR (Adjusted Term SOFR is calculated as Term SOFR plus a margin based on duration), subject to a floor of 0.00%, plus an applicable margin of 1.50%. Obligations under the RE Facility are guaranteed by four of our subsidiaries, and amounts borrowed under the RE Facility are secured by certain parcels of real estate. As of December 31, 2022, we had approximately $2 million outstanding under the RE Facility with a weighted average interest rate of 5.97%.

Debt Issuance Costs

During 2021 and 2020, we incurred aggregate deferred financing costs of $19 million and $43 million, respectively. We did not incur any significant deferred financing costs during 2022.

Loss on Early Extinguishment of Debt

During 2021, we recorded an $11 million loss on early extinguishment of debt that primarily reflects the payment of redemption premiums and the write-off of unamortized debt issuance costs in connection with the redemption of the remaining $775 million principal amount outstanding of the 4.25% first lien senior notes. During 2020, we recorded a $98 million loss on early extinguishment of debt that primarily reflects the payment of premiums and the write-off of unamortized debt issuance costs in connection with the full redemption of the 5.00% Second Lien Senior Notes due 2025 and the partial redemption of the 4.25% first lien senior notes.

Maturities

The aggregate maturities of our long-term debt as of December 31, 2022 are as follows (in millions):

Year Ended December 31,	Principal Amount
2023	$ 97
2024	107
2025	741
2026	6,148
2027	—
Thereafter	5,952
Total	$ 13,045

Interest Expense, net

Interest expense, net consists of the following (in millions):

	2022	2021	2020
Debt (a)	$ 493	$ 461	$ 471
Finance lease obligations	19	20	20
Amortization of deferred financing costs and debt issuance discount	28	27	26
Interest income	(7)	(3)	(9)
Interest expense, net	$ 533	$ 505	$ 508

(a) Amount includes $56 million, $45 million and $69 million benefit during 2022, 2021 and 2020, respectively, related to the quarterly net settlements of our cross-currency rate swaps and amortization of the Excluded Component as defined in Note 12, *Derivative Instruments*.

Note 10. Leases

As of December 31, 2022, we leased or subleased 4,978 restaurant properties to franchisees and 147 non-restaurant properties to third parties under operating leases, direct financing leases and sales-type leases where we are the lessor. Initial lease terms generally range from 10 to 20 years. Most leases to franchisees provide for fixed monthly payments and many provide for future rent escalations and renewal options. Certain leases also include provisions for variable rent, determined as a percentage of sales, generally when annual sales exceed specific levels. Lessees typically bear the cost of maintenance, insurance and property taxes.

We lease land, buildings, equipment, office space and warehouse space from third parties. Land and building leases generally have an initial term of 10 to 20 years, while land-only lease terms can extend longer, and most leases provide for fixed monthly payments. Many of these leases provide for future rent escalations and renewal options. Certain leases also include provisions for variable rent payments, determined as a percentage of sales, generally when annual sales exceed specified levels. Most leases also obligate us to pay, as lessee, variable lease cost related to maintenance, insurance and property taxes.

Company as Lessor

Assets leased to franchisees and others under operating leases where we are the lessor and which are included within our property and equipment, net are as follows (in millions):

	As of December 31,	
	2022	2021
Land	$ 880	$ 899
Buildings and improvements	1,129	1,180
Restaurant equipment	16	18
	2,025	2,097
Accumulated depreciation and amortization	(625)	(587)
Property and equipment leased, net	$ 1,400	$ 1,510

Our net investment in direct financing and sales-type leases is as follows (in millions):

	As of December 31,	
	2022	2021
Future rents to be received:		
Future minimum lease receipts	$ 112	$ 113
Contingent rents (a)	5	7
Estimated unguaranteed residual value	6	5
Unearned income	(36)	(40)
	87	85
Current portion included within accounts receivable	(5)	(5)
Net investment in property leased to franchisees	$ 82	$ 80

(a) Amounts represent estimated contingent rents recorded in connection with the acquisition method of accounting.

Property revenues are comprised primarily of rental income from operating leases and earned income on direct financing leases with franchisees as follows (in millions):

	2022	2021	2020
Rental income:			
Minimum lease payments	$ 410	$ 455	$ 445
Variable lease payments	395	329	262
Amortization of favorable and unfavorable income lease contracts, net	1	3	6
Subtotal - lease income from operating leases	806	787	713
Earned income on direct financing and sales-type leases	7	6	5
Total property revenues	$ 813	$ 793	$ 718

Company as Lessee

Lease cost and other information associated with these lease commitments is as follows (in millions):

Lease Cost (Income)

	2022	2021	2020
Operating lease cost	$ 202	$ 202	$ 199
Operating lease variable lease cost	196	193	177
Finance lease cost:			
Amortization of right-of-use assets	27	31	29
Interest on lease liabilities	19	20	20
Sublease income	(603)	(587)	(534)
Total lease cost (income)	$ (159)	$ (141)	$ (109)

Lease Term and Discount Rate as of December 31, 2022 and 2021

	As of December 31,	
	2022	2021
Weighted-average remaining lease term (in years):		
Operating leases	9.8 years	10.1 years
Finance leases	11.5 years	11.4 years
Weighted-average discount rate:		
Operating leases	5.5 %	5.5 %
Finance leases	5.8 %	6.0 %

Other Information for 2022, 2021 and 2020

	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 198	$ 200	$ 200
Operating cash flows from finance leases	$ 19	$ 20	$ 20
Financing cash flows from finance leases	$ 31	$ 31	$ 29
Supplemental noncash information on lease liabilities arising from obtaining right-of-use assets:			
Right-of-use assets obtained in exchange for new finance lease obligations	$ 22	$ 52	$ 59
Right-of-use assets obtained in exchange for new operating lease obligations	$ 133	$ 133	$ 118

As of December 31, 2022, future minimum lease receipts and commitments are as follows (in millions):

	Lease Receipts		Lease Commitments (a)	
	Direct Financing and Sales-Type Leases	Operating Leases	Finance Leases	Operating Leases
2023	$ 8	$ 355	$ 49	$ 195
2024	8	332	48	184
2025	8	306	44	170
2026	7	276	41	153
2027	7	246	38	139
Thereafter	74	1,217	244	697
Total minimum receipts / payments	$ 112	$ 2,732	464	1,538
Less amount representing interest			(121)	(374)
Present value of minimum lease payments			343	1,164
Current portion of lease obligations			(32)	(137)
Long-term portion of lease obligations			$ 311	$ 1,027

(a) Minimum lease payments have not been reduced by minimum sublease rentals of $1,663 million due in the future under non-cancelable subleases.

Note 11. Income Taxes

Income before income taxes, classified by source of income, is as follows (in millions):

	2022	2021	2020
Canadian	$ 444	$ 457	$ 200
Foreign	921	906	616
Income before income taxes	$ 1,365	$ 1,363	$ 816

Income tax (benefit) expense attributable to income from continuing operations consists of the following (in millions):

	2022	2021	2020
Current:			
Canadian	$ (284)	$ 16	$ 45
U.S. Federal	105	(10)	125
U.S. state, net of federal income tax benefit	26	25	26
Other Foreign	96	84	78
	$ (57)	$ 115	$ 274
Deferred:			
Canadian	$ 20	$ 32	$ (67)
U.S. Federal	(79)	(37)	(82)
U.S. state, net of federal income tax benefit	(9)	(7)	(27)
Other Foreign	8	7	(32)
	$ (60)	$ (5)	$ (208)
Income tax expense (benefit)	$ (117)	$ 110	$ 66

The statutory rate reconciles to the effective income tax rate as follows:

	2022	2021	2020
Statutory rate	26.5 %	26.5 %	26.5 %
Costs and taxes related to foreign operations	3.8	3.5	9.6
Foreign exchange gain (loss)	—	—	0.5
Foreign tax rate differential	(13.7)	(13.9)	(15.6)
Change in valuation allowance	(0.7)	1.1	1.2
Change in accrual for tax uncertainties	(26.7)	(7.4)	3.9
Intercompany financing	1.2	(3.5)	(6.1)
Impact of Tax Act	—	—	(7.8)
Swiss Tax Reform	—	—	(5.1)
Benefit from stock option exercises	(0.1)	(0.8)	(0.3)
Litigation settlements and reserves	—	1.4	—
Other	1.1	1.2	1.2
Effective income tax rate	(8.6)%	8.1 %	8.0 %

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") that significantly revised the U.S. tax code. During 2020, various guidance was issued by the U.S. tax authorities relating to the Tax Act and, after review of such guidance, we recorded a favorable adjustment to our deferred tax assets of $64 million related to a tax attribute carryforward, which decreased our 2020 effective tax rate by 7.8%.

In a referendum held on May 19, 2019, Swiss voters adopted the Federal Act on Tax Reform and AVS Financing ("TRAF"), under which certain long-standing preferential cantonal tax regimes were abolished effective January 1, 2020, which the canton of Zug formally adopted in November 2019. Company subsidiaries in the canton of Zug were subjected to TRAF and therefore the TRAF impacted our consolidated results of operations during 2020. In 2020, a deferred tax asset was recorded due to an election made under TRAF by one of our Swiss subsidiaries. The amounts impacting income tax expense for the effects of the changes from the TRAF was approximately $41 million in 2020, which decreased our 2020 effective tax rate by approximately 5.1%.

Companies subject to the Global Intangible Low-Taxed Income provision (GILTI) have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for outside basis temporary differences expected to reverse as GILTI. We have elected to account for GILTI as a period cost.

Income tax (benefit) expense allocated to continuing operations and amounts separately allocated to other items was (in millions):

	2022	2021	2020
Income tax (benefit) expense from continuing operations	$ (117)	$ 110	$ 66
Cash flow hedge in accumulated other comprehensive income (loss)	153	72	(64)
Net investment hedge in accumulated other comprehensive income (loss)	77	(15)	(60)
Foreign Currency Translation in accumulated other comprehensive income (loss)	—	(4)	12
Pension liability in accumulated other comprehensive income (loss)	2	3	(3)
Total	$ 115	$ 166	$ (49)

The significant components of deferred income tax (benefit) expense attributable to income from continuing operations are as follows (in millions):

	2022	2021	2020
Deferred income tax expense (benefit)	$ 79	$ (22)	$ (230)
Change in valuation allowance	(143)	14	22
Change in effective U.S. state income tax rate	3	3	1
Change in effective foreign income tax rate	1	—	(1)
Total	$ (60)	$ (5)	$ (208)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in millions):

	As of December 31,	
	2022	2021
Deferred tax assets:		
Accounts and notes receivable	$ 8	$ 4
Accrued employee benefits	56	48
Leases	105	115
Operating lease liabilities	304	317
Liabilities not currently deductible for tax	403	346
Tax loss and credit carryforwards	316	517
Derivatives	—	164
Other	9	(1)
Total gross deferred tax assets	1,201	1,510
Valuation allowance	(194)	(356)
Net deferred tax assets	1,007	1,154
Less deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	15	15
Intangible assets	1,707	1,751
Leases	125	129
Operating lease assets	281	295
Statutory impairment	27	29
Derivatives	65	—
Outside basis difference	13	38
Total gross deferred tax liabilities	2,233	2,257
Net deferred tax liability	$ 1,226	$ 1,103

The valuation allowance had a net decrease of $162 million during 2022 primarily due to the change in estimates related to derivatives and the utilization of foreign tax credits and capital losses.

Changes in the valuation allowance are as follows (in millions):

	2022	2021	2020
Beginning balance	$ 356	$ 364	$ 329
Change in estimates recorded to deferred income tax expense	(9)	14	19
Changes in losses and credits	(134)	—	3
(Reductions) additions related to other comprehensive income	(19)	(22)	13
Ending balance	$ 194	$ 356	$ 364

The gross amount and expiration dates of operating loss and tax credit carry-forwards as of December 31, 2022 are as follows (in millions):

	Amount	Expiration Date
Canadian net operating loss carryforwards	$ 521	2036-2042
Canadian capital loss carryforwards	153	Indefinite
Canadian tax credits	4	2023-2041
U.S. state net operating loss carryforwards	546	2023-2042
U.S. federal net operating loss carryforwards	19	Indefinite
U.S. capital loss carryforwards	16	2040
U.S. foreign tax credits	69	2023-2031
Other foreign net operating loss carryforwards	249	Indefinite
Other foreign net operating loss carryforwards	41	2023-2038
Other foreign capital loss carryforward	27	Indefinite
Total	$ 1,645	

We are generally permanently reinvested on any potential outside basis differences except for unremitted earnings and profits and thus do not record a deferred tax liability for such outside basis differences. To the extent of unremitted earning and profits, we generally review various factors including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity and expected cash requirements to fund our various obligations and record deferred taxes to the extent we expect to distribute.

We had $139 million and $437 million of unrecognized tax benefits at December 31, 2022 and December 31, 2021, respectively, which if recognized, would favorably affect the effective income tax rate. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in millions):

	2022	2021	2020
Beginning balance	$ 437	$ 497	$ 506
Additions for tax positions related to the current year	(5)	9	9
Additions for tax positions of prior years	3	23	7
Reductions for tax positions of prior years	(15)	(5)	(25)
Additions for settlement	—	7	—
Reductions due to statute expiration	(281)	(94)	—
Ending balance	$ 139	$ 437	$ 497

Although the timing of the resolution, settlement, and closure of any audits is highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits could significantly change in the next 12 months. During the twelve months beginning January 1, 2023, it is reasonably possible we will reduce unrecognized tax benefits by up to approximately $48 million due to the expiration of statutes of limitations, anticipated closure of various tax matters currently under examination, and settlements with tax authorities all being possibly impacted in multiple jurisdictions.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. The total amount of accrued interest and penalties was $27 million and $121 million at December 31, 2022 and 2021, respectively. Potential interest and penalties associated with uncertain tax positions in various jurisdictions recognized was $3 million during 2022, $2 million during 2021 and $31 million during 2020. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

We file income tax returns with Canada and its provinces and territories. Generally, we are subject to routine examinations by the Canada Revenue Agency ("CRA"). The CRA is conducting examinations of the 2016 through 2018 taxation years. Additionally, income tax returns filed with various provincial jurisdictions are generally open to examination for periods up to six years subsequent to the filing and assessment of the respective return.

We also file income tax returns, including returns for our subsidiaries, with U.S. federal, U.S. state, and other foreign jurisdictions. We are subject to routine examination by taxing authorities in the U.S. jurisdictions, as well as other foreign tax jurisdictions. Taxable years of such U.S. companies are closed through 2018 for U.S. federal income tax purposes. We have various U.S. state and other foreign income tax returns in the process of examination. From time to time, these audits result in proposed assessments where the ultimate resolution may result in owing additional taxes. We believe that our tax positions comply with applicable tax law and that we have adequately provided for these matters.

Note 12. Derivative Instruments

Disclosures about Derivative Instruments and Hedging Activities

We enter into derivative instruments for risk management purposes, including derivatives designated as cash flow hedges and derivatives designated as net investment hedges. We use derivatives to manage our exposure to fluctuations in interest rates and currency exchange rates.

Interest Rate Swaps

At December 31, 2022, we had outstanding receive-variable, pay-fixed interest rate swaps with a total notional value of $3,500 million to hedge the variability in the interest payments on a portion of our Term Loan Facilities, including any subsequent refinancing or replacement of the Term Loan Facilities, beginning August 31, 2021 through the termination date of October 31, 2028. Additionally, at December 31, 2022, we also had outstanding receive-variable, pay-fixed interest rate swaps with a total notional value of $500 million to hedge the variability in the interest payments on a portion of our Term Loan Facilities effective September 30, 2019 through the termination date of September 30, 2026. At inception, all of these interest rate swaps were designated as cash flow hedges for hedge accounting. The unrealized changes in market value are recorded in AOCI, net of tax, and reclassified into interest expense during the period in which the hedged forecasted transaction affects earnings. The net amount of pre-tax gains in connection with these net unrealized gains in AOCI as of December 31, 2022 that we expect to be reclassified into interest expense within the next 12 months is $86 million.

Cross-Currency Rate Swaps

To protect the value of our investments in our foreign operations against adverse changes in foreign currency exchange rates, we hedge a portion of our net investment in one or more of our foreign subsidiaries by using cross-currency rate swaps. At December 31, 2022, we had outstanding cross-currency rate swap contracts between the Canadian dollar and U.S. dollar and the Euro and U.S. dollar that have been designated as net investment hedges of a portion of our equity in foreign operations in those currencies. The component of the gains and losses on our net investment in these designated foreign operations driven by changes in foreign exchange rates are economically partly offset by movements in the fair value of our cross-currency swap contracts. The fair value of the swaps is calculated each period with changes in fair value reported in AOCI, net of tax. Such amounts will remain in AOCI until the complete or substantially complete liquidation of our investment in the underlying foreign operations.

At December 31, 2022, we had outstanding cross-currency rate swaps that we entered into during 2022 to partially hedge the net investment in our Canadian subsidiaries. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as net investment hedges. These swaps are contracts in which we receive quarterly fixed-rate interest payments on the U.S. dollar notional amount of $5,000 million through the maturity date of September 30, 2028.

During 2022, we de-designated existing cross-currency rate swap hedges between the Canadian dollar and U.S. dollar with a total notional amount of $5,000 million for hedge accounting. As a result of these de-designations, changes in fair value of these un-designated hedges were recognized in earnings. Concurrently with these de-designations and to offset the changes in fair value recognized in earnings, we entered into off-setting cross-currency rate swaps, with a total notional amount of $5,000 million, that were not designated as a hedge for hedge accounting and as such changes in fair value were recognized in earnings. The balances in AOCI associated with the de-designated cross-currency rate swaps will remain in AOCI and will only be reclassified into earnings if and when the net investment in our Canadian subsidiaries is sold or substantially sold. The entire notional amount of the de-designated cross-currency rate swaps and the off-setting cross-currency rate swaps were cash settled during 2022 for approximately $35 million in net proceeds and included within operating activities in the consolidated statements of cash flows.

At December 31, 2022, we had outstanding cross-currency rate swaps in which we pay quarterly fixed-rate interest payments on the Euro notional amount of €1,108 million and receive quarterly fixed-rate interest payments on the U.S. dollar notional amount of $1,200 million. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge. During 2018, we extended the term of the swaps from March 31, 2021 to the maturity date of February 17, 2024. The extension of the term resulted in a re-designation of the hedge and the swaps continue to be accounted for as a net investment hedge. Additionally, at December 31, 2022, we also had outstanding cross-currency rate swaps in which we receive quarterly fixed-rate interest payments on the U.S. dollar notional value of $400 million, entered during 2018, and $500 million, entered during 2019, through the maturity date of February 17, 2024 and $150 million, entered during 2021, through the maturity date of October 31, 2028. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge.

The fixed to fixed cross-currency rate swaps hedging Canadian dollar and Euro net investments utilized the forward method of effectiveness assessment prior to March 15, 2018. On March 15, 2018, we de-designated and subsequently re-designated the outstanding fixed to fixed cross-currency rate swaps to prospectively use the spot method of hedge effectiveness assessment. Additionally, as a result of adopting new hedge accounting guidance during 2018, we elected to exclude the interest component (the "Excluded Component") from the accounting hedge without affecting net investment hedge accounting and elected to amortize the Excluded Component over the life of the derivative instrument. The amortization of the Excluded Component is recognized in Interest expense, net in the consolidated statement of operations. The change in fair value that is not related to the Excluded Component is recorded in AOCI and will be reclassified to earnings when the foreign subsidiaries are sold or substantially liquidated.

Foreign Currency Exchange Contracts

We use foreign exchange derivative instruments to manage the impact of foreign exchange fluctuations on U.S. dollar purchases and payments, such as coffee purchases made by our Canadian Tim Hortons operations. At December 31, 2022, we had outstanding forward currency contracts to manage this risk in which we sell Canadian dollars and buy U.S. dollars with a notional value of $197 million with maturities to February 2024. We have designated these instruments as cash flow hedges, and as such, the unrealized changes in market value of effective hedges are recorded in AOCI and are reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

Credit Risk

By entering into derivative contracts, we are exposed to counterparty credit risk. Counterparty credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is in an asset position, the counterparty has a liability to us, which creates credit risk for us. We attempt to minimize this risk by selecting counterparties with investment grade credit ratings and regularly monitoring our market position with each counterparty.

Credit-Risk Related Contingent Features

Our derivative instruments do not contain any credit-risk related contingent features.

Quantitative Disclosures about Derivative Instruments and Fair Value Measurements

The following tables present the required quantitative disclosures for our derivative instruments, including their estimated fair values (all estimated using Level 2 inputs) and their location on our consolidated balance sheets (in millions):

	Gain or (Loss) Recognized in Other Comprehensive Income (Loss)		
	2022	2021	2020
Derivatives designated as cash flow hedges[1]			
Interest rate swaps	$ 509	$ 132	$ (333)
Forward-currency contracts	$ 14	$ —	$ (2)
Derivatives designated as net investment hedges			
Cross-currency rate swaps	$ 409	$ 96	$ (302)

(1) We did not exclude any components from the cash flow hedge relationships presented in this table.

	Location of Gain or (Loss) Reclassified from AOCI into Earnings	Gain or (Loss) Reclassified from AOCI into Earnings		
		2022	2021	2020
Derivatives designated as cash flow hedges				
Interest rate swaps	Interest expense, net	$ (54)	$ (125)	$ (102)
Forward-currency contracts	Cost of sales	$ 8	$ (7)	$ 2

	Location of Gain or (Loss) Recognized in Earnings	Gain or (Loss) Recognized in Earnings (Amount Excluded from Effectiveness Testing)		
		2022	2021	2020
Derivatives designated as net investment hedges				
Cross-currency rate swaps	Interest expense, net	$ 56	$ 45	$ 69

	Fair Value as of December 31,		
	2022	2021	Balance Sheet Location
Assets:			
Derivatives designated as cash flow hedges			
Interest rate	$ 280	$ —	Other assets, net
Foreign currency	7	2	Prepaids and other current assets
Derivatives designated as net investment hedges			
Foreign currency	78	23	Other assets, net
Total assets at fair value	$ 365	$ 25	
Liabilities:			
Derivatives designated as cash flow hedges			
Interest rate	$ —	$ 220	Other liabilities, net
Derivatives designated as net investment hedges			
Foreign currency	34	355	Other liabilities, net
Total liabilities at fair value	$ 34	$ 575	

Note 13. Shareholders' Equity

Special Voting Share

The holders of the Partnership exchangeable units are indirectly entitled to vote in respect of matters on which holders of the common shares of the Company are entitled to vote, including in respect of the election of RBI directors, through a special voting share of the Company (the "Special Voting Share"). The Special Voting Share is held by a trustee, entitling the trustee to that number of votes on matters on which holders of common shares of the Company are entitled to vote equal to the number of Partnership exchangeable units outstanding. The trustee is required to cast such votes in accordance with voting instructions provided by holders of Partnership exchangeable units. At any shareholder meeting of the Company, holders of our common shares vote together as a single class with the Special Voting Share except as otherwise provided by law.

Noncontrolling Interests

We reflect a noncontrolling interest which primarily represents the interests of the holders of Partnership exchangeable units in Partnership that are not held by RBI. The holders of Partnership exchangeable units held an economic interest of approximately 31.8% and 31.9% in Partnership common equity through the ownership of 142,996,640 and 144,993,458 Partnership exchangeable units as of December 31, 2022 and 2021, respectively.

Pursuant to the terms of the partnership agreement, each holder of a Partnership exchangeable unit is entitled to distributions from Partnership in an amount equal to any dividends or distributions that we declare and pay with respect to our common shares. Additionally, each holder of a Partnership exchangeable unit is entitled to vote in respect of matters on which holders of RBI common shares are entitled to vote through our special voting share. A holder of a Partnership exchangeable unit may require Partnership to exchange all or any portion of such holder's Partnership exchangeable units for our common shares at a ratio of one common share for each Partnership exchangeable unit, subject to our right as the general partner of Partnership, in our sole discretion, to deliver a cash payment in lieu of our common shares. If we elect to make a cash payment in lieu of issuing common shares, the amount of the payment will be the weighted average trading price of the common shares on the New York Stock Exchange for the 20 consecutive trading days ending on the last business day prior to the exchange date.

During 2022, Partnership exchanged 1,996,818 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by exchanging 1,996,818 Partnership exchangeable units for the same number of newly issued RBI common shares. During 2021, Partnership exchanged 10,119,880 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by exchanging 10,119,880 Partnership exchangeable units for the same number of newly issued RBI common shares. During 2020, Partnership exchanged 10,393,861 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by repurchasing 6,757,692 Partnership exchangeable units for approximately $380 million in cash and exchanging 3,636,169 Partnership exchangeable units for the same number of newly issued RBI common shares. The exchanges represented increases in our ownership interest in Partnership and were accounted for as equity transactions, with no gain or loss recorded in the consolidated statements of operations. Pursuant to the terms of the partnership agreement, upon the exchange of Partnership exchangeable units, each such Partnership exchangeable unit was cancelled concurrently with the exchange.

Share Repurchase

On July 28, 2021, our Board of Directors approved a share repurchase program that allows us to purchase up to $1,000 million of our common shares until August 10, 2023. During 2022, we repurchased and cancelled 6,101,364 common shares for $326 million and during 2021 we repurchased and cancelled 9,247,648 common shares for $551 million and as of December 31, 2022 had $123 million remaining under the authorization.

Accumulated Other Comprehensive Income (Loss)

The following table displays the change in the components of AOCI (in millions):

	Derivatives	Pensions	Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss)
Balances at December 31, 2019	$ 199	$ (19)	$ (943)	$ (763)
Foreign currency translation adjustment	—	—	332	332
Net change in fair value of derivatives, net of tax	(486)	—	—	(486)
Amounts reclassified to earnings of cash flow hedges, net of tax	73	—	—	73
Pension and post-retirement benefit plans, net of tax	—	(16)	—	(16)
Amounts attributable to noncontrolling interests	145	5	(144)	6
Balances at December 31, 2020	(69)	(30)	(755)	(854)
Foreign currency translation adjustment	—	—	(67)	(67)
Net change in fair value of derivatives, net of tax	207	—	—	207
Amounts reclassified to earnings of cash flow hedges, net of tax	96	—	—	96
Pension and post-retirement benefit plans, net of tax	—	15	—	15
Amounts attributable to noncontrolling interests	(98)	(6)	(3)	(107)
Balances at December 31, 2021	136	(21)	(825)	(710)
Foreign currency translation adjustment	—	—	(703)	(703)
Net change in fair value of derivatives, net of tax	714	—	—	714
Amounts reclassified to earnings of cash flow hedges, net of tax	34	—	—	34
Pension and post-retirement benefit plans, net of tax	—	6	—	6
Amounts attributable to noncontrolling interests	(236)	(2)	218	(20)
Balances at December 31, 2022	$ 648	$ (17)	$ (1,310)	$ (679)

Note 14. Share-based Compensation

Our Amended and Restated 2014 Omnibus Incentive Plan as amended (the "Omnibus Plan") provides for the grant of awards to employees, directors, consultants and other persons who provide services to us and our affiliates. We also have some outstanding awards under legacy plans for BK and TH, which were assumed in connection with the merger and amalgamation of those entities within the RBI group. No new awards may be granted under these legacy BK plans or legacy TH plans.

We are currently issuing awards under the Omnibus Plan and the number of shares available for issuance under such plan as of December 31, 2022 was 3,714,406. The Omnibus Plan permits the grant of several types of awards with respect to our common shares, including stock options, time-vested RSUs, and performance-based RSUs, which may include Company, S&P 500 Index and/or individual performance based-vesting conditions. Under the terms of the Omnibus Plan, RSUs are generally entitled to dividend equivalents, which are not distributed unless the related awards vest. Upon vesting, the amount of the dividend equivalent, which is distributed in additional RSUs, except in the case of RSUs awarded to non-management members of our board of directors, is equal to the equivalent of the aggregate dividends declared on common shares during the period from the date of grant of the award compounded until the date the shares underlying the award are delivered.

Share-based compensation expense is generally classified as general and administrative expenses in the consolidated statements of operations and consists of the following for the periods presented (in millions):

	2022	2021	2020
Total share-based compensation expense - RSUs and Stock options	$ 121	$ 88	$ 74

As of December 31, 2022, total unrecognized compensation cost related to share-based compensation arrangements was $312 million and is expected to be recognized over a weighted-average period of approximately 3.1 years.

Restricted Stock Units

The fair value of the time-vested RSUs and performance-based RSUs is based on the closing price of the Company's common shares on the trading day preceding the date of grant. Time-vested RSUs are expensed over the vesting period. Performance-based RSUs are expensed over the vesting period, based upon the probability that the performance target will be met. We grant fully vested RSUs, with dividend equivalent rights that accrue in cash, to non-employee members of our board of directors in lieu of a cash retainer and committee fees. All such RSUs will settle and common shares of the Company will be issued upon termination of service by the board member.

Starting in 2021, grants of time-vested RSUs generally vest 25% per year on December 31st over four years from the grant date and performance-based RSUs generally cliff vest three years from the grant date (the starting date for the applicable vesting period is referred to as the "Anniversary Date"). Time-vested RSUs and performance-based RSUs awarded prior to 2021 generally cliff vest five years from the original grant date.

During 2022, the Company granted performance-based RSUs that cliff vest three years from the original grant date based on achievement of performance metrics with a multiplier that can increase or decrease the amount vested based on the achievement of contractually defined relative total shareholder return targets with respect to the S&P 500 Index. Performance-based RSUs granted in 2021 cliff vest three years from the original grant date based solely on defined relative total shareholder return targets with respect to the S&P 500 Index. The respective fair value of these performance-based RSU awards was based on a Monte Carlo Simulation valuation model and these market condition awards are expensed over the vesting period regardless of the value that the award recipients ultimately receive.

For grants of time-vested RSUs beginning in 2021, if the employee is terminated for any reason prior to any vesting date, the employee will forfeit all of the RSUs that are unvested at the time of termination. For grants of performance-based RSUs beginning in 2021, if the employee is terminated within the first two years of the Anniversary Date, 100% of the performance-based RSUs will be forfeited. If we terminate the employment of a performance-based RSU holder without cause at least two years after the grant date, or if the employee retires, the employee will become vested in 67% of the performance-based RSUs that are earned based on the performance criteria.

For grants prior to 2021, if the employee is terminated for any reason within the first two years of the Anniversary Date, 100% of the time-vested RSUs granted will be forfeited. If we terminate the employment of a time-vested RSU holder without cause two years after the Anniversary Date, or if the employee retires, the employee will become vested in the number of time-vested RSUs as if the time-vested RSUs vested 20% for each anniversary after the grant date. Also, for grants prior to 2021, if the employee is terminated for any reason within the first three years of the Anniversary Date, 100% of the performance-based RSUs granted will be forfeited. If we terminate the employment of a performance-based RSU holder without cause between three and five years after the Anniversary Date, or if the employee retires, the employee will become vested in 50% of the performance-based RSUs.

An alternate ratable vesting schedule applies to the extent the participant ends employment by reason of death or disability.

Chairman Awards

In connection with the appointment of the Executive Chairman in November 2022, the Company made one-time grants of options, RSUs and performance-based RSUs with specific terms and conditions. The Company granted 2,000,000 options with an exercise price equal to the closing price of RBI common shares on the trading day preceding the date of grant that cliff vest five years from the date of grant and expire after ten years. The Company granted 500,000 RSUs that vest ratably over five years on the anniversary of the grant date. Lastly, the Company granted 750,000 performance-based RSUs that cliff vest five and a half years from the date of grant and may be earned from 50% for threshold performance to 200% for maximum performance, based on meeting performance targets tied to the appreciation of the price of RBI common shares, with none of the award being earned if the threshold is not met. The respective fair value of these performance-based RSU awards was based on a Monte Carlo Simulation valuation model and these market condition awards are expensed over the vesting period regardless of the value that the award recipient ultimately receives.

Restricted Stock Units Activity

The following is a summary of time-vested RSUs and performance-based RSUs activity for the year ended December 31, 2022:

	Time-vested RSUs		Performance-based RSUs	
	Total Number of Shares (in 000's)	Weighted Average Grant Date Fair Value	Total Number of Shares (in 000's)	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2022	2,764	$ 57.47	3,895	$ 62.09
Granted	1,722	$ 57.24	2,693	$ 51.31
Vested and settled	(852)	$ 56.00	(153)	$ 58.31
Dividend equivalents granted	103	$ —	160	$ —
Forfeited	(184)	$ 58.66	(158)	$ 64.78
Outstanding at December 31, 2022	3,553	$ 57.31	6,437	$ 57.43

The weighted-average grant date fair value of time-vested RSUs granted was $60.97 and $65.20 during 2021 and 2020, respectively. The weighted-average grant date fair value of performance-based RSUs granted was $57.60 and $62.69 during 2021 and 2020, respectively. The total fair value, determined as of the date of vesting, of RSUs vested and converted to common shares of the Company during 2022, 2021 and 2020 was $58 million, $99 million and $21 million, respectively.

Stock Options

Stock option awards are granted with an exercise price or market value equal to the closing price of our common shares on the trading day preceding the date of grant. We satisfy stock option exercises through the issuance of authorized but previously unissued common shares. Stock option grants generally cliff vest 5 years from the original grant date, provided the employee is continuously employed by us or one of our affiliates, and the stock options expire 10 years following the grant date. Additionally, if we terminate the employment of a stock option holder without cause prior to the vesting date, or if the employee retires or becomes disabled, the employee will become vested in the number of stock options as if the stock options vested 20% on each anniversary of the grant date. If the employee dies, the employee will become vested in the number of stock options as if the stock options vested 20% on the first anniversary of the grant date, 40% on the second anniversary of the grant date and 100% on the third anniversary of the grant date. If an employee is terminated with cause or resigns before vesting, all stock options are forfeited. If there is an event such as a return of capital or dividend that is determined to be dilutive, the exercise price of the awards will be adjusted accordingly.

The following assumptions were used in the Black-Scholes option-pricing model to determine the fair value of stock option awards granted in 2022 and 2020 at the grant date. There were no significant stock option awards granted in 2021.

	2022	2020
Risk-free interest rate	3.92%	1.29%
Expected term (in years)	7.50	5.88
Expected volatility	30.0%	23.9%
Expected dividend yield	3.24%	3.14%

The risk-free interest rate was based on the U.S. Treasury or Canadian Sovereign bond yield with a remaining term equal to the expected option life assumed at the date of grant. The expected term was calculated based on the analysis of a five-year vesting period coupled with our expectations of exercise activity. Expected volatility was based on the historical and implied equity volatility of the Company. The expected dividend yield is based on the annual dividend yield at the time of grant.

Stock Options Activity

The following is a summary of stock option activity under our plans for the year ended December 31, 2022:

	Total Number of Options (in 000's)	Weighted Average Exercise Price	Aggregate Intrinsic Value (a) (in 000's)	Weighted Average Remaining Contractual Term (Years)
Outstanding at January 1, 2022	6,207	$ 54.80		
Granted	2,018	$ 66.62		
Exercised	(484)	$ 43.42		
Forfeited	(247)	$ 64.83		
Outstanding at December 31, 2022	7,494	$ 58.00	$ 55,682	6.1
Exercisable at December 31, 2022	2,724	$ 46.72	$ 48,953	3.0
Vested or expected to vest at December 31, 2022	7,125	$ 57.75	$ 54,835	6.0

(a) The intrinsic value represents the amount by which the fair value of our stock exceeds the option exercise price at December 31, 2022.

The weighted-average grant date fair value per stock option granted was $17.52, $10.15, and $10.38 during 2022, 2021 and 2020, respectively. The total intrinsic value of stock options exercised was $10 million during 2022, $46 million during 2021, and $55 million during 2020.

Note 15. Revenue Recognition

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement. We may recognize unamortized franchise fees and upfront fees when a contract with a franchisee or master franchisee is modified and is accounted for as a termination of the existing contract. We classify these contract liabilities as Other liabilities, net in our consolidated balance sheets. The following table reflects the change in contract liabilities on a consolidated basis between December 31, 2021 and December 31, 2022 (in millions):

Contract Liabilities	
Balance at December 31, 2021	$ 531
Effect of business combination	8
Recognized during period and included in the contract liability balance at the beginning of the year	(57)
Increase, excluding amounts recognized as revenue during the period	71
Impact of foreign currency translation	(13)
Balance at December 31, 2022	$ 540

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) on a consolidated basis as of December 31, 2022 (in millions):

Contract liabilities expected to be recognized in	
2023	$ 52
2024	50
2025	47
2026	44
2027	42
Thereafter	305
Total	$ 540

Disaggregation of Total Revenues

The following tables disaggregate revenue by segment (in millions):

	2022				
	TH	BK	PLK	FHS	Total
Sales	$ 2,631	$ 70	$ 78	$ 40	$ 2,819
Royalties	320	1,064	287	66	1,737
Property revenues	577	224	12	—	813
Franchise fees and other revenue	28	54	10	19	111
Advertising revenues and other services	267	485	260	13	1,025
Total revenues	$ 3,823	$ 1,897	$ 647	$ 138	$ 6,505

	2021				
	TH	BK	PLK	FHS	Total
Sales	$ 2,249	$ 64	$ 64	$ 1	$ 2,378
Royalties	287	1,008	264	2	1,561
Property revenues	556	224	13	—	793
Franchise fees and other revenue	21	60	6	2	89
Advertising revenues and other services	229	457	232	—	918
Total revenues	$ 3,342	$ 1,813	$ 579	$ 5	$ 5,739

	2020				
	TH	BK	PLK	FHS	Total
Sales	$ 1,876	$ 64	$ 73	$ —	$ 2,013
Royalties	240	842	245	—	1,327
Property revenues	486	219	13	—	718
Franchise fees and other revenue	19	52	5	—	76
Advertising revenues and other services	189	425	220	—	834
Total revenues	$ 2,810	$ 1,602	$ 556	$ —	$ 4,968

Note 16. Other Operating Expenses (Income), net

Other operating expenses (income), net, consist of the following (in millions):

	2022	2021	2020
Net losses (gains) on disposal of assets, restaurant closures and refranchisings	$ 4	$ 2	$ 6
Litigation settlements and reserves, net	11	81	7
Net losses (gains) on foreign exchange	(4)	(76)	100
Other, net	14	—	(8)
Other operating expenses (income), net	$ 25	$ 7	$ 105

Net losses (gains) on disposal of assets, restaurant closures, and refranchisings represent sales of properties and other costs related to restaurant closures and refranchisings. Gains and losses recognized in the current period may reflect certain costs related to closures and refranchisings that occurred in previous periods.

Litigation settlements and reserves, net primarily reflects accruals and payments made and proceeds received in connection with litigation and arbitration matters and other business disputes.

In early 2022, we entered into negotiations to resolve business disputes that arose during 2021 with counterparties to the master franchise agreements for Burger King and Popeyes in China. Based on these discussions, we paid approximately $100 million in 2022, of which $5 million and $72 million was recorded as Litigation settlements and reserves, net in 2022 and 2021, respectively. The majority of this amount related to Popeyes, resolved our disputes, and allowed us to move forward in the market with a new master franchisee. Additionally, pursuant to this agreement we and our partners have made equity contributions to the Burger King business in China.

Net losses (gains) on foreign exchange is primarily related to revaluation of foreign denominated assets and liabilities, primarily those denominated in Euros and Canadian dollars.

Note 17. Commitments and Contingencies

Letters of Credit

As of December 31, 2022, we had $11 million in irrevocable standby letters of credit outstanding, which were issued primarily to certain insurance carriers to guarantee payments of deductibles for various insurance programs, such as health and commercial liability insurance. Of these letters of credit outstanding, $2 million are secured by the collateral under our Revolving Credit Facility and the remainder are secured by cash collateral. As of December 31, 2022, no amounts had been drawn on any of these irrevocable standby letters of credit.

Purchase Commitments

We have arrangements for information technology and telecommunication services with an aggregate contractual obligation of $23 million over the next two years, some of which have early termination fees. We also enter into commitments to purchase advertising. As of December 31, 2022, these commitments totaled $212 million and run through 2025.

Litigation

From time to time, we are involved in legal proceedings arising in the ordinary course of business relating to matters including, but not limited to, disputes with franchisees, suppliers, employees and customers, as well as disputes over our intellectual property.

On October 5, 2018, a class action complaint was filed against Burger King Worldwide, Inc. (“BKW”) and Burger King Company, successor in interest, (“BKC”) in the U.S. District Court for the Southern District of Florida by Jarvis Arrington, individually and on behalf of all others similarly situated. On October 18, 2018, a second class action complaint was filed against RBI, BKW and BKC in the U.S. District Court for the Southern District of Florida by Monique Michel, individually and on behalf of all others similarly situated. On October 31, 2018, a third class action complaint was filed against BKC and BKW in the U.S. District Court for the Southern District of Florida by Geneva Blanchard and Tiffany Miller, individually and on behalf of all others similarly situated. On November 2, 2018, a fourth class action complaint was filed against RBI, BKW and BKC in the U.S. District Court for the Southern District of Florida by Sandra Munster, individually and on behalf of all others similarly situated. These complaints have been consolidated and allege that the defendants violated Section 1 of the Sherman Act by incorporating an employee no-solicitation and no-hiring clause in the standard form franchise agreement all Burger King franchisees are required to sign. Each plaintiff seeks

injunctive relief and damages for himself or herself and other members of the class. On March 24, 2020, the Court granted BKC's motion to dismiss for failure to state a claim and on April 20, 2020 the plaintiffs filed a motion for leave to amend their complaint. On April 27, 2020, BKC filed a motion opposing the motion for leave to amend. The court denied the plaintiffs motion for leave to amend their complaint in August 2020 and the plaintiffs appealed this ruling. In August 2022, the federal appellate court reversed the lower court's decision to dismiss the case and remanded the case to the lower court for further proceedings. While we currently believe these claims are without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

On June 30, 2020, a class action complaint was filed against RBI, Partnership and The TDL Group Corp. in the Quebec Superior Court by Steve Holcman, individually and on behalf of all Quebec residents who downloaded the Tim Hortons mobile application. On July 2, 2020, a Notice of Action related to a second class action complaint was filed against RBI, in the Ontario Superior Court by Ashley Sitko and Ashley Cadeau, individually and on behalf of all Canadian residents who downloaded the Tim Hortons mobile application. On August 31, 2020, a notice of claim was filed against RBI in the Supreme Court of British Columbia by Wai Lam Jacky Law on behalf of all persons in Canada who downloaded the Tim Hortons mobile application or the Burger King mobile application. On September 30, 2020, a notice of action was filed against RBI, Partnership, The TDL Group Corp., BKW and Popeyes Louisiana Kitchen, Inc. in the Ontario Superior Court of Justice by William Jung on behalf of a to be determined class. All of the complaints alleged that the defendants violated the plaintiff's privacy rights, the Personal Information Protection and Electronic Documents Act, consumer protection and competition laws or app-based undertakings to users, in each case in connection with the collection of geolocation data through the Tim Hortons mobile application, and in certain cases, the Burger King and Popeyes mobile applications. Each plaintiff sought injunctive relief and monetary damages for himself or herself and other members of the class. The parties have reached a national settlement of all cases, which has been approved by the applicable courts, pursuant to which The TDL Group Corp. is providing each member of the class a voucher for one hot beverage and one baked good and will pay plaintiffs legal fees, in an amount which we believe is immaterial.

On October 26, 2020, City of Warwick Municipal Employees Pension Fund, a purported stockholder of RBI, individually and putatively on behalf of all other stockholders similarly situated, filed a lawsuit in the Supreme Court of the State of New York County of New York naming RBI and certain of our officers, directors and shareholders as defendants alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, in connection with certain offerings of securities by an affiliate in August and September 2019. The complaint alleges that the shelf registration statement used in connection with such offering contained certain false and/or misleading statements or omissions. The complaint seeks, among other relief, class certification of the lawsuit, unspecified compensatory damages, rescission, pre-judgement and post-judgement interest, costs and expenses. On December 18, 2020 the plaintiffs filed an amended complaint and on February 16, 2021 RBI filed a motion to dismiss the complaint. The plaintiffs filed a brief in opposition to the motion on April 19, 2021 and RBI filed a reply in May 2021. The motion to dismiss was heard in April 2022 and the motion to dismiss was denied in May 2022. On June 6, 2022, we filed an answer to the complaint and on July 8, 2022, we filed an appeal of the denial of the motion to dismiss. On November 10, 2022, the appellate division reversed the trial court and ordered that the complaint be dismissed. Plaintiffs have moved for leave to appeal to the Court of Appeals of the State of New York and we filed an opposition to their motion. The parties are awaiting a decision as to whether the Court of Appeals will accept the appeal. We intend to vigorously defend. While we believe these claims are without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

In April 2022, BKC was served with two separate purported class action complaints relating to per- and polyfluoroalkyl ("PFAS") in packaging. Hussain vs. BKC was filed on April 13, 2022 in the U.S. District Court for the Northern District of California, and Cooper v. BKC was filed on April 14, 2022 in the U.S. District Court for the Southern District of Florida. Both complaints alleged that certain food products sold by BKC are not safe for human consumption due to the packaging containing allegedly unsafe PFAS and that consumers were misled by the labelling, marketing and packaging claims asserted by BKC regarding the safety and sustainability of the packaging and sought compensatory, statutory and punitive damages, injunctive relief, corrective action, and attorneys' fees. Hussain voluntarily dismissed the case on August 22, 2022. In June 2022, Cooper voluntarily dismissed the case and then refiled their complaint in state court only on behalf of Florida consumers. We filed a motion to dismiss on October 17, 2022. The plaintiff dismissed the case with prejudice in November 2022 and these matters are closed.

Note 18. Segment Reporting and Geographical Information

As stated in Note 1, *Description of Business and Organization*, we manage four brands. Under the *Tim Hortons* brand, we operate in the donut/coffee/tea category of the quick service segment of the restaurant industry. Under the *Burger King* brand, we operate in the fast food hamburger restaurant category of the quick service segment of the restaurant industry. Under the *Popeyes* brand, we operate in the chicken category of the quick service segment of the restaurant industry. Under the *Firehouse Subs* brand, we operate in the specialty subs category of the quick service segment of the restaurant industry. Our business generates revenue from the following sources: (i) sales, consisting primarily of supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales to retailers and sales at restaurants owned by us ("Company restaurants"); (ii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; (iii) property revenues from properties we lease or sublease to franchisees; and (iv) advertising revenues and other

services, consisting primarily of advertising fund contributions based on a percentage of sales reported by franchise restaurants. We manage each of our brands as an operating segment and each operating segment represents a reportable segment.

Our management structure and financial reporting is organized around our four brands, including the information regularly reviewed by our Chief Executive Officer, who is our Chief Operating Decision Maker. Therefore, we have four operating segments: (1) TH, which includes all operations of our *Tim Hortons* brand, (2) BK, which includes all operations of our *Burger King* brand, (3) PLK, which includes all operations of our *Popeyes* brand, and (4) FHS, which includes all operations of our *Firehouse Subs* brand. Our four operating segments represent our reportable segments. FHS revenues and segment income for the period from the acquisition date of December 15, 2021 through December 26, 2021 (the fiscal year end for FHS) are included in our consolidated statement of operations for 2021.

The following tables present revenues, by segment and by country, depreciation and amortization, (income) loss from equity method investments, and capital expenditures by segment (in millions):

	2022	2021	2020
Revenues by operating segment:			
TH	$ 3,823	$ 3,342	$ 2,810
BK	1,897	1,813	1,602
PLK	647	579	556
FHS	138	5	—
Total	$ 6,505	$ 5,739	$ 4,968
Revenues by country (a):			
Canada	$ 3,458	$ 3,035	$ 2,546
United States	2,273	2,005	1,889
Other	774	699	533
Total	$ 6,505	$ 5,739	$ 4,968
Depreciation and amortization:			
TH	$ 114	$ 132	$ 119
BK	66	62	62
PLK	8	7	8
FHS	2	—	—
Total	$ 190	$ 201	$ 189
(Income) loss from equity method investments:			
TH	$ (8)	$ (13)	$ (4)
BK	51	17	43
PLK	1	—	—
Total	$ 44	$ 4	$ 39
Capital expenditures:			
TH	$ 30	$ 61	$ 92
BK	63	34	18
PLK	6	11	7
FHS	1	—	—
Total	$ 100	$ 106	$ 117

(a) Only Canada and the United States represented 10% or more of our total revenues in each period presented.

Total assets by segment, and long-lived assets by segment and country are as follows (in millions):

	Assets		Long-Lived Assets	
	As of December 31,		As of December 31,	
	2022	2021	2022	2021
By operating segment:				
TH	$ 13,279	$ 13,995	$ 1,819	$ 1,963
BK	5,007	4,946	1,140	1,137
PLK	2,572	2,563	143	141
FHS	1,098	1,103	12	4
Unallocated	790	639	—	—
Total	$ 22,746	$ 23,246	$ 3,114	$ 3,245
By country:				
Canada			$ 1,531	$ 1,670
United States			1,558	1,556
Other			25	19
Total			$ 3,114	$ 3,245

Long-lived assets include property and equipment, net, finance and operating lease right of use assets, net and net investment in property leased to franchisees. Only Canada and the United States represented 10% or more of our total long-lived assets as of December 31, 2022 and December 31, 2021.

Our measure of segment income is Adjusted EBITDA. Adjusted EBITDA represents earnings (net income or loss) before interest expense, net, loss on early extinguishment of debt, income tax (benefit) expense, and depreciation and amortization, adjusted to exclude (i) the non-cash impact of share-based compensation and non-cash incentive compensation expense, (ii) (income) loss from equity method investments, net of cash distributions received from equity method investments, (iii) other operating expenses (income), net and, (iv) income/expenses from non-recurring projects and non-operating activities. For the periods referenced, income/expenses from non-recurring projects and non-operating activities included (i) non-recurring fees and expense incurred in connection with the Firehouse Acquisition consisting of professional fees, compensation-related expenses and integration costs ("FHS Transaction costs"); and (ii) non-operating costs from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements, including services related to significant tax reform legislation, regulations and related restructuring initiatives ("Corporate restructuring and tax advisory fees").

Adjusted EBITDA is used by management to measure operating performance of the business, excluding these non-cash and other specifically identified items that management believes are not relevant to management's assessment of our operating performance. A reconciliation of segment income to net income consists of the following (in millions):

	2022	2021	2020
Segment income:			
TH	$ 1,073	$ 997	$ 823
BK	1,007	1,021	823
PLK	242	228	218
FHS	56	2	—
Adjusted EBITDA	2,378	2,248	1,864
Share-based compensation and non-cash incentive compensation expense	136	102	84
FHS Transaction costs	24	18	—
Corporate restructuring and tax advisory fees	46	16	16
Impact of equity method investments (a)	59	25	48
Other operating expenses (income), net	25	7	105
EBITDA	2,088	2,080	1,611
Depreciation and amortization	190	201	189
Income from operations	1,898	1,879	1,422
Interest expense, net	533	505	508
Loss on early extinguishment of debt	—	11	98
Income tax (benefit) expense	(117)	110	66
Net income	$ 1,482	$ 1,253	$ 750

(a) Represents (i) (income) loss from equity method investments and (ii) cash distributions received from our equity method investments. Cash distributions received from our equity method investments are included in segment income.

Note 19. Subsequent Events

Dividends

On January 4, 2023, we paid a cash dividend of $0.54 per common share to common shareholders of record on December 21, 2022. On such date, Partnership also made a distribution in respect of each Partnership exchangeable unit in the amount of $0.54 per exchangeable unit to holders of record on December 21, 2022.

On February 14, 2023, we announced that the board of directors had declared a cash dividend of $0.55 per common share for the first quarter of 2023. The dividend will be paid on April 5, 2023 to common shareholders of record on March 22, 2023. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of $0.55 per Partnership exchangeable unit, and the record date and payment date for distributions on Partnership exchangeable units are the same as the record date and payment date set forth above.

*****

GUARANTEE OF PERFORMANCE

For value received, **Restaurant Brands International Inc.**, a Canadian corporation (the "Guarantor"), located at 130 King Street West, Suite 300, Toronto, Ontario, M5X 1K6, Canada, absolutely and unconditionally guarantees to assume the duties and obligations of **Tim Hortons USA Inc.**, located at 5707 Blue Lagoon Drive, Miami, Florida 33126 (the "Franchisor"), under its franchise registration in each state as identified in Item 21 of this Franchise Disclosure Document, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time with residents of, or for locations in, those states. This guarantee continues until all such obligations of the Franchisor under such franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to such franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Miami, Florida on the 10th day of March, 2023.

GUARANTOR:

RESTAURANT BRANDS
INTERNATIONAL INC.

By: _____
Name: Matthew Dunnigan
Title: Chief Financial Officer

Item 8. ***Financial Statements and Supplementary Data***

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES

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Management's Report on Internal Control Over Financial Reporting

Management of Restaurant Brands International Inc. ("RBI"), the sole general partner of Restaurant Brands International Limited Partnership (the "Partnership"), is responsible for the preparation, integrity and fair presentation of the consolidated financial statements, related notes and other information included in this annual report. The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and include certain amounts based on management's estimates and assumptions. Other financial information presented in the annual report is derived from the consolidated financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2022. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Partnership; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Partnership are being made only in accordance with authorizations of management and directors of RBI; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Partnership's assets that could have a material effect on the consolidated financial statements.

Management performed an assessment of the effectiveness of Partnership's internal control over financial reporting as of December 31, 2022 based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, management determined that Partnership's internal control over financial reporting was effective as of December 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of Partnership's internal control over financial reporting as of December 31, 2022 has been audited by KPMG LLP, Partnership's independent registered public accounting firm, as stated in its report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Partners, Restaurant Brands International Limited Partnership, and Board of Directors,
Restaurant Brands International Inc., the sole general partner of Restaurant Brands International Limited Partnership:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Restaurant Brands International Limited Partnership and subsidiaries (the Partnership) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 22, 2023 expressed an unqualified opinion on the effectiveness of the Partnership's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Gross unrecognized tax benefits

As discussed in Notes 2 and 11 to the consolidated financial statements, the Partnership records a liability for unrecognized tax benefits associated with uncertain tax positions. The Partnership recognizes tax benefits from tax positions only if there is more than a 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities, based on the technical merits of the positions. As of December 31, 2022, the Partnership has recorded gross unrecognized tax benefits, excluding associated interest and penalties, of $139 million.

We identified the assessment of gross unrecognized tax benefits resulting from certain tax planning strategies implemented during the year as a critical audit matter. Identifying and determining uncertain tax positions arising from implementing tax planning strategies involved a number of judgments and assumptions, which included complex considerations of tax law. As a result, subjective and complex auditor judgment, including the involvement of tax professionals with specialized skills and knowledge, was required to evaluate the Partnership's interpretation of tax law and its determination of which tax positions have more than a 50% likelihood of being sustained upon examination.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Partnership's gross unrecognized tax benefits process, including controls related to 1) interpreting tax law, 2) identifying significant uncertain tax positions arising from tax planning strategies that were implemented during the year, 3) evaluating the tax consequences of the related strategies, and 4) evaluating which of the Partnership's tax positions may not be sustained upon examination. In addition, we involved tax professionals with specialized skills and knowledge, who assisted in:

- obtaining an understanding of the Partnership's tax planning strategies
- evaluating the Partnership's interpretation of the relevant tax laws by developing an independent assessment
- evaluating the Partnership's identification of uncertain tax positions to assess the tax consequences of these related tax positions
- performing an independent assessment of the Partnership's tax positions and comparing our assessment to the Partnership's assessment.

(signed) KPMG LLP

We have served as the Partnership's auditor since 1989.

Miami, Florida
February 22, 2023

Report of Independent Registered Public Accounting Firm

To the Partners, Restaurant Brands International Limited Partnership, and Board of Directors,
Restaurant Brands International Inc., the sole general partner of Restaurant Brands International Limited Partnership:

Opinion on Internal Control Over Financial Reporting

We have audited Restaurant Brands International Limited Partnership and subsidiaries' (the Partnership) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Partnership as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated February 22, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(signed) KPMG LLP

Miami, Florida
February 22, 2023

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions of U.S. dollars, except unit data)

	As of December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,178	$ 1,087
Accounts and notes receivable, net of allowance of $36 and $18, respectively	614	547
Inventories, net	133	96
Prepaids and other current assets	123	86
Total current assets	2,048	1,816
Property and equipment, net of accumulated depreciation and amortization of $1,061 and $979, respectively	1,950	2,035
Operating lease assets, net	1,082	1,130
Intangible assets, net	10,991	11,417
Goodwill	5,688	6,006
Net investment in property leased to franchisees	82	80
Other assets, net	905	762
Total assets	$ 22,746	$ 23,246
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts and drafts payable	$ 758	$ 614
Other accrued liabilities	1,001	947
Gift card liability	230	221
Current portion of long-term debt and finance leases	127	96
Total current liabilities	2,116	1,878
Long-term debt, net of current portion	12,839	12,916
Finance leases, net of current portion	311	333
Operating lease liabilities, net of current portion	1,027	1,070
Other liabilities, net	872	1,822
Deferred income taxes, net	1,313	1,374
Total liabilities	18,478	19,393
Commitments and contingencies (Note 17)		
Partners' capital:		
Class A common units - 202,006,067 units issued and outstanding at December 31, 2022 and December 31, 2021	8,735	8,421
Partnership exchangeable units - 142,996,640 units issued and outstanding at December 31, 2022; 144,993,458 units issued and outstanding at December 31, 2021	(3,496)	(3,547)
Accumulated other comprehensive income (loss)	(973)	(1,024)
Total Partners' capital	4,266	3,850
Noncontrolling interests	2	3
Total equity	4,268	3,853
Total liabilities and equity	$ 22,746	$ 23,246

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors of Restaurant Brands International Inc., as general partner of Restaurant Brands International Limited Partnership:

By: /s/ J. Patrick Doyle
J. Patrick Doyle, Executive Chairman of Restaurant Brands International Inc.

By: /s/ Ali Hedayat
Ali Hedayat, Director of Restaurant Brands International Inc.

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Consolidated Statements of Operations
(In millions of U.S. dollars, except per unit data)

	2022	2021	2020
Revenues:			
Sales	$ 2,819	$ 2,378	$ 2,013
Franchise and property revenues	2,661	2,443	2,121
Advertising revenues and other services	1,025	918	834
Total revenues	6,505	5,739	4,968
Operating costs and expenses:			
Cost of sales	2,312	1,890	1,610
Franchise and property expenses	518	489	515
Advertising expenses and other services	1,077	986	870
General and administrative expenses	631	484	407
(Income) loss from equity method investments	44	4	39
Other operating expenses (income), net	25	7	105
Total operating costs and expenses	4,607	3,860	3,546
Income from operations	1,898	1,879	1,422
Interest expense, net	533	505	508
Loss on early extinguishment of debt	—	11	98
Income before income taxes	1,365	1,363	816
Income tax (benefit) expense	(117)	110	66
Net income	1,482	1,253	750
Net income attributable to noncontrolling interests	3	4	2
Net income attributable to common unitholders	$ 1,479	$ 1,249	$ 748
Earnings per unit - basic and diluted (Note 4):			
Class A common units	$ 4.99	$ 4.15	$ 2.41
Partnership exchangeable units	$ 3.28	$ 2.72	$ 1.62
Weighted average units outstanding - basic and diluted (in millions) (Note 4):			
Class A common units	202	202	202
Partnership exchangeable units	144	151	162

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(In millions of U.S. dollars)

	2022	2021	2020
Net income	$ 1,482	$ 1,253	$ 750
Foreign currency translation adjustment	(703)	(67)	332
Net change in fair value of net investment hedges, net of tax of $(77), $15, and $60	332	111	(242)
Net change in fair value of cash flow hedges, net of tax of $(141), $(36), and $91	382	96	(244)
Amounts reclassified to earnings of cash flow hedges, net of tax of $(12), $(36), and $(27)	34	96	73
Gain (loss) recognized on defined benefit pension plans and other items, net of tax of $(2), $(3), and $3	6	15	(16)
Other comprehensive income (loss)	51	251	(97)
Comprehensive income (loss)	1,533	1,504	653
Comprehensive income (loss) attributable to noncontrolling interests	3	4	2
Comprehensive income (loss) attributable to common unitholders	$ 1,530	$ 1,500	$ 651

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES

Consolidated Statements of Equity

(In millions of U.S. dollars, except unit data)

	Class A Common Units		Partnership Exchangeable units		Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
	Units	Amount	Units	Amount			
Balances at December 31, 2019	202,006,067	$ 7,786	165,507,199	$ (2,353)	$ (1,178)	$ 4	$ 4,259
Distributions declared on Class A common units ($3.12 per unit)	—	(631)	—	—	—	—	(631)
Distributions declared on partnership exchangeable units ($2.08 per unit)	—	—	—	(336)	—	—	(336)
Exchange of Partnership exchangeable units for RBI common shares	—	195	(3,636,169)	(195)	—	—	—
Repurchase of Partnership exchangeable units	—	—	(6,757,692)	(380)	—	—	(380)
Capital contribution from RBI Inc.	—	158	—	—	—	—	158
Restaurant VIE distributions	—	—	—	—	—	(2)	(2)
Net income	—	486	—	262	—	2	750
Other comprehensive income (loss)	—	—	—	—	(97)	—	(97)
Balances at December 31, 2020	202,006,067	$ 7,994	155,113,338	$ (3,002)	$ (1,275)	$ 4	$ 3,721
Distributions declared on Class A common units ($3.26 per unit)	—	(658)	—	—	—	—	(658)
Distributions declared on partnership exchangeable units ($2.12 per unit)	—	—	—	(318)	—	—	(318)
Exchange of Partnership exchangeable units for RBI common shares	—	638	(10,119,880)	(638)	—	—	—
Distributions to RBI for repurchase of RBI common shares	—	(551)	—	—	—	—	(551)
Capital contribution from RBI Inc.	—	160	—	—	—	—	160
Restaurant VIE distributions	—	—	—	—	—	(5)	(5)
Net income	—	838	—	411	—	4	1,253
Other comprehensive income (loss)	—	—	—	—	251	—	251
Balances at December 31, 2021	202,006,067	$ 8,421	144,993,458	$ (3,547)	$ (1,024)	$ 3	$ 3,853
Distributions declared on Class A common units ($3.28 per unit)	—	(664)	—	—	—	—	(664)
Distributions declared on partnership exchangeable units ($2.16 per unit)	—	—	—	(309)	—	—	(309)
Exchange of Partnership exchangeable units for RBI common shares	—	111	(1,996,818)	(111)	—	—	—
Distribution to RBI for repurchase of RBI common shares	—	(326)	—	—	—	—	(326)
Capital contribution from RBI Inc.	—	185	—	—	—	—	185
Restaurant VIE distributions	—	—	—	—	—	(4)	(4)
Net income	—	1,008	—	471	—	3	1,482
Other comprehensive income (loss)	—	—	—	—	51	—	51
Balances at December 31, 2022	202,006,067	$ 8,735	142,996,640	$ (3,496)	$ (973)	$ 2	$ 4,268

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In millions of U.S. dollars)

	2022	2021	2020
Cash flows from operating activities:			
Net income	$ 1,482	$ 1,253	$ 750
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	190	201	189
Premiums paid and non-cash loss on early extinguishment of debt	—	11	97
Amortization of deferred financing costs and debt issuance discount	28	27	26
(Income) loss from equity method investments	44	4	39
Loss (gain) on remeasurement of foreign denominated transactions	(4)	(76)	100
Net (gains) losses on derivatives	(9)	87	32
Share-based compensation and non-cash incentive compensation expense	136	102	84
Deferred income taxes	(60)	(5)	(208)
Other	19	(16)	28
Changes in current assets and liabilities, excluding acquisitions and dispositions:			
Accounts and notes receivable	(110)	8	(30)
Inventories and prepaids and other current assets	(61)	12	(10)
Accounts and drafts payable	169	149	(183)
Other accrued liabilities and gift card liability	37	67	6
Tenant inducements paid to franchisees	(26)	(20)	(22)
Other long-term assets and liabilities	(345)	(78)	23
Net cash provided by operating activities	1,490	1,726	921
Cash flows from investing activities:			
Payments for property and equipment	(100)	(106)	(117)
Net proceeds from disposal of assets, restaurant closures and refranchisings	12	16	12
Net payment for purchase of Firehouse Subs, net of cash acquired	(12)	(1,004)	—
Settlement/sale of derivatives, net	71	5	33
Other investing activities, net	(35)	(14)	(7)
Net cash used for investing activities	(64)	(1,103)	(79)
Cash flows from financing activities:			
Proceeds from revolving line of credit and long-term debt	2	1,335	5,235
Repayments of revolving line of credit, long-term debt and finance leases	(94)	(889)	(4,708)
Payment of financing costs	—	(19)	(43)
Distributions on Class A common and Partnership exchangeable units	(971)	(974)	(959)
Repurchase of Partnership exchangeable units	—	—	(380)
Distributions to RBI for repurchase of RBI common shares	(326)	(551)	—
Capital contribution from RBI	51	60	82
(Payments) proceeds from derivatives	34	(51)	(46)
Other financing activities, net	(3)	(4)	(2)
Net cash used for financing activities	(1,307)	(1,093)	(821)
Effect of exchange rates on cash and cash equivalents	(28)	(3)	6
Increase (decrease) in cash and cash equivalents	91	(473)	27
Cash and cash equivalents at beginning of period	1,087	1,560	1,533
Cash and cash equivalents at end of period	$ 1,178	$ 1,087	$ 1,560
Supplemental cash flow disclosures:			
Interest paid	$ 487	$ 404	$ 463
Income taxes paid, net	$ 275	$ 256	$ 267

See accompanying notes to consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1. Description of Business and Organization

Description of Business

Restaurant Brands International Limited Partnership ("Partnership", "we", "us" or "our") is a Canadian limited partnership. On December 15, 2021 we acquired FRG, LLC ("Firehouse Subs"). We franchise and operate quick service restaurants serving premium coffee and other beverage and food products under the *Tim Hortons*® brand ("Tim Hortons" or "TH"), fast food hamburgers principally under the *Burger King*® brand ("Burger King" or "BK"), chicken under the *Popeyes*® brand ("Popeyes" or "PLK") and sandwiches under the *Firehouse Subs*® brand ("Firehouse" or "FHS"). We are one of the world's largest quick service restaurant, or QSR, companies as measured by total number of restaurants. As of December 31, 2022, we franchised or owned 5,600 Tim Hortons restaurants, 19,789 Burger King restaurants, 4,091 Popeyes restaurants, and 1,242 Firehouse restaurants, for a total of 30,722 restaurants, and operate in more than 100 countries. Approximately 100% of current system-wide restaurants are franchised.

We are a subsidiary of Restaurant Brands International Inc. ("RBI"). RBI is our sole general partner, and as such, RBI has the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of Partnership in accordance with the partnership agreement of Partnership ("partnership agreement") and applicable laws.

All references to "$" or "dollars" are to the currency of the United States unless otherwise indicated. All references to "Canadian dollars" or "C$" are to the currency of Canada unless otherwise indicated.

Note 2. Significant Accounting Policies

Fiscal Year

We operate on a monthly calendar, with a fiscal year that ends on December 31.

Basis of Presentation

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") and related rules and regulations of the U.S. Securities and Exchange Commission requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Principles of Consolidation

The consolidated financial statements (the "Financial Statements") include our accounts and the accounts of entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. We also consolidate marketing funds we control. All material intercompany balances and transactions have been eliminated in consolidation. Investments in other affiliates that are owned 50% or less where we have significant influence are accounted for by the equity method.

We also consider for consolidation entities in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. Our maximum exposure to loss resulting from involvement with VIEs is attributable to accounts and notes receivable balances, investment balances, outstanding loan guarantees and future lease payments, where applicable.

As our franchise and master franchise arrangements provide the franchise and master franchise entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might be a VIE.

Tim Hortons has historically entered into certain arrangements in which an operator acquires the right to operate a restaurant, but Tim Hortons owns the restaurant's assets. In these arrangements, Tim Hortons has the ability to determine which operators manage the restaurants and for what duration. We perform an analysis to determine if the legal entity in which operations are conducted is a VIE and consolidate a VIE entity if we also determine Tim Hortons is the entity's primary beneficiary ("Restaurant VIEs"). As of December 31, 2022 and 2021, we determined that we are the primary beneficiary of 41 and 46 Restaurant VIEs,

respectively, and accordingly, have consolidated the results of operations, assets and liabilities, and cash flows of these Restaurant VIEs in our Financial Statements.

Assets and liabilities related to consolidated VIEs are not significant to our total consolidated assets and liabilities. Liabilities recognized as a result of consolidating these VIEs do not necessarily represent additional claims on our general assets; rather, they represent claims against the specific assets of the consolidated VIEs. Conversely, assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims by our creditors as they are not legally included within our general assets.

Reclassifications

Certain prior year amounts in the accompanying consolidated financial statements and notes to the consolidated financial statements have been reclassified in order to be comparable with the current year classifications. These consist of the 2021 reclassification of $9 million of technology fee revenues from Franchise and property revenues to Advertising revenues and other services and $24 million of technology expenses from General and administrative expenses to Advertising expenses and other services. These reclassifications did not arise as a result of any changes to accounting policies and relate entirely to presentation with no effect on previously reported net income.

Foreign Currency Translation and Transaction Gains and Losses

Our functional currency is the U.S. dollar, since our term loans and senior secured notes are denominated in U.S. dollars. The functional currency of each of our operating subsidiaries is generally the currency of the economic environment in which the subsidiary primarily does business. Our foreign subsidiaries' financial statements are translated into U.S. dollars using the foreign exchange rates applicable to the dates of the financial statements. Assets and liabilities are translated using the end-of-period spot foreign exchange rates. Income, expenses and cash flows are translated at the average foreign exchange rates for each period. Equity accounts are translated at historical foreign exchange rates. The effects of these translation adjustments are reported as a component of accumulated other comprehensive income (loss) ("AOCI") in the consolidated statements of equity.

For any transaction that is denominated in a currency different from the entity's functional currency, we record a gain or loss based on the difference between the foreign exchange rate at the transaction date and the foreign exchange rate at the transaction settlement date (or rate at period end, if unsettled) which is included within other operating expenses (income), net in the consolidated statements of operations.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less and credit card receivables are considered cash equivalents.

Accounts and Notes Receivable, net

Our credit loss exposure is mainly concentrated in our accounts and notes receivable portfolio, which consists primarily of amounts due from franchisees, including royalties, rents, franchise fees, contributions due to advertising funds we manage and, in the case of our TH segment, amounts due for supply chain sales. Accounts and notes receivable are reported net of an allowance for expected credit losses over the estimated life of the receivable. Credit losses are estimated based on aging, historical collection experience, financial position of the franchisee and other factors, including those related to current economic conditions and reasonable and supportable forecasts of future conditions.

Bad debt expense recognized for expected credit losses is classified in our consolidated statement of operations as Cost of sales, Franchise and property expenses or Advertising expenses and other services, based on the nature of the underlying receivable. Net bad debt expense (recoveries) totaled $19 million in 2022, $(9) million in 2021 and $33 million in 2020.

Inventories

Inventories are carried at the lower of cost or net realizable value and consist primarily of raw materials such as green coffee beans and finished goods such as new equipment, parts, paper supplies and restaurant food items. The moving average method is used to determine the cost of raw materials and finished goods inventories held for sale to Tim Hortons franchisees.

Property and Equipment, net

We record property and equipment at historical cost less accumulated depreciation and amortization, which is recognized using the straight-line method over the following estimated useful lives: (i) buildings and improvements – up to 40 years; (ii) restaurant equipment – up to 17 years; (iii) furniture, fixtures and other – up to 10 years; and (iv) manufacturing equipment – up to 25 years. Leasehold improvements to properties where we are the lessee are amortized over the lesser of the remaining term of the lease or the estimated useful life of the improvement.

Major improvements are capitalized, while maintenance and repairs are expensed when incurred.

Capitalized Software and Cloud Computing Costs

We record capitalized software at historical cost less accumulated amortization, which is recognized using the straight-line method. Amortization expense is based on the estimated useful life of the software, which is primarily up to five years, once the asset is available for its intended use.

Implementation costs incurred in connection with Cloud Computing Arrangements ("CCA") are capitalized consistently with costs capitalized for internal-use software. Capitalized CCA implementation costs are included in "Other assets" in the consolidated balance sheets and are amortized over the term of the related hosting agreement, including renewal periods that are reasonably certain to be exercised. Amortization expense of CCA implementation costs is classified as "General and administrative expenses" in the consolidated statements of operations.

Leases

In all leases, whether we are the lessor or lessee, we define lease term as the noncancellable term of the lease plus any renewals covered by renewal options that are reasonably certain of exercise based on our assessment of the economic factors relevant to the lessee. The noncancellable term of the lease commences on the date the lessor makes the underlying property in the lease available to the lessee, irrespective of when lease payments begin under the contract.

Lessor Accounting

We recognize lease payments for operating leases as property revenue on a straight-line basis over the lease term, and property revenue is presented net of any related sales tax. Lease incentive payments we make to lessees are amortized as a reduction in property revenue over the lease term. We account for reimbursements of maintenance and property tax costs paid to us by lessees as property revenue.

We also have net investments in properties leased to franchisees, which meet the criteria of sales-type leases or met the criteria of direct financing leases under the previous accounting guidance. Investments in sales-type leases and direct financing leases are recorded on a net basis. Profit on sales-type leases is recognized at lease commencement and recorded in other operating expenses (income), net. Unearned income on direct financing leases is deferred, included in the net investment in the lease, and recognized over the lease term yielding a constant periodic rate of return on the net investment in the lease.

We recognize variable lease payment income in the period when changes in facts and circumstances on which the variable lease payments are based occur.

Lessee Accounting

In leases where we are the lessee, we recognize a right-of-use ("ROU") asset and lease liability at lease commencement, which are measured by discounting lease payments using our incremental borrowing rate as the discount rate. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease, as adjusted for the currency of the lease. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Reductions of the ROU asset and the change in the lease liability are included in changes in Other long-term assets and liabilities in the Consolidated Statement of Cash Flows.

A finance lease ROU asset is depreciated on a straight-line basis over the lesser of the useful life of the leased asset or lease term. Interest on each finance lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Operating lease and finance lease ROU assets are assessed for impairment in accordance with our long-lived asset impairment policy.

We reassess lease classification and remeasure ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate contract or upon certain other events that require reassessment. Maintenance and property tax expenses are accounted for on an accrual basis as variable lease cost.

We recognize variable lease cost in the period when changes in facts and circumstances on which the variable lease payments are based occur.

Goodwill and Intangible Assets Not Subject to Amortization

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed in connection with the acquisition of Firehouse Subs in 2021, the acquisition of Popeyes in 2017, the acquisition of Tim Hortons in 2014 and the acquisition of Burger King Holdings, Inc. by 3G Capital Partners Ltd. in 2010. Our indefinite-lived intangible assets consist of the *Tim*

Hortons brand, the *Burger King* brand, the *Popeyes* brand and the *Firehouse Subs* brand (each a "Brand" and together, the "Brands"). Goodwill and the Brands are tested for impairment at least annually as of October 1 of each year and more often if an event occurs or circumstances change which indicate impairment might exist. Our annual impairment tests of goodwill and the Brands may be completed through qualitative assessments. We may elect to bypass the qualitative assessment and proceed directly to a quantitative impairment test for any reporting unit or Brand in any period. We can resume the qualitative assessment for any reporting unit or Brand in any subsequent period.

Under a qualitative approach, our impairment review for goodwill consists of an assessment of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. If we elect to bypass the qualitative assessment for any reporting unit, or if a qualitative assessment indicates it is more-likely-than-not that the estimated carrying value of a reporting unit exceeds its fair value, we perform a quantitative goodwill impairment test that requires us to estimate the fair value of the reporting unit. If the fair value of the reporting unit is less than its carrying amount, we will measure any goodwill impairment loss as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Under a qualitative approach, our impairment review for the Brands consists of an assessment of whether it is more-likely-than-not that a Brand's fair value is less than its carrying amount. If we elect to bypass the qualitative assessment for a Brand, or if a qualitative assessment indicates it is more-likely-than-not that the estimated carrying value of a Brand exceeds its fair value, we estimate the fair value of the Brand and compare it to its carrying amount. If the carrying amount exceeds fair value, an impairment loss is recognized in an amount equal to that excess.

We completed our impairment tests for goodwill and the Brands as of October 1, 2022, 2021 and 2020 and no impairment resulted.

Long-Lived Assets

Long-lived assets, such as property and equipment, intangible assets subject to amortization and lease right-of-use assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. Some of the events or changes in circumstances that would trigger an impairment review include, but are not limited to, bankruptcy proceedings or other significant financial distress of a lessee; significant negative industry or economic trends; knowledge of transactions involving the sale of similar property at amounts below the carrying value; or our expectation to dispose of long-lived assets before the end of their estimated useful lives. The impairment test for long-lived assets requires us to assess the recoverability of long-lived assets by comparing their net carrying value to the sum of undiscounted estimated future cash flows directly associated with and arising from use and eventual disposition of the assets or asset group. Long-lived assets are grouped for recognition and measurement of impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. If the net carrying value of a group of long-lived assets exceeds the sum of related undiscounted estimated future cash flows, we record an impairment charge equal to the excess, if any, of the net carrying value over fair value.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) ("OCI") refers to revenues, expenses, gains and losses that are included in comprehensive income (loss), but are excluded from net income (loss) as these amounts are recorded directly as an adjustment to equity, net of tax. Our other comprehensive income (loss) is primarily comprised of unrealized gains and losses on foreign currency translation adjustments and unrealized gains and losses on hedging activity, net of tax.

Derivative Financial Instruments

We recognize and measure all derivative instruments as either assets or liabilities at fair value in the consolidated balance sheets. Derivative instruments accounted for as net investments hedges are classified as long term assets and liabilities in the consolidated balance sheets. We may enter into derivatives that are not designated as hedging instruments for accounting purposes, but which largely offset the economic impact of certain transactions.

Gains or losses resulting from changes in the fair value of derivatives are recognized in earnings or recorded in other comprehensive income (loss) and recognized in the consolidated statements of operations when the hedged item affects earnings, depending on the purpose of the derivatives and whether they qualify for, and we have applied, hedge accounting treatment.

When applying hedge accounting, we designate at a derivative's inception, the specific assets, liabilities or future commitments being hedged, and assess the hedge's effectiveness at inception and on an ongoing basis. We discontinue hedge accounting when: (i) we determine that the cash flow derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (ii) the derivative expires or is sold, terminated or exercised; (iii) it is no longer probable that the forecasted transaction will occur; or (iv) management determines that designation of the derivatives as a hedge instrument is no longer appropriate. We do not enter into or hold derivatives for speculative purposes.

Disclosures about Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (the exit price). The fair value is based on assumptions that market participants would use when pricing the asset or liability. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation, as follows:

Level 1 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The carrying amounts for cash and cash equivalents, accounts and notes receivable and accounts and drafts payable approximate fair value based on the short-term nature of these amounts.

We carry all of our derivatives at fair value and value them using various pricing models or discounted cash flow analysis that incorporate observable market parameters, such as interest rate yield curves and currency rates, which are Level 2 inputs. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or us. For disclosures about the fair value measurements of our derivative instruments, see Note 12, *Derivative Instruments*.

The following table presents the fair value of our variable rate term debt and senior notes, estimated using inputs based on bid and offer prices that are Level 2 inputs, and principal carrying amount (in millions):

	As of December 31,	
	2022	2021
Fair value of our variable term debt and senior notes	$ 11,885	$ 12,851
Principal carrying amount of our variable term debt and senior notes	12,890	12,943

The determinations of fair values of certain tangible and intangible assets for purposes of the application of the acquisition method of accounting to the acquisition of Firehouse Subs were based on Level 3 inputs. The determination of fair values of our reporting units and the determination of the fair value of the Brands for impairment testing using a quantitative approach during 2022 and 2020 were based upon Level 3 inputs.

Revenue Recognition

Sales

Sales consist primarily of supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales to retailers and are presented net of any related sales tax. Orders placed by customers specify the goods to be delivered and transaction prices for supply chain sales. Revenue is recognized upon transfer of control over ordered items, generally upon delivery to the customer, which is when the customer obtains physical possession of the goods, legal title is transferred, the customer has all risks and rewards of ownership and an obligation to pay for the goods is created. Shipping and handling costs associated with outbound freight for supply chain sales are accounted for as fulfillment costs and classified as cost of sales.

To a much lesser extent, sales also include Company restaurant sales (including Restaurant VIEs), which consist of sales to restaurant guests. Revenue from Company restaurant sales is recognized at the point of sale. Taxes assessed by a governmental authority that we collect are excluded from revenue.

Franchise and property revenues

Franchise revenues consist primarily of royalties, initial and renewal franchise fees and upfront fees from development agreements and master franchise and development agreements ("MFDAs"). Under franchise agreements, we provide franchisees with (i) a franchise license, which includes a license to use our intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials and menu items and restaurant monitoring and inspections. These services are highly interrelated and dependent upon the franchise license and we concluded these services do not represent individually distinct performance obligations. Consequently, we bundle the franchise license performance obligation and promises to provide these services into a single performance obligation (the "Franchise PO"), which we satisfy by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee upon a new restaurant opening or renewal of an existing franchise agreement. Our

franchise agreement royalties represent sales-based royalties that are related entirely to the Franchise PO and are recognized as franchise sales occur. Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. Our performance obligation under development agreements other than MFDAs generally consists of an obligation to grant exclusive development rights over a stated term. These development rights are not distinct from franchise agreements, so upfront fees paid by franchisees for exclusive development rights are deferred and apportioned to each franchise restaurant opened by the franchisee. The pro rata amount apportioned to each restaurant is accounted for as an initial franchise fee.

We have a distinct performance obligation under our MFDAs to grant subfranchising rights over a stated term. Under the terms of MFDAs, we typically either receive an upfront fee paid in cash and/or receive noncash consideration in the form of an equity interest in the master franchisee or an affiliate of the master franchisee. We account for noncash consideration as investments in the applicable equity method investee and recognize revenue in an amount equal to the fair value of the equity interest received. Upfront fees from master franchisees, including the fair value of noncash consideration, are deferred and amortized over the MFDA term on a straight-line basis. We may recognize unamortized upfront fees when a contract with a franchisee or master franchisee is modified and is accounted for as a termination of the existing contract.

The portion of gift cards sold to customers which are never redeemed is commonly referred to as gift card breakage. We recognize gift card breakage income proportionately as each gift card is redeemed using an estimated breakage rate based on our historical experience.

Property revenues consists of rental income from properties we lease or sublease to franchisees. Property revenues are accounted for in accordance with applicable accounting guidance for leases and are excluded from the scope of revenue recognition guidance.

In certain instances, we provide incentives to franchisees in connection with restaurant renovations or other initiatives. These incentives may consist of cash consideration or non-cash consideration such as restaurant equipment. In general, these incentives are designed to support system-wide sales growth to increase our future revenues. The costs of these incentives are capitalized and amortized as a reduction in franchise and property revenue over the term of the contract to which the incentive relates.

Advertising revenues and other services

Advertising revenues consist primarily of franchisee contributions to advertising funds in those markets where our subsidiaries manage an advertising fund and are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Under our franchise agreements, advertising contributions received from franchisees must be spent on advertising, product development, marketing, and related activities. We determined our advertising and promotion management services do not represent individually distinct performance obligations and are included in the Franchise PO.

Other services revenues consist primarily of fees from digital sales that partially offset expenses related to technology initiatives. These services are distinct from the Franchise PO because they are not dependent upon the franchise license or highly interrelated with the franchise license.

Cost of Sales

Cost of sales consists primarily of costs associated with the management of our TH supply chain, including cost of goods, direct labor, depreciation and bad debt expense (recoveries) from supply chain sales. Cost of sales also includes food, paper and labor costs of Company restaurants.

Franchise and Property Expenses

Franchise and property expenses consist primarily of depreciation of properties leased to franchisees, rental expense associated with properties subleased to franchisees, amortization of franchise agreements, and bad debt expense (recoveries) from franchise and property revenues.

Advertising Expenses and Other Services

Advertising expenses and other services consist primarily of expenses relating to marketing, advertising and promotion, including market research, production, advertising costs, sales promotions, social media campaigns, technology initiatives, bad debt expense (recoveries) from franchisee contributions to advertising funds we manage, depreciation and amortization and other related support functions for the respective brands. Additionally, we may incur discretionary expenses to fund advertising programs in connection with periodic initiatives.

Company restaurants and franchise restaurants contribute to advertising funds that our subsidiaries manage in the United States and Canada and certain other international markets. The advertising funds expense the production costs of advertising when the advertisements are first aired or displayed. All other advertising and promotional costs are expensed in the period incurred. Under our

franchise agreements, advertising contributions received from franchisees must be spent on advertising, product development, marketing and related activities. The advertising contributions by Company restaurants (including Restaurant VIEs) are eliminated in consolidation. Consolidated advertising expense totaled $1,032 million, $962 million and $870 million in 2022, 2021 and 2020, respectively.

Deferred Financing Costs

Deferred financing costs are amortized over the term of the related debt agreement into interest expense using the effective interest method.

Income Taxes

Amounts in the Financial Statements related to income taxes are calculated using the principles of ASC Topic 740, *Income Taxes*. Under these principles, deferred tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes, as well as tax credit carry-forwards and loss carry-forwards. These deferred taxes are measured by applying currently enacted tax rates. A deferred tax asset is recognized when it is considered more-likely-than-not to be realized. The effects of changes in tax rates on deferred tax assets and liabilities are recognized in income in the year in which the law is enacted. A valuation allowance reduces deferred tax assets when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

We recognize positions taken or expected to be taken in a tax return in the Financial Statements when it is more-likely-than-not (i.e., a likelihood of more than 50%) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit with greater than 50% likelihood of being realized upon ultimate settlement.

Translation gains and losses resulting from the remeasurement of foreign deferred tax assets or liabilities denominated in a currency other than the functional currency are classified as other operating expenses (income), net in the consolidated statements of operations.

Share-based Compensation

Compensation expense related to the issuance of share-based awards to our employees is measured at fair value on the grant date. We use the Black-Scholes option pricing model to value stock options. The fair value of restricted stock units (“RSUs”) is generally based on the closing price of RBI's common shares on the trading day preceding the date of grant. Our total shareholder return and if applicable our total shareholder return relative to our peer group is incorporated into the underlying assumptions using a Monte Carlo simulation valuation model to calculate grant date fair value for performance based awards with a market condition. The compensation expense for awards that vest over a future service period is recognized over the requisite service period on a straight-line basis, adjusted for estimated forfeitures of awards that are not expected to vest. We use historical data to estimate forfeitures for share-based awards. Upon the end of the service period, compensation expense is adjusted to account for the actual forfeiture rate. The compensation expense for awards that contain performance conditions is recognized when it is probable that the performance conditions will be achieved.

New Accounting Pronouncements

Accounting Relief for the Transition Away from LIBOR and Certain other Reference Rates – In March 2020 and as clarified in January 2021 and December 2022, the Financial Accounting Standards Board (“FASB”) issued guidance which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This amendment is effective as of March 12, 2020 through December 31, 2024. The expedients and exceptions provided by this new guidance do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships. During the third quarter of 2021, we adopted certain of the expedients as it relates to hedge accounting as certain of our debt agreements and hedging relationships bear interest at variable rates, primarily U.S. dollar LIBOR. The adoption of and future elections under this new guidance did not and are not expected to have a material impact on our Financial Statements. We will continue to monitor the discontinuance of LIBOR on our debt agreements and hedging relationships.

Lessors—Certain Leases with Variable Lease Payments – In July 2021, the FASB issued guidance that requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if (a) the lease would have been classified as a sales-type lease or a direct financing lease in accordance with lease classification criteria and (b) the lessor would have otherwise recognized a day-one loss. This amendment is effective in 2022 with early adoption permitted. This guidance may be applied either retrospectively to leases that commenced or were modified on or after the adoption of lease guidance we adopted in 2019 or prospectively to leases that commence or are modified on or after the date that this new guidance is applied. The adoption of this new guidance during the first quarter of 2022 did not have a material impact on our Financial Statements.

Liabilities—Supplier Finance Programs – In September 2022, the FASB issued guidance that requires buyers in a supplier finance program to disclose sufficient information about the program to allow investors to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. These disclosures would include the key terms of the program, as well as the obligation amount that the buyer has confirmed as valid to the third party that is outstanding at the end of the reporting period, a rollforward of that amount, and a description of where that amount is presented in the balance sheet. This amendment is effective in 2023, except for the amendment on rollforward information which is effective in 2024, with early adoption permitted. This guidance should be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively. We are currently evaluating the impact that the adoption of this new guidance will have on our Financial Statements and will add necessary disclosures upon adoption.

Note 3. Firehouse Acquisition

We acquired Firehouse Subs on December 15, 2021 (the "Firehouse Acquisition") which complements RBI's existing portfolio. Like RBI's other brands, the *Firehouse Subs* brand is managed independently, while benefiting from the global scale and resources of RBI. The Firehouse Acquisition was accounted for as a business combination using the acquisition method of accounting.

Total consideration in connection with the Firehouse Acquisition was $1,016 million. The consideration was funded through cash on hand and $533 million of incremental borrowings under our Term Loan Facility - See Note 9, *Long-Term Debt*.

Fees and expenses related to the Firehouse Acquisition and related financings totaled $1 million during 2022 and $18 million during 2021, consisting primarily of professional fees and compensation related expenses which are classified as general and administrative expenses in the accompanying consolidated statements of operations.

During 2022, we adjusted our preliminary estimate of the fair value of net assets acquired. The final allocation of consideration to the net tangible and intangible assets acquired is presented in the table below (in millions):

	December 15, 2021
Total current assets	$ 21
Property and equipment	4
Firehouse Subs brand	816
Franchise agreements	19
Operating lease assets	9
Total liabilities	(48)
Total identifiable net assets	821
Goodwill	195
Total consideration	$ 1,016

The adjustments to the preliminary estimate of net assets acquired and a decrease in total consideration resulted in a corresponding decrease in estimated goodwill due to the following changes to preliminary estimates of fair values and allocation of purchase price (in millions):

	Increase (Decrease) in Goodwill
Change in:	
Operating lease assets	$ (9)
Firehouse Subs brand	(48)
Franchise agreements	(19)
Total liabilities	35
Total consideration	(17)
Total decrease in goodwill	$ (58)

The *Firehouse Subs* brand has been assigned an indefinite life and, therefore, will not be amortized, but rather tested annually for impairment. Franchise agreements have a weighted average amortization period of 18 years. Goodwill attributable to the Firehouse Acquisition will be deductible and amortized for tax purposes. Goodwill is considered to represent the value associated with the workforce and synergies anticipated to be realized as a combined company. We have allocated goodwill related to the Firehouse Acquisition to our FHS operating segment and to one reporting unit for goodwill impairment testing purposes. In the event that actual results vary from the estimates or assumptions used in the valuation or allocation process, we may be required to record an impairment charge or an increase in depreciation or amortization in future periods, or both. We completed our impairment reviews for goodwill and the Firehouse Subs brand as of October 1, 2022 and no impairment resulted.

The results of operations of Firehouse Subs have been included in our consolidated financial statements from the acquisition date of December 15, 2021. The Firehouse Acquisition is not material to our consolidated financial statements, and therefore, supplemental pro forma financial information related to the acquisition is not included herein.

Note 4. Earnings Per Unit

Partnership uses the two-class method in the computation of earnings per unit. Pursuant to the terms of the partnership agreement, RBI, as the holder of the Class A common units, is entitled to receive distributions from Partnership in an amount equal to the aggregate dividends payable by RBI to holders of RBI common shares, and the holders of Class B exchangeable limited partnership units (the "Partnership exchangeable units") are entitled to receive distributions from Partnership in an amount per unit equal to the dividends payable by RBI on each RBI common share. Partnership's net income available to common unitholders is allocated between the Class A common units and Partnership exchangeable units on a fully-distributed basis and reflects residual net income after noncontrolling interests. Basic and diluted earnings per Class A common unit is determined by dividing net income allocated to Class A common unitholders by the weighted average number of Class A common units outstanding for the period. Basic and diluted earnings per Partnership exchangeable unit is determined by dividing net income allocated to the Partnership exchangeable units by the weighted average number of Partnership exchangeable units outstanding during the period.

There are no dilutive securities for Partnership as the exercise of stock options and vesting of RSUs will not affect the number of Class A common units or Partnership exchangeable units outstanding. However, the issuance of RBI shares by RBI in future periods will affect the allocation of net income attributable to common unitholders between Partnership's Class A common units and Partnership exchangeable units.

The following table summarizes the basic and diluted earnings per unit calculations (in millions, except per unit amounts):

	2022	2021	2020
Allocation of net income among partner interests:			
Net income allocated to Class A common unitholders	$ 1,008	$ 838	$ 486
Net income allocated to Partnership exchangeable unitholders	471	411	262
Net income attributable to common unitholders	$ 1,479	$ 1,249	$ 748
Denominator - basic and diluted partnership units:			
Weighted average Class A common units	202	202	202
Weighted average Partnership exchangeable units	144	151	162
Earnings per unit - basic and diluted:			
Class A common units (a)	$ 4.99	$ 4.15	$ 2.41
Partnership exchangeable units (a)	$ 3.28	$ 2.72	$ 1.62

(a) Earnings per unit may not recalculate exactly as it is calculated based on unrounded numbers.

Note 5. Property and Equipment, net

Property and equipment, net, consist of the following (in millions):

	As of December 31,	
	2022	2021
Land	$ 985	$ 1,011
Buildings and improvements	1,165	1,200
Restaurant equipment	192	193
Furniture, fixtures, and other	300	257
Finance leases	317	323
Construction in progress	52	30
	3,011	3,014
Accumulated depreciation and amortization	(1,061)	(979)
Property and equipment, net	$ 1,950	$ 2,035

Depreciation and amortization expense on property and equipment totaled $135 million for 2022, $148 million for 2021 and $140 million for 2020.

Included in our property and equipment, net at December 31, 2022 and 2021 are $227 million and $246 million, respectively, of assets leased under finance leases (mostly buildings and improvements), net of accumulated depreciation and amortization of $90 million and $77 million, respectively.

Note 6. Intangible Assets, net and Goodwill

Intangible assets, net and goodwill consist of the following (in millions):

	As of December 31,					
	2022			2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Identifiable assets subject to amortization:						
Franchise agreements	$ 720	$ (313)	$ 407	$ 722	$ (290)	$ 432
Favorable leases	90	(57)	33	104	(63)	41
Subtotal	810	(370)	440	826	(353)	473
Indefinite-lived intangible assets:						
Tim Hortons brand	$ 6,293	$ —	$ 6,293	$ 6,695	$ —	$ 6,695
Burger King brand	2,088	—	2,088	2,126	—	2,126
Popeyes brand	1,355	—	1,355	1,355	—	1,355
Firehouse Subs brand	815	—	815	768	—	768
Subtotal	10,551	—	10,551	10,944	—	10,944
Intangible assets, net			$ 10,991			$ 11,417
Goodwill						
Tim Hortons segment	$ 4,059			$ 4,306		
Burger King segment	590			601		
Popeyes segment	846			846		
Firehouse segment	193			253		
Total	$ 5,688			$ 6,006		

Amortization expense on intangible assets totaled $39 million for 2022, $41 million for 2021, and $43 million for 2020. The change in the franchise agreements, brands and goodwill balances during 2022 was due to the impact of foreign currency translation and the impact of final adjustments to the preliminary allocation of consideration to the net tangible and intangible assets acquired in the Firehouse Acquisition.

As of December 31, 2022, the estimated future amortization expense on identifiable assets subject to amortization is as follows (in millions):

Twelve-months ended December 31,	Amount
2023	$ 37
2024	36
2025	34
2026	34
2027	34
Thereafter	265
Total	$ 440

Note 7. Equity Method Investments

The aggregate carrying amount of our equity method investments was $167 million and $194 million as of December 31, 2022 and 2021, respectively, and is included as a component of Other assets, net in our consolidated balance sheets.

Except for the following equity method investments, no quoted market prices are available for our other equity method investments. The aggregate market value of our 15.2% equity interest in Carrols Restaurant Group, Inc. (“Carrols”) based on the quoted market price on December 31, 2022 is approximately $13 million. The aggregate market value of our 9.4% equity interest in BK Brasil Operação e Assessoria a Restaurantes S.A. based on the quoted market price on December 31, 2022 is approximately $27 million. The aggregate market value of our 3.8% equity interest in TH International Limited based on the quoted market price on December 31, 2022 was approximately $16 million. We have evaluated recent declines in the market value of these equity method investments and recognized an impairment of $15 million as a result of a sustained decline in Carrols' share price and market capitalization during 2022.

We have equity interests in entities that own or franchise Tim Hortons, Burger King and Popeyes restaurants. Franchise and property revenue recognized from franchisees that are owned or franchised by entities in which we have an equity interest consist of the following (in millions):

	2022	2021	2020
Revenues from affiliates:			
Royalties	$ 353	$ 350	$ 239
Advertising revenues	71	67	50
Property revenues	31	32	32
Franchise fees and other revenue	18	21	14
Sales	18	10	3
Total	$ 491	$ 480	$ 338

At December 31, 2022 and 2021, we had $42 million and $48 million, respectively, of accounts receivable, net from our equity method investments which were recorded in accounts and notes receivable, net in our consolidated balance sheets.

With respect to our TH business, the most significant equity method investment is our 50.0% joint venture interest with The Wendy’s Company (the “TIMWEN Partnership”), which jointly holds real estate underlying Canadian combination restaurants. Distributions received from this joint venture were $13 million, $16 million and $8 million during 2022, 2021 and 2020, respectively.

We recognized rent expense associated with the TIMWEN Partnership of $19 million, $18 million, and $15 million during 2022, 2021 and 2020, respectively.

(Income) loss from equity method investments reflects our share of investee net income or loss, non-cash dilution gains or losses from changes in our ownership interests in equity investees and impairment charges.

Note 8. Other Accrued Liabilities and Other Liabilities

Other accrued liabilities (current) and other liabilities, net (non-current) consist of the following (in millions):

	As of December 31,	
	2022	2021
Current:		
Distributions payable	$ 243	$ 241
Interest payable	89	63
Accrued compensation and benefits	124	99
Taxes payable	190	106
Deferred income	43	48
Accrued advertising expenses	37	43
Restructuring and other provisions	29	90
Current portion of operating lease liabilities	137	140
Other	109	117
Other accrued liabilities	$ 1,001	$ 947
Non-current:		
Taxes payable	$ 139	$ 533
Contract liabilities (see Note 15)	540	531
Derivatives liabilities	34	575
Unfavorable leases	50	65
Accrued pension	40	47
Deferred income	44	37
Other	25	34
Other liabilities, net	$ 872	$ 1,822

Note 9. Long-Term Debt

Long-term debt consists of the following (in millions):

	As of December 31,	
	2022	2021
Term Loan B	$ 5,190	$ 5,243
Term Loan A	1,250	1,250
3.875% First Lien Senior Notes due 2028	1,550	1,550
3.50% First Lien Senior Notes due 2029	750	750
5.75% First Lien Senior Notes due 2025	500	500
4.375% Second Lien Senior Notes due 2028	750	750
4.00% Second Lien Senior Notes due 2030	2,900	2,900
TH Facility and other	155	173
Less: unamortized deferred financing costs and deferred issuance discount	(111)	(138)
Total debt, net	12,934	12,978
Less: current maturities of debt	(95)	(62)
Total long-term debt	$ 12,839	$ 12,916

Credit Facilities

On December 13, 2021, two of our subsidiaries (the "Borrowers") entered into a fifth incremental facility amendment and a sixth amendment (the "2021 Amendment") to the credit agreement governing our senior secured term loan A facility (the "Term Loan A"), our senior secured term loan B facility (the "Term Loan B" and together with the Term Loan A the "Term Loan Facilities") and our $1,000 million senior secured revolving credit facility (including revolving loans, swingline loans and letters of credit) (the "Revolving Credit Facility" and together with the Term Loan Facilities, the "Credit Facilities"). The 2021 Amendment increased the existing Term Loan A to $1,250 million and extended the maturity date of the Term Loan A and Revolving Credit Facility to December 13, 2026 (subject to earlier maturity in specified circumstances). The security and guarantees under the Revolving Credit Facility and Term Loan A are the same as those under the existing facilities. The proceeds from the increase in the Term Loan A were used with cash on hand to complete the Firehouse Acquisition. In connection with the 2021 Amendment, we capitalized approximately $12 million in debt issuance costs.

The 2021 Amendment also amended the interest rate applicable to the Revolving Credit Facility and the Term Loan A to incorporate SOFR. The interest rate applicable to the Term Loan A and Revolving Credit Facility is, at our option, either (a) a base rate, subject to a floor of 1.00%, plus an applicable margin varying from 0.00% to 0.50%, or (b) Adjusted Term SOFR (Adjusted Term SOFR is calculated as Term SOFR plus a 0.10% adjustment), subject to a floor of 0.00%, plus an applicable margin varying between 0.75% and 1.50%, in each case, determined by reference to a net first lien leverage-based pricing grid. The commitment fee on the unused portion of the Revolving Credit Facility is 0.15%. At December 31, 2022, the interest rate on the Term Loan A was 5.44%. The principal amount of the Term Loan A amortizes in quarterly installments equal to $8 million beginning March 31, 2023 until September 30, 2024 and thereafter in quarterly installments equal to $16 million until maturity, with the balance payable at maturity. The 2021 Amendment includes amendments to certain negative covenants to provide increased flexibility. The 2021 Amendment made no other material changes to the terms of the Credit Agreement.

The maturity date of our Term Loan B is November 19, 2026 and the interest rate applicable to our Term Loan B is, at our option, either (a) a base rate, subject to a floor of 1.00%, plus an applicable margin of 0.75%, or (b) a Eurocurrency rate, subject to a floor of 0.00%, plus an applicable margin of 1.75%. At December 31, 2022, the interest rate on the Term Loan B was 6.13%. The principal amount of the Term Loan B amortizes in quarterly installments equal to $13 million until maturity, with the balance payable at maturity.

Revolving Credit Facility

As of December 31, 2022, we had no amounts outstanding under our Revolving Credit Facility. Funds available under the Revolving Credit Facility may be used to repay other debt, finance debt, RBI share repurchases or partnership exchangeable unit repurchases, to fund acquisitions or capital expenditures and for other general corporate purposes. We have a $125 million letter of credit sublimit as part of the Revolving Credit Facility, which reduces our borrowing availability thereunder by the cumulative amount of outstanding letters of credit. The interest rate applicable to amounts drawn under each letter of credit is 0.75% to 1.50%, depending on our net first lien leverage ratio. As of December 31, 2022, we had $2 million of letters of credit issued against the Revolving Credit Facility, and our borrowing availability was $998 million.

Obligations under the Credit Facilities are guaranteed on a senior secured basis, jointly and severally, by the direct parent company of one of the Borrowers and substantially all of its Canadian and U.S. subsidiaries, including The TDL Group Corp., Burger King Company LLC, Popeyes Louisiana Kitchen, Inc., FRG, LLC and substantially all of their respective Canadian and U.S. subsidiaries (the "Credit Guarantors"). Amounts borrowed under the Credit Facilities are secured on a first priority basis by a perfected security interest in substantially all of the present and future property (subject to certain exceptions) of each Borrower and Credit Guarantor.

3.875% First Lien Senior Notes due 2028

On September 24, 2019, the Borrowers entered into an indenture (the "3.875% First Lien Senior Notes Indenture") in connection with the issuance of $750 million of 3.875% first lien senior notes due January 15, 2028 (the "2019 3.875% Senior Notes"). On July 6, 2021, the Borrowers issued an additional $800 million under the 3.875% First Lien Senior Notes Indenture (the "Additional Notes" and together with the 2019 3.875% Senior Notes, the "3.875% First Lien Senior Notes due 2028"). No principal payments are due until maturity and interest is paid semi-annually. The Additional Notes were priced at 100.250% of their face value. The net proceeds from the offering of the Additional Notes were used to redeem the remaining $775 million principal amount outstanding of 4.25% first lien senior notes, plus any accrued and unpaid interest thereon, and pay related redemption premiums, fees and expenses. In connection with the issuance of the Additional Notes, we capitalized approximately $7 million in debt issuance costs. In connection with the redemption of the remaining $775 million principal amount outstanding of the 4.25% first lien senior notes, we recorded a loss on early extinguishment of debt of $11 million that primarily reflects the payment of redemption premiums and the write-off of unamortized debt issuance costs.

Obligations under the 3.875% First Lien Senior Notes due 2028 are guaranteed on a senior secured basis, jointly and severally, by the Borrowers and substantially all of the Borrower's Canadian and U.S. subsidiaries, including The TDL Group Corp., Burger King Company LLC, Popeyes Louisiana Kitchen, Inc., FRG, LLC and substantially all of their respective Canadian and U.S. subsidiaries (the "Note Guarantors"). The 3.875% First Lien Senior Notes due 2028 are first lien senior secured obligations and rank equal in right of payment with all of the existing and future first lien senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees under our Credit Facilities.

The 3.875% First Lien Senior Notes due 2028 may be redeemed in whole or in part at any time at the redemption prices set forth in the 3.875% First Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 3.875% First Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

5.75% First Lien Senior Notes due 2025

On April 7, 2020, the Borrowers entered into an indenture (the "5.75% First Lien Senior Notes Indenture") in connection with the issuance of $500 million of 5.75% first lien notes due April 15, 2025 (the "5.75% First Lien Senior Notes due 2025"). No principal payments are due until maturity and interest is paid semi-annually. The net proceeds from the offering of the 5.75% First Lien Senior Notes due 2025 were used for general corporate purposes. In connection with the issuance of the 5.75% First Lien Senior Notes due 2025, we capitalized approximately $10 million in debt issuance costs.

Obligations under the 5.75% First Lien Senior Notes due 2025 are guaranteed on a senior secured basis, jointly and severally, by the Note Guarantors. The 5.75% First Lien Senior Notes due 2025 are first lien senior secured obligations and rank equal in right of payment with all of the existing and future first lien senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees of the Credit Facilities.

Our 5.75% First Lien Senior Notes due 2025 may be redeemed in whole or in part at any time at the redemption prices set forth in the 5.75% First Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 5.75% First Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

3.50% First Lien Senior Notes due 2029

On November 9, 2020, the Borrowers entered into an indenture (the "3.50% First Lien Senior Notes Indenture") in connection with the issuance of $750 million of 3.50% first lien notes due February 15, 2029 (the "3.50% First Lien Senior Notes due 2029"). No principal payments are due until maturity and interest is paid semi-annually. The proceeds from the offering of the 3.50% First Lien Senior Notes due 2029, together with cash on hand, were used to redeem $725 million of 4.25% first lien senior notes and pay related redemption premiums, fees and expenses. In connection with the issuance of the 3.50% First Lien Senior Notes due 2029, we capitalized approximately $7 million in debt issuance costs. In connection with the redemption of the 4.25% first lien senior notes, we recorded a loss on early extinguishment of debt of $19 million that primarily reflects the payment of premiums to redeem the notes and the write-off of unamortized debt issuance costs.

Obligations under the 3.50% First Lien Senior Notes due 2029 are guaranteed on a senior secured basis, jointly and severally, by the Note Guarantors. The 3.50% First Lien Senior Notes due 2029 are first lien senior secured obligations and rank equal in right of payment with all of the existing and future first lien senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees of the Credit Facilities.

Our 3.50% First Lien Senior Notes due 2029 may be redeemed in whole or in part, on or after February 15, 2024 at the redemption prices set forth in the 3.50% First Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 3.50% First Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

4.375% Second Lien Senior Notes due 2028

On November 19, 2019, the Borrowers entered into an indenture (the "4.375% Second Lien Senior Notes Indenture") in connection with the issuance of $750 million of 4.375% second lien senior notes due January 15, 2028 (the "4.375% Second Lien Senior Notes due 2028"). No principal payments are due until maturity and interest is paid semi-annually.

Obligations under the 4.375% Second Lien Senior Notes due 2028 are guaranteed on a second priority senior secured basis, jointly and severally, by the Note Guarantors. The 4.375% Second Lien Senior Notes due 2028 are second lien senior secured obligations and rank equal in right of payment with all of the existing and future senior debt of the Borrowers and Note Guarantors, including borrowings and guarantees of the Credit Facilities, and effectively subordinated to all of the existing and future first lien senior debt of the Borrowers and Note Guarantors.

Our 4.375% Second Lien Senior Notes due 2028 may be redeemed in whole or in part at any time at the redemption prices set forth in the 4.375% Second Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 4.375% Second Lien Senior Notes Indenture also contains redemption provisions related to tender offers, change of control and equity offerings, among others.

4.00% Second Lien Senior Notes due 2030

During 2020, the Borrowers entered into an indenture (the "4.00% Second Lien Senior Notes Indenture") in connection with the issuance of $2,900 million of 4.00% second lien notes due October 15, 2030 (the "4.00% Second Lien Senior Notes due 2030"). No principal payments are due until maturity and interest is paid semi-annually. The proceeds from the offering of the 4.00% Second Lien Senior Notes due 2030 were used to redeem the entire outstanding principal balance of $2,800 million of 5.00% second lien senior notes due October 15, 2025 (the "5.00% Second Lien Senior Notes due 2025"), pay related redemption premiums, fees and expenses. In connection with the issuance of the 4.00% Second Lien Senior Notes due 2030, we capitalized approximately $26 million in debt issuance costs. In connection with the full redemption of the 5.00% Second Lien Senior Notes due 2025, we recorded a loss on early extinguishment of debt of $79 million that primarily reflects the payment of premiums to redeem the notes and the write-off of unamortized debt issuance costs.

Obligations under the 4.00% Second Lien Senior Notes due 2030 are guaranteed on a second priority senior secured basis, jointly and severally, by the Note Guarantors. The 4.00% Second Lien Senior Notes due 2030 are second lien senior secured obligations and rank equal in right of payment will all of the existing and future senior debt of the Borrowers and Note Guarantors and effectively subordinated to all of the existing and future first lien senior debt of the Borrowers and Note Guarantors.

Our 4.00% Second Lien Senior Notes due 2030 may be redeemed in whole or in part, on or after October 15, 2025 at the redemption prices set forth in the 4.00% Second Lien Senior Notes Indenture, plus accrued and unpaid interest, if any, at the date of redemption. The 4.00% Second Lien Senior Notes Indenture also contains optional redemption provisions related to tender offers, change of control and equity offerings, among others.

Restrictions and Covenants

Our Credit Facilities, as well as the 3.875% First Lien Senior Notes Indenture, 5.75% First Lien Senior Notes Indenture, 3.50% First Lien Senior Notes Indenture, 4.375% Second Lien Senior Notes Indenture and 4.00% Second Lien Senior Notes Indenture (all together the "Senior Notes Indentures") contain a number of customary affirmative and negative covenants that, among other things, limit or restrict our ability and the ability of certain of our subsidiaries to: incur additional indebtedness; incur liens; engage in mergers, consolidations, liquidations and dissolutions; sell assets; pay dividends and make other payments in respect of capital stock; make investments, loans and advances; pay or modify the terms of certain indebtedness; and engage in certain transactions with affiliates. In addition, under the Credit Facilities, the Borrowers are not permitted to exceed a first lien senior secured leverage ratio of 6.50 to 1.00 when, as of the end of any fiscal quarter beginning with the first fiscal quarter of 2020, (1) any amounts are outstanding under the Term Loan A and/or (2) the sum of (i) the amount of letters of credit outstanding exceeding $50 million (other than those that are cash collateralized); (ii) outstanding amounts under the Revolving Credit Facility and (iii) outstanding amounts of swing line loans, exceeds 30.0% of the commitments under the Revolving Credit Facility.

The restrictions under the Credit Facilities and the Senior Notes Indentures have resulted in substantially all of our consolidated assets being restricted.

As of December 31, 2022, we were in compliance with applicable financial debt covenants under the Credit Facilities and the Senior Notes Indentures and there were no limitations on our ability to draw on the remaining availability under our Revolving Credit Facility.

TH Facility

One of our subsidiaries entered into a non-revolving delayed drawdown term credit facility in a total aggregate principal amount of C$225 million with a maturity date of October 4, 2025 (the "TH Facility"). The interest rate applicable to the TH Facility is the Canadian Bankers' Acceptance rate plus an applicable margin equal to 1.40% or the Prime Rate plus an applicable margin equal to 0.40%, at our option. Obligations under the TH Facility are guaranteed by four of our subsidiaries, and amounts borrowed under the TH Facility are secured by certain parcels of real estate. As of December 31, 2022, we had approximately C$203 million outstanding under the TH Facility with a weighted average interest rate of 6.07%.

RE Facility

One of our subsidiaries entered into a non-revolving delayed drawdown term credit facility in a total aggregate principal amount of $50 million with a maturity date of October 12, 2028 (the "RE Facility"). The interest rate applicable to the RE Facility is, at our option, either (i) a base rate, subject to a floor of 0.50%, plus an applicable margin of 0.50% or (ii) Adjusted Term SOFR (Adjusted Term SOFR is calculated as Term SOFR plus a margin based on duration), subject to a floor of 0.00%, plus an applicable margin of

1.50%. Obligations under the RE Facility are guaranteed by four of our subsidiaries, and amounts borrowed under the RE Facility are secured by certain parcels of real estate. As of December 31, 2022, we had approximately $2 million outstanding under the RE Facility with a weighted average interest rate of 5.97%.

Debt Issuance Costs

During 2021 and 2020, we incurred aggregate deferred financing costs of $19 million and $43 million, respectively. We did not incur any significant deferred financing costs during 2022.

Loss on Early Extinguishment of Debt

During 2021, we recorded an $11 million loss on early extinguishment of debt that primarily reflects the payment of redemption premiums and the write-off of unamortized debt issuance costs in connection with the redemption of the remaining $775 million principal amount outstanding of the 4.25% first lien senior notes. During 2020, we recorded a $98 million loss on early extinguishment of debt that primarily reflects the payment of premiums and the write-off of unamortized debt issuance costs in connection with the full redemption of the 5.00% Second Lien Senior Notes due 2025 and the partial redemption of the 4.25% first lien senior notes.

Maturities

The aggregate maturities of our long-term debt as of December 31, 2022 are as follows (in millions):

Year Ended December 31,	Principal Amount
2023	$ 97
2024	107
2025	741
2026	6,148
2027	—
Thereafter	5,952
Total	$ 13,045

Interest Expense, net

Interest expense, net consists of the following (in millions):

	2022	2021	2020
Debt (a)	$ 493	$ 461	$ 471
Finance lease obligations	19	20	20
Amortization of deferred financing costs and debt issuance discount	28	27	26
Interest income	(7)	(3)	(9)
Interest expense, net	$ 533	$ 505	$ 508

(a) Amount includes $56 million, $45 million and $69 million benefit during 2022, 2021 and 2020, respectively, related to the quarterly net settlements of our cross-currency rate swaps and amortization of the Excluded Component as defined in Note 12, *Derivative Instruments*.

Note 10. Leases

As of December 31, 2022, we leased or subleased 4,978 restaurant properties to franchisees and 147 non-restaurant properties to third parties under operating leases, direct financing leases and sales-type leases where we are the lessor. Initial lease terms generally range from 10 to 20 years. Most leases to franchisees provide for fixed monthly payments and many provide for future rent escalations and renewal options. Certain leases also include provisions for variable rent, determined as a percentage of sales, generally when annual sales exceed specific levels. Lessees typically bear the cost of maintenance, insurance and property taxes.

We lease land, buildings, equipment, office space and warehouse space from third parties. Land and building leases generally have an initial term of 10 to 20 years, while land-only lease terms can extend longer, and most leases provide for fixed monthly payments. Many of these leases provide for future rent escalations and renewal options. Certain leases also include provisions for

variable rent payments, determined as a percentage of sales, generally when annual sales exceed specified levels. Most leases also obligate us to pay, as lessee, variable lease cost related to maintenance, insurance and property taxes.

Partnership as Lessor

Assets leased to franchisees and others under operating leases where we are the lessor and which are included within our property and equipment, net are as follows (in millions):

	As of December 31,	
	2022	2021
Land	$ 880	$ 899
Buildings and improvements	1,129	1,180
Restaurant equipment	16	18
	2,025	2,097
Accumulated depreciation and amortization	(625)	(587)
Property and equipment leased, net	$ 1,400	$ 1,510

Our net investment in direct financing and sales-type leases is as follows (in millions):

	As of December 31,	
	2022	2021
Future rents to be received:		
Future minimum lease receipts	$ 112	$ 113
Contingent rents (a)	5	7
Estimated unguaranteed residual value	6	5
Unearned income	(36)	(40)
	87	85
Current portion included within accounts receivable	(5)	(5)
Net investment in property leased to franchisees	$ 82	$ 80

(a) Amounts represent estimated contingent rents recorded in connection with the acquisition method of accounting.

Property revenues are comprised primarily of rental income from operating leases and earned income on direct financing leases with franchisees as follows (in millions):

	2022	2021	2020
Rental income:			
Minimum lease payments	$ 410	$ 455	$ 445
Variable lease payments	395	329	262
Amortization of favorable and unfavorable income lease contracts, net	1	3	6
Subtotal - lease income from operating leases	806	787	713
Earned income on direct financing and sales-type leases	7	6	5
Total property revenues	$ 813	$ 793	$ 718

Partnership as Lessee

Lease cost and other information associated with these lease commitments is as follows (in millions):

Lease Cost (Income)

	2022	2021	2020
Operating lease cost	$ 202	$ 202	$ 199
Operating lease variable lease cost	196	193	177
Finance lease cost:			
Amortization of right-of-use assets	27	31	29
Interest on lease liabilities	19	20	20
Sublease income	(603)	(587)	(534)
Total lease cost (income)	$ (159)	$ (141)	$ (109)

Lease Term and Discount Rate as of December 31, 2022 and 2021

	As of December 31,	
	2022	2021
Weighted-average remaining lease term (in years):		
Operating leases	9.8 years	10.1 years
Finance leases	11.5 years	11.4 years
Weighted-average discount rate:		
Operating leases	5.5 %	5.5 %
Finance leases	5.8 %	6.0 %

Other Information for 2022, 2021 and 2020

	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 198	$ 200	$ 200
Operating cash flows from finance leases	$ 19	$ 20	$ 20
Financing cash flows from finance leases	$ 31	$ 31	$ 29
Supplemental noncash information on lease liabilities arising from obtaining right-of-use assets:			
Right-of-use assets obtained in exchange for new finance lease obligations	$ 22	$ 52	$ 59
Right-of-use assets obtained in exchange for new operating lease obligations	$ 133	$ 133	$ 118

As of December 31, 2022, future minimum lease receipts and commitments are as follows (in millions):

	Lease Receipts		Lease Commitments (a)	
	Direct Financing and Sales-Type Leases	Operating Leases	Finance Leases	Operating Leases
2023	$ 8	$ 355	$ 49	$ 195
2024	8	332	48	184
2025	8	306	44	170
2026	7	276	41	153
2027	7	246	38	139
Thereafter	74	1,217	244	697
Total minimum receipts / payments	$ 112	$ 2,732	464	1,538
Less amount representing interest			(121)	(374)
Present value of minimum lease payments			343	1,164
Current portion of lease obligations			(32)	(137)
Long-term portion of lease obligations			$ 311	$ 1,027

(a) Minimum lease payments have not been reduced by minimum sublease rentals of $1,663 million due in the future under non-cancelable subleases

Note 11. Income Taxes

Income before income taxes, classified by source of income, is as follows (in millions):

	2022	2021	2020
Canadian	$ 444	$ 457	$ 200
Foreign	921	906	616
Income before income taxes	$ 1,365	$ 1,363	$ 816

Income tax (benefit) expense attributable to income from continuing operations consists of the following (in millions):

	2022	2021	2020
Current:			
Canadian	$ (284)	$ 16	$ 45
U.S. Federal	105	(10)	125
U.S. state, net of federal income tax benefit	26	25	26
Other Foreign	96	84	78
	$ (57)	$ 115	$ 274
Deferred:			
Canadian	$ 20	$ 32	$ (67)
U.S. Federal	(79)	(37)	(82)
U.S. state, net of federal income tax benefit	(9)	(7)	(27)
Other Foreign	8	7	(32)
	$ (60)	$ (5)	$ (208)
Income tax expense (benefit)	$ (117)	$ 110	$ 66

The statutory rate reconciles to the effective income tax rate as follows:

	2022	2021	2020
Statutory rate	26.5 %	26.5 %	26.5 %
Costs and taxes related to foreign operations	3.8	3.5	9.6
Foreign exchange gain (loss)	—	—	0.5
Foreign tax rate differential	(13.7)	(13.9)	(15.6)
Change in valuation allowance	(0.7)	1.1	1.2
Change in accrual for tax uncertainties	(26.7)	(7.4)	3.9
Intercompany financing	1.2	(3.5)	(6.1)
Impact of Tax Act	—	—	(7.8)
Swiss Tax Reform	—	—	(5.1)
Benefit from stock option exercises	(0.1)	(0.8)	(0.3)
Litigation settlements and reserves	—	1.4	—
Other	1.1	1.2	1.2
Effective income tax rate	(8.6)%	8.1 %	8.0 %

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") that significantly revised the U.S. tax code. During 2020, various guidance was issued by the U.S. tax authorities relating to the Tax Act and, after review of such guidance, we recorded a favorable adjustment to our deferred tax assets of $64 million related to a tax attribute carryforward, which decreased our 2020 effective tax rate by 7.8%.

In a referendum held on May 19, 2019, Swiss voters adopted the Federal Act on Tax Reform and AVS Financing ("TRAF"), under which certain long-standing preferential cantonal tax regimes were abolished effective January 1, 2020, which the canton of Zug formally adopted in November 2019. Company subsidiaries in the canton of Zug were subjected to TRAF and therefore the TRAF impacted our consolidated results of operations during 2020. In 2020, a deferred tax asset was recorded due to an election made under TRAF by one of our Swiss subsidiaries. The amounts impacting income tax expense for the effects of the changes from the TRAF was approximately $41 million in 2020, which decreased our 2020 effective tax rate by approximately 5.1%.

Companies subject to the Global Intangible Low-Taxed Income provision (GILTI) have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for outside basis temporary differences expected to reverse as GILTI. We have elected to account for GILTI as a period cost.

Income tax (benefit) expense allocated to continuing operations and amounts separately allocated to other items was (in millions):

	2022	2021	2020
Income tax (benefit) expense from continuing operations	$ (117)	$ 110	$ 66
Cash flow hedge in accumulated other comprehensive income (loss)	153	72	(64)
Net investment hedge in accumulated other comprehensive income (loss)	77	(15)	(60)
Foreign Currency Translation in accumulated other comprehensive income (loss)	—	(4)	12
Pension liability in accumulated other comprehensive income (loss)	2	3	(3)
Total	$ 115	$ 166	$ (49)

The significant components of deferred income tax (benefit) expense attributable to income from continuing operations are as follows (in millions):

	2022	2021	2020
Deferred income tax expense (benefit)	$ 79	$ (22)	$ (230)
Change in valuation allowance	(143)	14	22
Change in effective U.S. state income tax rate	3	3	1
Change in effective foreign income tax rate	1	—	(1)
Total	$ (60)	$ (5)	$ (208)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in millions):

	As of December 31,	
	2022	2021
Deferred tax assets:		
Accounts and notes receivable	$ 8	$ 4
Accrued employee benefits	56	48
Leases	105	115
Operating lease liabilities	304	317
Liabilities not currently deductible for tax	403	346
Tax loss and credit carryforwards	316	517
Derivatives	—	164
Other	9	(1)
Total gross deferred tax assets	1,201	1,510
Valuation allowance	(194)	(356)
Net deferred tax assets	1,007	1,154
Less deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	15	15
Intangible assets	1,707	1,751
Leases	125	129
Operating lease assets	281	295
Statutory impairment	27	29
Derivatives	65	—
Outside basis difference	13	38
Total gross deferred tax liabilities	2,233	2,257
Net deferred tax liability	$ 1,226	$ 1,103

The valuation allowance had a net decrease of $162 million during 2022 primarily due to the change in estimates related to derivatives and the utilization of foreign tax credits and capital losses.

Changes in the valuation allowance are as follows (in millions):

	2022	2021	2020
Beginning balance	$ 356	$ 364	$ 329
Change in estimates recorded to deferred income tax expense	(9)	14	19
Changes in losses and credits	(134)	—	3
(Reductions) additions related to other comprehensive income	(19)	(22)	13
Ending balance	$ 194	$ 356	$ 364

The gross amount and expiration dates of operating loss and tax credit carry-forwards as of December 31, 2022 are as follows (in millions):

	Amount	Expiration Date
Canadian net operating loss carryforwards	$ 521	2036-2042
Canadian capital loss carryforwards	153	Indefinite
Canadian tax credits	4	2023-2041
U.S. state net operating loss carryforwards	546	2023-2042
U.S. federal net operating loss carryforwards	19	Indefinite
U.S. capital loss carryforwards	16	2040
U.S. foreign tax credits	69	2023-2031
Other foreign net operating loss carryforwards	249	Indefinite
Other foreign net operating loss carryforwards	41	2023-2038
Other foreign capital loss carryforward	27	Indefinite
Total	$ 1,645	

We are generally permanently reinvested on any potential outside basis differences except for unremitted earnings and profits and thus do not record a deferred tax liability for such outside basis differences. To the extent of unremitted earning and profits, we generally review various factors including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity and expected cash requirements to fund our various obligations and record deferred taxes to the extent we expect to distribute.

We had $139 million and $437 million of unrecognized tax benefits at December 31, 2022 and December 31, 2021, respectively, which if recognized, would favorably affect the effective income tax rate. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in millions):

	2022	2021	2020
Beginning balance	$ 437	$ 497	$ 506
Additions for tax positions related to the current year	(5)	9	9
Additions for tax positions of prior years	3	23	7
Reductions for tax positions of prior years	(15)	(5)	(25)
Additions for settlement	—	7	—
Reductions due to statute expiration	(281)	(94)	—
Ending balance	$ 139	$ 437	$ 497

Although the timing of the resolution, settlement, and closure of any audits is highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits could significantly change in the next 12 months. During the twelve months beginning January 1, 2023, it is reasonably possible we will reduce unrecognized tax benefits by up to approximately $48 million due to the expiration of statutes of limitations, anticipated closure of various tax matters currently under examination, and settlements with tax authorities all being possibly impacted in multiple jurisdictions.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. The total amount of accrued interest and penalties was $27 million and $121 million at December 31, 2022 and 2021, respectively. Potential interest and penalties associated with uncertain tax positions in various jurisdictions recognized was $3 million during 2022, $2 million during 2021 and $31 million during 2020. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

We file income tax returns with Canada and its provinces and territories. Generally, we are subject to routine examinations by the Canada Revenue Agency ("CRA"). The CRA is conducting examinations of the 2016 through 2018 taxation years. Additionally, income tax returns filed with various provincial jurisdictions are generally open to examination for periods up to six years subsequent to the filing and assessment of the respective return.

We also file income tax returns, including returns for our subsidiaries, with U.S. federal, U.S. state, and other foreign jurisdictions. We are subject to routine examination by taxing authorities in the U.S. jurisdictions, as well as other foreign tax jurisdictions. Taxable years of such U.S. companies are closed through 2018 for U.S. federal income tax purposes. We have various U.S. state and other foreign income tax returns in the process of examination. From time to time, these audits result in proposed assessments where the ultimate resolution may result in owing additional taxes. We believe that our tax positions comply with applicable tax law and that we have adequately provided for these matters.

Note 12. Derivative Instruments

Disclosures about Derivative Instruments and Hedging Activities

We enter into derivative instruments for risk management purposes, including derivatives designated as cash flow hedges and derivatives designated as net investment hedges. We use derivatives to manage our exposure to fluctuations in interest rates and currency exchange rates.

Interest Rate Swaps

At December 31, 2022, we had outstanding receive-variable, pay-fixed interest rate swaps with a total notional value of $3,500 million to hedge the variability in the interest payments on a portion of our Term Loan Facilities, including any subsequent refinancing or replacement of the Term Loan Facilities, beginning August 31, 2021 through the termination date of October 31, 2028. Additionally, at December 31, 2022, we also had outstanding receive-variable, pay-fixed interest rate swaps with a total notional value of $500 million to hedge the variability in the interest payments on a portion of our Term Loan Facilities effective September 30, 2019 through the termination date of September 30, 2026. At inception, all of these interest rate swaps were designated as cash flow hedges for hedge accounting. The unrealized changes in market value are recorded in AOCI, net of tax, and reclassified into interest expense during the period in which the hedged forecasted transaction affects earnings. The net amount of pre-tax gains in connection with these net unrealized gains in AOCI as of December 31, 2022 that we expect to be reclassified into interest expense within the next 12 months is $86 million.

Cross-Currency Rate Swaps

To protect the value of our investments in our foreign operations against adverse changes in foreign currency exchange rates, we hedge a portion of our net investment in one or more of our foreign subsidiaries by using cross-currency rate swaps. At December 31, 2022, we had outstanding cross-currency rate swap contracts between the Canadian dollar and U.S. dollar and the Euro and U.S. dollar that have been designated as net investment hedges of a portion of our equity in foreign operations in those currencies. The component of the gains and losses on our net investment in these designated foreign operations driven by changes in foreign exchange rates are economically partly offset by movements in the fair value of our cross-currency swap contracts. The fair value of the swaps is calculated each period with changes in fair value reported in AOCI, net of tax. Such amounts will remain in AOCI until the complete or substantially complete liquidation of our investment in the underlying foreign operations.

At December 31, 2022, we had outstanding cross-currency rate swaps that we entered into during 2022 to partially hedge the net investment in our Canadian subsidiaries. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as net investment hedges. These swaps are contracts in which we receive quarterly fixed-rate interest payments on the U.S. dollar notional amount of $5,000 million through the maturity date of September 30, 2028.

During 2022, we de-designated existing cross-currency rate swap hedges between the Canadian dollar and U.S. dollar with a total notional amount of $5,000 million for hedge accounting. As a result of these de-designations, changes in fair value of these un-designated hedges were recognized in earnings. Concurrently with these de-designations and to offset the changes in fair value recognized in earnings, we entered into off-setting cross-currency rate swaps, with a total notional amount of $5,000 million, that were not designated as a hedge for hedge accounting and as such changes in fair value were recognized in earnings. The balances in AOCI associated with the de-designated cross-currency rate swaps will remain in AOCI and will only be reclassified into earnings if and when the net investment in our Canadian subsidiaries is sold or substantially sold. The entire notional amount of the de-designated cross-currency rate swaps and the off-setting cross-currency rate swaps were cash settled during 2022 for approximately $35 million in net proceeds and included within operating activities in the consolidated statements of cash flows.

At December 31, 2022, we had outstanding cross-currency rate swaps in which we pay quarterly fixed-rate interest payments on the Euro notional amount of €1,108 million and receive quarterly fixed-rate interest payments on the U.S. dollar notional amount of $1,200 million. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge. During 2018, we extended the term of the swaps from March 31, 2021 to the maturity date of February 17, 2024. The extension of the term resulted in a re-designation of the hedge and the swaps continue to be accounted for as a net investment hedge. Additionally, at December 31, 2022, we also had outstanding cross-currency rate swaps in which we receive quarterly fixed-rate interest payments on the U.S. dollar notional value of $400 million, entered during 2018, and $500 million, entered during 2019, through the maturity date of February 17, 2024 and $150 million, entered during 2021, through the maturity date of October 31, 2028. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge.

The fixed to fixed cross-currency rate swaps hedging Canadian dollar and Euro net investments utilized the forward method of effectiveness assessment prior to March 15, 2018. On March 15, 2018, we de-designated and subsequently re-designated the outstanding fixed to fixed cross-currency rate swaps to prospectively use the spot method of hedge effectiveness assessment. Additionally, as a result of adopting new hedge accounting guidance during 2018, we elected to exclude the interest component (the "Excluded Component") from the accounting hedge without affecting net investment hedge accounting and elected to amortize the Excluded Component over the life of the derivative instrument. The amortization of the Excluded Component is recognized in Interest expense, net in the consolidated statement of operations. The change in fair value that is not related to the Excluded Component is recorded in AOCI and will be reclassified to earnings when the foreign subsidiaries are sold or substantially liquidated.

Foreign Currency Exchange Contracts

We use foreign exchange derivative instruments to manage the impact of foreign exchange fluctuations on U.S. dollar purchases and payments, such as coffee purchases made by our Canadian Tim Hortons operations. At December 31, 2022, we had outstanding forward currency contracts to manage this risk in which we sell Canadian dollars and buy U.S. dollars with a notional value of $197 million with maturities to February 2024. We have designated these instruments as cash flow hedges, and as such, the unrealized changes in market value of effective hedges are recorded in AOCI and are reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

Credit Risk

By entering into derivative contracts, we are exposed to counterparty credit risk. Counterparty credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is in an asset position, the counterparty has a liability to us, which creates credit risk for us. We attempt to minimize this risk by selecting counterparties with investment grade credit ratings and regularly monitoring our market position with each counterparty.

Credit-Risk Related Contingent Features

Our derivative instruments do not contain any credit-risk related contingent features.

Quantitative Disclosures about Derivative Instruments and Fair Value Measurements

The following tables present the required quantitative disclosures for our derivative instruments, including their estimated fair values (all estimated using Level 2 inputs) and their location on our consolidated balance sheets (in millions):

	Gain or (Loss) Recognized in Other Comprehensive Income (Loss)		
	2022	2021	2020
Derivatives designated as cash flow hedges[1]			
Interest rate swaps	$ 509	$ 132	$ (333)
Forward-currency contracts	$ 14	$ —	$ (2)
Derivatives designated as net investment hedges			
Cross-currency rate swaps	$ 409	$ 96	$ (302)

(1) We did not exclude any components from the cash flow hedge relationships presented in this table.

	Location of Gain or (Loss) Reclassified from AOCI into Earnings	Gain or (Loss) Reclassified from AOCI into Earnings		
		2022	2021	2020
Derivatives designated as cash flow hedges				
Interest rate swaps	Interest expense, net	$ (54)	$ (125)	$ (102)
Forward-currency contracts	Cost of sales	$ 8	$ (7)	$ 2

	Location of Gain or (Loss) Recognized in Earnings	Gain or (Loss) Recognized in Earnings (Amount Excluded from Effectiveness Testing)		
		2022	2021	2020
Derivatives designated as net investment hedges				
Cross-currency rate swaps	Interest expense, net	$ 56	$ 45	$ 69

	Fair Value as of December 31,		
	2022	2021	Balance Sheet Location
Assets:			
Derivatives designated as cash flow hedges			
Interest rate	$ 280	$ —	Other assets, net
Foreign currency	7	2	Prepaids and other current assets
Derivatives designated as net investment hedges			
Foreign currency	78	23	Other assets, net
Total assets at fair value	$ 365	$ 25	
Liabilities:			
Derivatives designated as cash flow hedges			
Interest rate	$ —	$ 220	Other liabilities, net
Derivatives designated as net investment hedges			
Foreign currency	34	355	Other liabilities, net
Total liabilities at fair value	$ 34	$ 575	

Note 13. Equity

Pursuant to the terms of the partnership agreement, RBI, as the holder of Class A common units, is entitled to distributions from Partnership in an amount equal to the aggregate dividends payable by RBI to holders of RBI common shares, and the holders of Partnership exchangeable units are entitled to receive distributions from Partnership in an amount per unit equal to the dividend payable by RBI on each RBI common share. Additionally, if RBI proposes to redeem, repurchase or otherwise acquire any RBI common shares, the partnership agreement requires that Partnership, immediately prior to such redemption, repurchase or acquisition, make a distribution to RBI on the Class A common units in an amount sufficient for RBI to fund such redemption, repurchase or acquisition, as the case may be. Each holder of a Partnership exchangeable unit is entitled to vote in respect of matters on which holders of RBI common shares are entitled to vote through one special voting share of RBI. A holder of a Partnership exchangeable unit may require Partnership to exchange all or any portion of such holder's Partnership exchangeable units for RBI common shares at a ratio of one common share for each Partnership exchangeable unit, subject to RBI's right as the general partner of Partnership, in its sole discretion, to deliver a cash payment in lieu of RBI common shares. If RBI elects to make a cash payment in lieu of issuing common shares, the amount of the payment will be the weighted average trading price of the RBI common shares on the New York Stock Exchange for the 20 consecutive trading days ending on the last business day prior to the exchange date.

During 2022, Partnership exchanged 1,996,818 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by exchanging 1,996,818 Partnership exchangeable units for the same number of newly issued RBI common shares. During 2021, Partnership exchanged 10,119,880 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by exchanging 10,119,880 Partnership exchangeable units for the same number of newly issued RBI common shares. During 2020, Partnership exchanged 10,393,861 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by repurchasing 6,757,692 Partnership exchangeable units for approximately $380 million in cash and exchanging 3,636,169 Partnership exchangeable units for the same number of newly issued RBI common shares. The exchanges of Partnership exchangeable units were recorded as increases to the Class A common units balance within partner's capital in our consolidated balance sheets in an amount equal to the market value of the newly issued RBI common shares and a reduction to the Partnership exchangeable units balance within partner's capital of our consolidated balance sheets in an amount equal to the cash paid by Partnership and the market value of the newly issued RBI common shares. Pursuant to the terms of the partnership agreement, upon the exchange of Partnership exchangeable units, each such Partnership exchangeable unit was cancelled concurrently with the exchange.

RBI Share Repurchase

On July 28, 2021, the RBI Board of Directors approved a share repurchase program that allows RBI to purchase up to $1,000 million of RBI common shares until August 10, 2023. During 2022, RBI repurchased and cancelled 6,101,364 common shares for $326 million. During 2021, RBI repurchased and cancelled 9,247,648 common shares for $551 million. Pursuant to the terms of the partnership agreement, Partnership made a distribution to RBI on the Class A common units in an amount sufficient for RBI to fund such share repurchases.

Accumulated Other Comprehensive Income (Loss)

The following table displays the change in the components of AOCI (in millions):

	Derivatives	Pensions	Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss)
Balances at December 31, 2019	$ 306	$ (29)	$ (1,455)	$ (1,178)
Foreign currency translation adjustment	—	—	332	332
Net change in fair value of derivatives, net of tax	(486)	—	—	(486)
Amounts reclassified to earnings of cash flow hedges, net of tax	73	—	—	73
Pension and post-retirement benefit plans, net of tax	—	(16)	—	(16)
Balances at December 31, 2020	$ (107)	$ (45)	$ (1,123)	$ (1,275)
Foreign currency translation adjustment	—	—	(67)	(67)
Net change in fair value of derivatives, net of tax	207	—	—	207
Amounts reclassified to earnings of cash flow hedges, net of tax	96	—	—	96
Pension and post-retirement benefit plans, net of tax	—	15	—	15
Balances at December 31, 2021	$ 196	$ (30)	$ (1,190)	$ (1,024)
Foreign currency translation adjustment	—	—	(703)	(703)
Net change in fair value of derivatives, net of tax	714	—	—	714
Amounts reclassified to earnings of cash flow hedges, net of tax	34	—	—	34
Pension and post-retirement benefit plans, net of tax	—	6	—	6
Balances at December 31, 2022	$ 944	$ (24)	$ (1,893)	$ (973)

Note 14. Share-based Compensation

Share-based compensation expense associated with the participation of Partnership and its subsidiaries in RBI's share-based compensation plans is recognized in Partnership's Financial Statements.

RBI's Amended and Restated 2014 Omnibus Incentive Plan as amended (the "Omnibus Plan") provides for the grant of awards to employees, directors, consultants and other persons who provide services to RBI and its affiliates. RBI also has some outstanding awards under legacy plans for BK and TH, that were assumed in connection with the merger and amalgamation of those entities within the RBI group. No new awards may be granted under these legacy BK plans or legacy TH plans.

RBI is currently issuing awards under the Omnibus Plan and the number of shares available for issuance under such plan as of December 31, 2022 was 3,714,406. The Omnibus Plan permits the grant of several types of awards with respect to RBI common shares, including stock options, time-vested RSUs, and performance-based RSUs, which may include RBI and/or individual performance based-vesting conditions. Under the terms of the Omnibus Plan, RSUs are generally entitled to dividend equivalents, which are not distributed unless the related awards vest. Upon vesting, the amount of the dividend equivalent, which is distributed in additional RSUs, except in the case of RSUs awarded to non-management members of RBI's board of directors, is equal to the equivalent of the aggregate dividends declared on common shares during the period from the date of grant of the award compounded until the date the shares underlying the award are delivered.

Share-based compensation expense is generally classified as general and administrative expenses in the consolidated statements of operations and consists of the following for the periods presented (in millions):

	2022	2021	2020
Total share-based compensation expense - RSUs and Stock options	$ 121	$ 88	$ 74

As of December 31, 2022, total unrecognized compensation cost related to share-based compensation arrangements was $312 million and is expected to be recognized over a weighted-average period of approximately 3.1 years.

Restricted Stock Units

The fair value of the time-vested RSUs and performance-based RSUs is based on the closing price of RBI's common shares on the trading day preceding the date of grant. Time-vested RSUs are expensed over the vesting period. Performance-based RSUs are expensed over the vesting period, based upon the probability that the performance target will be met. RBI grants fully vested RSUs, with dividend equivalent rights that accrue in cash, to non-employee members of our board of directors in lieu of a cash retainer and committee fees. All such RSUs will settle and common shares of RBI will be issued upon termination of service by the board member.

Starting in 2021, grants of time-vested RSUs generally vest 25% per year on December 31st over four years from the grant date and performance-based RSUs generally cliff vest three years from the grant date (the starting date for the applicable vesting period is referred to as the "Anniversary Date"). Time-vested RSUs and performance-based RSUs awarded prior to 2021 generally cliff vest five years from the original grant date.

During 2022, RBI granted performance-based RSUs that cliff vest three years from the original grant date based on achievement of performance metrics with a multiplier that can increase or decrease the amount vested based on the achievement of contractually defined relative total shareholder return targets with respect to the S&P 500 Index. Performance-based RSUs granted in 2021 cliff vest three years from the original grant date based solely on defined relative total shareholder return targets with respect to the S&P 500 Index. The respective fair value of these performance-based RSU awards was based on a Monte Carlo Simulation valuation model and these market condition awards are expensed over the vesting period regardless of the value that the award recipients ultimately receive.

For grants of time-vested RSUs beginning in 2021, if the employee is terminated for any reason prior to any vesting date, the employee will forfeit all of the RSUs that are unvested at the time of termination. For grants of performance-based RSUs beginning in 2021, if the employee is terminated within the first two years of the Anniversary Date, 100% of the performance-based RSUs will be forfeited. If we terminate the employment of a performance-based RSU holder without cause at least two years after the grant date, or if the employee retires, the employee will become vested in 67% of the performance-based RSUs that are earned based on the performance criteria.

For grants prior to 2021, if the employee is terminated for any reason within the first two years of the Anniversary Date, 100% of the time-vested RSUs granted will be forfeited. If we terminate the employment of a time-vested RSU holder without cause two years after the Anniversary Date, or if the employee retires, the employee will become vested in the number of time-vested RSUs as if the time-vested RSUs vested 20% for each anniversary after the grant date. Also, for grants prior to 2021, if the employee is terminated for any reason within the first three years of the Anniversary Date, 100% of the performance-based RSUs granted will be forfeited. If we terminate the employment of a performance-based RSU holder without cause between three and five years after the Anniversary Date, or if the employee retires, the employee will become vested in 50% of the performance-based RSUs.

An alternate ratable vesting schedule applies to the extent the participant ends employment by reason of death or disability.

Chairman Awards

In connection with the appointment of the RBI Executive Chairman in November 2022, RBI made one-time grants of options, RSUs and performance-based RSUs with specific terms and conditions. RBI granted 2,000,000 options with an exercise price equal to the closing price of RBI common shares on the trading day preceding the date of grant that cliff vest five years from the date of grant and expire after ten years. RBI granted 500,000 RSUs that vest ratably over five years on the anniversary of the grant date. Lastly, RBI granted 750,000 performance-based RSUs that cliff vest five and a half years from the date of grant and may be earned from 50% for threshold performance to 200% for maximum performance, based on meeting performance targets tied to the appreciation of the price of RBI common shares, with none of the award being earned if the threshold is not met. The respective fair value of these performance-based RSU awards was based on a Monte Carlo Simulation valuation model and these market condition awards are expensed over the vesting period regardless of the value that the award recipient ultimately receives.

Restricted Stock Units Activity

The following is a summary of time-vested RSUs and performance-based RSUs activity for the year ended December 31, 2022:

	Time-vested RSUs		Performance-based RSUs	
	Total Number of Shares (in 000's)	Weighted Average Grant Date Fair Value	Total Number of Shares (in 000's)	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2022	2,764	$ 57.47	3,895	$ 62.09
Granted	1,722	$ 57.24	2,693	$ 51.31
Vested and settled	(852)	$ 56.00	(153)	$ 58.31
Dividend equivalents granted	103	$ —	160	$ —
Forfeited	(184)	$ 58.66	(158)	$ 64.78
Outstanding at December 31, 2022	3,553	$ 57.31	6,437	$ 57.43

The weighted-average grant date fair value of time-vested RSUs granted was $60.97 and $65.20 during 2021 and 2020, respectively. The weighted-average grant date fair value of performance-based RSUs granted was $57.60 and $62.69 during 2021 and 2020, respectively. The total fair value, determined as of the date of vesting, of RSUs vested and converted to common shares of RBI during 2022, 2021 and 2020 was $58 million, $99 million and $21 million, respectively.

Stock Options

Stock option awards are granted with an exercise price or market value equal to the closing price of RBI's common shares on the trading day preceding the date of grant. RBI satisfies stock option exercises through the issuance of authorized but previously unissued common shares. Stock option grants generally cliff vest 5 years from the original grant date, provided the employee is continuously employed by RBI or one of our affiliates, and the stock options expire 10 years following the grant date. Additionally, if RBI terminates the employment of a stock option holder without cause prior to the vesting date, or if the employee retires or becomes disabled, the employee will become vested in the number of stock options as if the stock options vested 20% on each anniversary of the grant date. If the employee dies, the employee will become vested in the number of stock options as if the stock options vested 20% on the first anniversary of the grant date, 40% on the second anniversary of the grant date and 100% on the third anniversary of the grant date. If an employee is terminated with cause or resigns before vesting, all stock options are forfeited. If there is an event such as a return of capital or dividend that is determined to be dilutive, the exercise price of the awards will be adjusted accordingly.

The following assumptions were used in the Black-Scholes option-pricing model to determine the fair value of stock option awards granted in 2022 and 2020 at the grant date. There were no significant stock option awards granted in 2021.

	2022	2020
Risk-free interest rate	3.92%	1.29%
Expected term (in years)	7.50	5.88
Expected volatility	30.0%	23.9%
Expected dividend yield	3.24%	3.14%

The risk-free interest rate was based on the U.S. Treasury or Canadian Sovereign bond yield with a remaining term equal to the expected option life assumed at the date of grant. The expected term was calculated based on the analysis of a five-year vesting period coupled with RBI's expectations of exercise activity. Expected volatility was based on the historical and implied equity volatility of RBI. The expected dividend yield is based on the annual dividend yield at the time of grant.

Stock Options Activity

The following is a summary of stock option activity under our plans for the year ended December 31, 2022:

	Total Number of Options (in 000's)	Weighted Average Exercise Price	Aggregate Intrinsic Value (a) (in 000's)	Weighted Average Remaining Contractual Term (Years)
Outstanding at January 1, 2022	6,207	$ 54.80		
Granted	2,018	$ 66.62		
Exercised	(484)	$ 43.42		
Forfeited	(247)	$ 64.83		
Outstanding at December 31, 2022	7,494	$ 58.00	$ 55,682	6.1
Exercisable at December 31, 2022	2,724	$ 46.72	$ 48,953	3.0
Vested or expected to vest at December 31, 2022	7,125	$ 57.75	$ 54,835	6.0

(a) The intrinsic value represents the amount by which the fair value of RBI's stock exceeds the option exercise price at December 31, 2022.

The weighted-average grant date fair value per stock option granted was $17.52, $10.15, and $10.38 during 2022, 2021 and 2020, respectively. The total intrinsic value of stock options exercised was $10 million during 2022, $46 million during 2021, and $55 million during 2020.

Note 15. Revenue Recognition

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement. We may recognize unamortized franchise fees and upfront fees when a contract with a franchisee or master franchisee is modified and is accounted for as a termination of the existing contract. We classify these contract liabilities as Other liabilities, net in our consolidated balance sheets. The following table reflects the change in contract liabilities on a consolidated basis between December 31, 2021 and December 31, 2022 (in millions):

Contract Liabilities	
Balance at December 31, 2021	$ 531
Effect of business combination	8
Recognized during period and included in the contract liability balance at the beginning of the year	(57)
Increase, excluding amounts recognized as revenue during the period	71
Impact of foreign currency translation	(13)
Balance at December 31, 2022	$ 540

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) on a consolidated basis as of December 31, 2022 (in millions):

Contract liabilities expected to be recognized in	
2023	$ 52
2024	50
2025	47
2026	44
2027	42
Thereafter	305
Total	$ 540

Disaggregation of Total Revenues

The following tables disaggregate revenue by segment (in millions):

	2022				
	TH	BK	PLK	FHS	Total
Sales	$ 2,631	$ 70	$ 78	$ 40	$ 2,819
Royalties	320	1,064	287	66	1,737
Property revenues	577	224	12	—	813
Franchise fees and other revenue	28	54	10	19	111
Advertising revenues and other services	267	485	260	13	1,025
Total revenues	$ 3,823	$ 1,897	$ 647	$ 138	$ 6,505

	2021				
	TH	BK	PLK	FHS	Total
Sales	$ 2,249	$ 64	$ 64	$ 1	$ 2,378
Royalties	287	1,008	264	2	1,561
Property revenues	556	224	13	—	793
Franchise fees and other revenue	21	60	6	2	89
Advertising revenues and other services	229	457	232	—	918
Total revenues	$ 3,342	$ 1,813	$ 579	$ 5	$ 5,739

	2020				
	TH	BK	PLK	FHS	Total
Sales	$ 1,876	$ 64	$ 73	$ —	$ 2,013
Royalties	240	842	245	—	1,327
Property revenues	486	219	13	—	718
Franchise fees and other revenue	19	52	5	—	76
Advertising revenues and other services	189	425	220	—	834
Total revenues	$ 2,810	$ 1,602	$ 556	$ —	$ 4,968

Note 16. Other Operating Expenses (Income), net

Other operating expenses (income), net, consist of the following (in millions):

	2022	2021	2020
Net losses (gains) on disposal of assets, restaurant closures and refranchisings	$ 4	$ 2	$ 6
Litigation settlements and reserves, net	11	81	7
Net losses (gains) on foreign exchange	(4)	(76)	100
Other, net	14	—	(8)
Other operating expenses (income), net	$ 25	$ 7	$ 105

Net losses (gains) on disposal of assets, restaurant closures, and refranchisings represent sales of properties and other costs related to restaurant closures and refranchisings. Gains and losses recognized in the current period may reflect certain costs related to closures and refranchisings that occurred in previous periods.

Litigation settlements and reserves, net primarily reflects accruals and payments made and proceeds received in connection with litigation and arbitration matters and other business disputes.

In early 2022, we entered into negotiations to resolve business disputes that arose during 2021 with counterparties to the master franchise agreements for Burger King and Popeyes in China. Based on these discussions, we paid approximately $100 million in 2022, of which $5 million and $72 million was recorded as Litigation settlements and reserves, net in 2022 and 2021, respectively. The majority of this amount related to Popeyes, resolved our disputes, and allowed us to move forward in the market with a new master franchisee. Additionally, pursuant to this agreement we and our partners have made equity contributions to the Burger King business in China.

Net losses (gains) on foreign exchange is primarily related to revaluation of foreign denominated assets and liabilities, primarily those denominated in Euros and Canadian dollars.

Note 17. Commitments and Contingencies

Letters of Credit

As of December 31, 2022, we had $11 million in irrevocable standby letters of credit outstanding, which were issued primarily to certain insurance carriers to guarantee payments of deductibles for various insurance programs, such as health and commercial liability insurance. Of these letters of credit outstanding, $2 million are secured by the collateral under our Revolving Credit Facility and the remainder are secured by cash collateral. As of December 31, 2022, no amounts had been drawn on any of these irrevocable standby letters of credit.

Purchase Commitments

We have arrangements for information technology and telecommunication services with an aggregate contractual obligation of $23 million over the next two years, some of which have early termination fees. We also enter into commitments to purchase advertising. As of December 31, 2022, these commitments totaled $212 million and run through 2025.

Litigation

From time to time, we are involved in legal proceedings arising in the ordinary course of business relating to matters including, but not limited to, disputes with franchisees, suppliers, employees and customers, as well as disputes over our intellectual property.

On October 5, 2018, a class action complaint was filed against Burger King Worldwide, Inc. (“BKW”) and Burger King Company, successor in interest, (“BKC”) in the U.S. District Court for the Southern District of Florida by Jarvis Arrington, individually and on behalf of all others similarly situated. On October 18, 2018, a second class action complaint was filed against RBI, BKW and BKC in the U.S. District Court for the Southern District of Florida by Monique Michel, individually and on behalf of all others similarly situated. On October 31, 2018, a third class action complaint was filed against BKC and BKW in the U.S. District Court for the Southern District of Florida by Geneva Blanchard and Tiffany Miller, individually and on behalf of all others similarly situated. On November 2, 2018, a fourth class action complaint was filed against RBI, BKW and BKC in the U.S. District Court for the Southern District of Florida by Sandra Munster, individually and on behalf of all others similarly situated. These complaints have been consolidated and allege that the defendants violated Section 1 of the Sherman Act by incorporating an employee no-solicitation and no-hiring clause in the standard form franchise agreement all Burger King franchisees are required to sign. Each plaintiff seeks

injunctive relief and damages for himself or herself and other members of the class. On March 24, 2020, the Court granted BKC's motion to dismiss for failure to state a claim and on April 20, 2020 the plaintiffs filed a motion for leave to amend their complaint. On April 27, 2020, BKC filed a motion opposing the motion for leave to amend. The court denied the plaintiffs motion for leave to amend their complaint in August 2020 and the plaintiffs appealed this ruling. In August 2022, the federal appellate court reversed the lower court's decision to dismiss the case and remanded the case to the lower court for further proceedings. While we currently believe these claims are without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

On June 30, 2020, a class action complaint was filed against RBI, Partnership and The TDL Group Corp. in the Quebec Superior Court by Steve Holcman, individually and on behalf of all Quebec residents who downloaded the Tim Hortons mobile application. On July 2, 2020, a Notice of Action related to a second class action complaint was filed against RBI, in the Ontario Superior Court by Ashley Sitko and Ashley Cadeau, individually and on behalf of all Canadian residents who downloaded the Tim Hortons mobile application. On August 31, 2020, a notice of claim was filed against RBI in the Supreme Court of British Columbia by Wai Lam Jacky Law on behalf of all persons in Canada who downloaded the Tim Hortons mobile application or the Burger King mobile application. On September 30, 2020, a notice of action was filed against RBI, Partnership, The TDL Group Corp., BKW and Popeyes Louisiana Kitchen, Inc. in the Ontario Superior Court of Justice by William Jung on behalf of a to be determined class. All of the complaints alleged that the defendants violated the plaintiff's privacy rights, the Personal Information Protection and Electronic Documents Act, consumer protection and competition laws or app-based undertakings to users, in each case in connection with the collection of geolocation data through the Tim Hortons mobile application, and in certain cases, the Burger King and Popeyes mobile applications. Each plaintiff sought injunctive relief and monetary damages for himself or herself and other members of the class. The parties have reached a national settlement of all cases, which has been approved by the applicable courts, pursuant to which The TDL Group Corp. is providing each member of the class a voucher for one hot beverage and one baked good and will pay plaintiffs legal fees, in an amount which we believe is immaterial.

On October 26, 2020, City of Warwick Municipal Employees Pension Fund, a purported stockholder of RBI, individually and putatively on behalf of all other stockholders similarly situated, filed a lawsuit in the Supreme Court of the State of New York County of New York naming RBI and certain of our officers, directors and shareholders as defendants alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, in connection with certain offerings of securities by an affiliate in August and September 2019. The complaint alleges that the shelf registration statement used in connection with such offering contained certain false and/or misleading statements or omissions. The complaint seeks, among other relief, class certification of the lawsuit, unspecified compensatory damages, rescission, pre-judgement and post-judgement interest, costs and expenses. On December 18, 2020 the plaintiffs filed an amended complaint and on February 16, 2021 RBI filed a motion to dismiss the complaint. The plaintiffs filed a brief in opposition to the motion on April 19, 2021 and RBI filed a reply in May 2021. The motion to dismiss was heard in April 2022 and the motion to dismiss was denied in May 2022. On June 6, 2022, we filed an answer to the complaint and on July 8, 2022, we filed an appeal of the denial of the motion to dismiss. On November 10, 2022, the appellate division reversed the trial court and ordered that the complaint be dismissed. Plaintiffs have moved for leave to appeal to the Court of Appeals of the State of New York and we filed an opposition to their motion. The parties are awaiting a decision as to whether the Court of Appeals will accept the appeal. We intend to vigorously defend. While we believe these claims are without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

In April 2022, BKC was served with two separate purported class action complaints relating to per- and polyfluoroalkyl ("PFAS") in packaging. Hussain vs. BKC was filed on April 13, 2022 in the U.S. District Court for the Northern District of California, and Cooper v. BKC was filed on April 14, 2022 in the U.S. District Court for the Southern District of Florida. Both complaints alleged that certain food products sold by BKC are not safe for human consumption due to the packaging containing allegedly unsafe PFAS and that consumers were misled by the labelling, marketing and packaging claims asserted by BKC regarding the safety and sustainability of the packaging and sought compensatory, statutory and punitive damages, injunctive relief, corrective action, and attorneys' fees. Hussain voluntarily dismissed the case on August 22, 2022. In June 2022, Cooper voluntarily dismissed the case and then refiled their complaint in state court only on behalf of Florida consumers. We filed a motion to dismiss on October 17, 2022. The plaintiff dismissed the case with prejudice in November 2022 and these matters are closed.

Note 18. Segment Reporting and Geographical Information

As stated in Note 1, *Description of Business and Organization*, we manage four brands. Under the *Tim Hortons* brand, we operate in the donut/coffee/tea category of the quick service segment of the restaurant industry. Under the *Burger King* brand, we operate in the fast food hamburger restaurant category of the quick service segment of the restaurant industry. Under the *Popeyes* brand, we operate in the chicken category of the quick service segment of the restaurant industry. Under the *Firehouse Subs* brand, we operate in the specialty subs category of the quick service segment of the restaurant industry. Our business generates revenue from the following sources: (i) sales, consisting primarily of supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales to retailers and sales at restaurants owned by us ("Company restaurants"); (ii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by

franchisees; (iii) property revenues from properties we lease or sublease to franchisees; and (iv) advertising revenues and other services, consisting primarily of advertising fund contributions based on a percentage of sales reported by franchise restaurants. We manage each of our brands as an operating segment and each operating segment represents a reportable segment.

Our management structure and financial reporting is organized around our four brands, including the information regularly reviewed by our Chief Executive Officer, who is our Chief Operating Decision Maker. Therefore, we have four operating segments: (1) TH, which includes all operations of our *Tim Hortons* brand, (2) BK, which includes all operations of our *Burger King* brand, (3) PLK, which includes all operations of our *Popeyes* brand, and (4) FHS, which includes all operations of our *Firehouse Subs* brand. Our four operating segments represent our reportable segments. FHS revenues and segment income for the period from the acquisition date of December 15, 2021 through December 26, 2021 (the fiscal year end for FHS) are included in our consolidated statement of operations for 2021.

The following tables present revenues, by segment and by country, depreciation and amortization, (income) loss from equity method investments, and capital expenditures by segment (in millions):

	2022	2021	2020
Revenues by operating segment:			
TH	$ 3,823	$ 3,342	$ 2,810
BK	1,897	1,813	1,602
PLK	647	579	556
FHS	138	5	—
Total	$ 6,505	$ 5,739	$ 4,968
Revenues by country (a):			
Canada	$ 3,458	$ 3,035	$ 2,546
United States	2,273	2,005	1,889
Other	774	699	533
Total	$ 6,505	$ 5,739	$ 4,968
Depreciation and amortization:			
TH	$ 114	$ 132	$ 119
BK	66	62	62
PLK	8	7	8
FHS	2	—	—
Total	$ 190	$ 201	$ 189
(Income) loss from equity method investments:			
TH	$ (8)	$ (13)	$ (4)
BK	51	17	43
PLK	1	—	—
Total	$ 44	$ 4	$ 39
Capital expenditures:			
TH	$ 30	$ 61	$ 92
BK	63	34	18
PLK	6	11	7
FHS	1	—	—
Total	$ 100	$ 106	$ 117

(a) Only Canada and the United States represented 10% or more of our total revenues in each period presented.

Total assets by segment, and long-lived assets by segment and country are as follows (in millions):

	Assets		Long-Lived Assets	
	As of December 31,		As of December 31,	
	2022	2021	2022	2021
By operating segment:				
TH	$ 13,279	$ 13,995	$ 1,819	$ 1,963
BK	5,007	4,946	1,140	1,137
PLK	2,572	2,563	143	141
FHS	1,098	1,103	12	4
Unallocated	790	639	—	—
Total	$ 22,746	$ 23,246	$ 3,114	$ 3,245
By country:				
Canada			$ 1,531	$ 1,670
United States			1,558	1,556
Other			25	19
Total			$ 3,114	$ 3,245

Long-lived assets include property and equipment, net, finance and operating lease right of use assets, net and net investment in property leased to franchisees. Only Canada and the United States represented 10% or more of our total long-lived assets as of December 31, 2022 and December 31, 2021.

Our measure of segment income is Adjusted EBITDA. Adjusted EBITDA represents earnings (net income or loss) before interest expense, net, loss on early extinguishment of debt, income tax (benefit) expense, and depreciation and amortization, adjusted to exclude (i) the non-cash impact of share-based compensation and non-cash incentive compensation expense, (ii) (income) loss from equity method investments, net of cash distributions received from equity method investments, (iii) other operating expenses (income), net and, (iv) income/expenses from non-recurring projects and non-operating activities. For the periods referenced, income/expenses from non-recurring projects and non-operating activities included (i) non-recurring fees and expense incurred in connection with the Firehouse Acquisition consisting of professional fees, compensation-related expenses and integration costs ("FHS Transaction costs"); and (ii) non-operating costs from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements, including services related to significant tax reform legislation, regulations and related restructuring initiatives ("Corporate restructuring and tax advisory fees").

Adjusted EBITDA is used by management to measure operating performance of the business, excluding these non-cash and other specifically identified items that management believes are not relevant to management's assessment of our operating performance. A reconciliation of segment income to net income consists of the following (in millions):

	2022	2021	2020
Segment income:			
TH	$ 1,073	$ 997	$ 823
BK	1,007	1,021	823
PLK	242	228	218
FHS	56	2	—
Adjusted EBITDA	2,378	2,248	1,864
Share-based compensation and non-cash incentive compensation expense	136	102	84
FHS Transaction costs	24	18	—
Corporate restructuring and tax advisory fees	46	16	16
Impact of equity method investments (a)	59	25	48
Other operating expenses (income), net	25	7	105
EBITDA	2,088	2,080	1,611
Depreciation and amortization	190	201	189
Income from operations	1,898	1,879	1,422
Interest expense, net	533	505	508
Loss on early extinguishment of debt	—	11	98
Income tax (benefit) expense	(117)	110	66
Net income	$ 1,482	$ 1,253	$ 750

(a) Represents (i) (income) loss from equity method investments and (ii) cash distributions received from our equity method investments. Cash distributions received from our equity method investments are included in segment income.

Note 19. Supplemental Financial Information

1011778 B.C. Unlimited Liability Company (the "Parent Issuer") and New Red Finance Inc. (the "Co-Issuer" and together with the Parent Issuer, the "Issuers") entered into an amended credit agreement, as amended from time to time, that provides for obligations under the Credit Facilities. The Issuers entered into the 3.875% First Lien Senior Notes Indenture with respect to the 3.875% First Lien Senior Notes due 2028. The Issuers entered into the 5.75% First Lien Senior Notes Indenture with respect to the 5.75% First Lien Senior Notes due 2025. The Issuers entered into the 3.50% First Lien Senior Notes Indenture with respect to the 3.50% First Lien Senior Notes due 2029. The Issuers entered into the 4.375% Second Lien Senior Notes Indenture with respect to the 4.375% Second Lien Senior Notes due 2028. The Issuers entered into the 4.00% Second Lien Senior Notes Indenture with respect to the 4.00% Second Lien Senior Notes Due 2030.

The agreement governing our Credit Facilities, the 3.875% First Lien Senior Notes Indenture, the 5.75% First Lien Senior Notes Indenture, the 3.50% First Lien Senior Notes Indenture, the 4.375% Second Lien Senior Notes Indenture and the 4.00% Second Lien Senior Notes Indenture allow the financial reporting obligation of the Parent Issuer to be satisfied through the reporting of Partnership's consolidated financial information, provided that the consolidated financial information of the Parent Issuer and its restricted subsidiaries is presented on a standalone basis.

The following represents the condensed consolidating financial information for the Parent Issuer and its restricted subsidiaries ("Consolidated Borrowers") on a consolidated basis, together with eliminations, as of and for the periods indicated. The condensed consolidating financial information of Partnership is combined with the financial information of its wholly-owned subsidiaries that are also parent entities of the Parent Issuer and presented in a single column under the heading "RBILP". The consolidating financial information may not necessarily be indicative of the financial position, results of operations or cash flows had the Issuers and Partnership operated as independent entities.

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Balance Sheets
(In millions of U.S. dollars)
As of December 31, 2022

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,178	$ —	$ —	$ 1,178
Accounts and notes receivable, net	614	—	—	614
Inventories, net	133	—	—	133
Prepaids and other current assets	123	—	—	123
Total current assets	2,048	—	—	2,048
Property and equipment, net	1,950	—	—	1,950
Operating lease assets, net	1,082	—	—	1,082
Intangible assets, net	10,991	—	—	10,991
Goodwill	5,688	—	—	5,688
Net investment in property leased to franchisees	82	—	—	82
Intercompany receivable	—	243	(243)	—
Investment in subsidiaries	—	4,268	(4,268)	—
Other assets, net	905	—	—	905
Total assets	$ 22,746	$ 4,511	$ (4,511)	$ 22,746
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts and drafts payable	$ 758	$ —	$ —	$ 758
Other accrued liabilities	758	243	—	1,001
Gift card liability	230	—	—	230
Current portion of long term debt and finance leases	127	—	—	127
Total current liabilities	1,873	243	—	2,116
Term debt, net of current portion	12,839	—	—	12,839
Finance leases, net of current portion	311	—	—	311
Operating lease liabilities, net of current portion	1,027	—	—	1,027
Other liabilities, net	872	—	—	872
Payables to affiliates	243	—	(243)	—
Deferred income taxes, net	1,313	—	—	1,313
Total liabilities	18,478	243	(243)	18,478
Partners' capital:				
Class A common units	—	8,735	—	8,735
Partnership exchangeable units	—	(3,496)	—	(3,496)
Common shares	2,494	—	(2,494)	—
Retained earnings	2,745	—	(2,745)	—
Accumulated other comprehensive income (loss)	(973)	(973)	973	(973)
Total Partners' capital/shareholders' equity	4,266	4,266	(4,266)	4,266
Noncontrolling interests	2	2	(2)	2
Total equity	4,268	4,268	(4,268)	4,268
Total liabilities and equity	$ 22,746	$ 4,511	$ (4,511)	$ 22,746

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Balance Sheets
(In millions of U.S. dollars)
As of December 31, 2021

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,087	$ —	$ —	$ 1,087
Accounts and notes receivable, net	547	—	—	547
Inventories, net	96	—	—	96
Prepaids and other current assets	86	—	—	86
Total current assets	1,816	—	—	1,816
Property and equipment, net	2,035	—	—	2,035
Operating lease assets, net	1,130	—	—	1,130
Intangible assets, net	11,417	—	—	11,417
Goodwill	6,006	—	—	6,006
Net investment in property leased to franchisees	80	—	—	80
Intercompany receivable	—	241	(241)	—
Investment in subsidiaries	—	3,853	(3,853)	—
Other assets, net	762	—	—	762
Total assets	$ 23,246	$ 4,094	$ (4,094)	$ 23,246
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts and drafts payable	$ 614	$ —	$ —	$ 614
Other accrued liabilities	706	241	—	947
Gift card liability	221	—	—	221
Current portion of long term debt and finance leases	96	—	—	96
Total current liabilities	1,637	241	—	1,878
Term debt, net of current portion	12,916	—	—	12,916
Finance leases, net of current portion	333	—	—	333
Operating lease liabilities, net of current portion	1,070	—	—	1,070
Other liabilities, net	1,822	—	—	1,822
Payables to affiliates	241	—	(241)	—
Deferred income taxes, net	1,374	—	—	1,374
Total liabilities	19,393	241	(241)	19,393
Partners' capital:				
Class A common units	—	8,421	—	8,421
Partnership exchangeable units	—	(3,547)	—	(3,547)
Common shares	2,635	—	(2,635)	—
Retained earnings	2,239	—	(2,239)	—
Accumulated other comprehensive income (loss)	(1,024)	(1,024)	1,024	(1,024)
Total Partners' capital/shareholders' equity	3,850	3,850	(3,850)	3,850
Noncontrolling interests	3	3	(3)	3
Total equity	3,853	3,853	(3,853)	3,853
Total liabilities and equity	$ 23,246	$ 4,094	$ (4,094)	$ 23,246

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Statements of Operations
(In millions of U.S. dollars)
2022

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
Revenues:				
Sales	$ 2,819	$ —	$ —	$ 2,819
Franchise and property revenues	2,661	—	—	2,661
Advertising revenues and other services	1,025	—	—	1,025
Total revenues	6,505	—	—	6,505
Operating costs and expenses:				
Cost of sales	2,312	—	—	2,312
Franchise and property expenses	518	—	—	518
Advertising expenses and other services	1,077	—	—	1,077
General and administrative expenses	631	—	—	631
(Income) loss from equity method investments	44	—	—	44
Other operating expenses (income), net	25	—	—	25
Total operating costs and expenses	4,607	—	—	4,607
Income from operations	1,898	—	—	1,898
Interest expense, net	533	—	—	533
Income before income taxes	1,365	—	—	1,365
Income tax (benefit) expense	(117)	—	—	(117)
Net income	1,482	—	—	1,482
Equity in earnings of consolidated subsidiaries	—	1,482	(1,482)	—
Net income (loss)	1,482	1,482	(1,482)	1,482
Net income (loss) attributable to noncontrolling interests	3	3	(3)	3
Net income (loss) attributable to common unitholders	$ 1,479	$ 1,479	$ (1,479)	$ 1,479
Total comprehensive income (loss)	$ 1,533	$ 1,533	$ (1,533)	$ 1,533

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Statements of Operations
(In millions of U.S. dollars)
2021

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
Revenues:				
Sales	$ 2,378	$ —	$ —	$ 2,378
Franchise and property revenues	2,443	—	—	2,443
Advertising revenues and other services	918	—	—	918
Total revenues	5,739	—	—	5,739
Operating costs and expenses:				
Cost of sales	1,890	—	—	1,890
Franchise and property expenses	489	—	—	489
Advertising expenses and other services	986	—	—	986
General and administrative expenses	484	—	—	484
(Income) loss from equity method investments	4	—	—	4
Other operating expenses (income), net	7	—	—	7
Total operating costs and expenses	3,860	—	—	3,860
Income from operations	1,879	—	—	1,879
Interest expense, net	505	—	—	505
Loss on early extinguishment of debt	11	—	—	11
Income before income taxes	1,363	—	—	1,363
Income tax expense	110	—	—	110
Net income	1,253	—	—	1,253
Equity in earnings of consolidated subsidiaries	—	1,253	(1,253)	—
Net income (loss)	1,253	1,253	(1,253)	1,253
Net income (loss) attributable to noncontrolling interests	4	4	(4)	4
Net income (loss) attributable to common unitholders	$ 1,249	$ 1,249	$ (1,249)	$ 1,249
Total comprehensive income (loss)	$ 1,504	$ 1,504	$ (1,504)	$ 1,504

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Statements of Operations
(In millions of U.S. dollars)
2020

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
Revenues:				
Sales	$ 2,013	$ —	$ —	$ 2,013
Franchise and property revenues	2,121	—	—	2,121
Advertising revenues and other services	834	—	—	834
Total revenues	4,968	—	—	4,968
Operating costs and expenses:				
Cost of sales	1,610	—	—	1,610
Franchise and property expenses	515	—	—	515
Advertising expenses and other services	870	—	—	870
General and administrative expenses	407	—	—	407
(Income) loss from equity method investments	39	—	—	39
Other operating expenses (income), net	105	—	—	105
Total operating costs and expenses	3,546	—	—	3,546
Income from operations	1,422	—	—	1,422
Interest expense, net	508	—	—	508
Loss on early extinguishment of debt	98	—	—	98
Income before income taxes	816	—	—	816
Income tax expense	66	—	—	66
Net income	750	—	—	750
Equity in earnings of consolidated subsidiaries	—	750	(750)	—
Net income (loss)	750	750	(750)	750
Net income (loss) attributable to noncontrolling interests	2	2	(2)	2
Net income (loss) attributable to common unitholders	$ 748	$ 748	$ (748)	$ 748
Total comprehensive income (loss)	$ 653	$ 653	$ (653)	$ 653

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Statements of Cash Flows
(In millions of U.S. dollars)
2022

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
Cash flows from operating activities:				
Net income	$ 1,482	$ 1,482	$ (1,482)	$ 1,482
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in loss (earnings) of consolidated subsidiaries	—	(1,482)	1,482	—
Depreciation and amortization	190	—	—	190
Amortization of deferred financing costs and debt issuance discount	28	—	—	28
(Income) loss from equity method investments	44	—	—	44
Loss (gain) on remeasurement of foreign denominated transactions	(4)	—	—	(4)
Net (gains) losses on derivatives	(9)	—	—	(9)
Share-based compensation and non-cash incentive compensation expense	136	—	—	136
Deferred income taxes	(60)	—	—	(60)
Other	19	—	—	19
Changes in current assets and liabilities, excluding acquisitions and dispositions:				
Accounts and notes receivable	(110)	—	—	(110)
Inventories and prepaids and other current assets	(61)	—	—	(61)
Accounts and drafts payable	169	—	—	169
Other accrued liabilities and gift card liability	37	—	—	37
Tenant inducements paid to franchisees	(26)	—	—	(26)
Other long-term assets and liabilities	(345)	—	—	(345)
Net cash provided by operating activities	1,490	—	—	1,490
Cash flows from investing activities:				
Payments for property and equipment	(100)	—	—	(100)
Net proceeds from disposal of assets, restaurant closures and refranchisings	12	—	—	12
Net payments in connection with purchase of Firehouse Subs	(12)	—	—	(12)
Settlement/sale of derivatives, net	71	—	—	71
Other investing activities, net	(35)	—	—	(35)
Net cash used for investing activities	(64)	—	—	(64)
Cash flows from financing activities:				
Proceeds from long-term debt	2	—	—	2
Repayments of long-term debt and finance leases	(94)	—	—	(94)
Distributions on Class A and Partnership exchangeable units	—	(971)	—	(971)
Distributions to RBI for repurchase of RBI common shares	—	(326)	—	(326)
Capital contribution from RBI	51	—	—	51
Distributions from subsidiaries	(1,297)	1,297	—	—
(Payments) proceeds from derivatives	34	—	—	34
Other financing activities, net	(3)	—	—	(3)
Net cash used for financing activities	(1,307)	—	—	(1,307)
Effect of exchange rates on cash and cash equivalents	(28)	—	—	(28)
Increase (decrease) in cash and cash equivalents	91	—	—	91
Cash and cash equivalents at beginning of period	1,087	—	—	1,087
Cash and cash equivalents at end of period	$ 1,178	$ —	$ —	$ 1,178

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Statements of Cash Flows
(In millions of U.S. dollars)
2021

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
Cash flows from operating activities:				
Net income	$ 1,253	$ 1,253	$ (1,253)	$ 1,253
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in loss (earnings) of consolidated subsidiaries	—	(1,253)	1,253	—
Depreciation and amortization	201	—	—	201
Premiums paid and non-cash loss on early extinguishment of debt	11	—	—	11
Amortization of deferred financing costs and debt issuance discount	27	—	—	27
(Income) loss from equity method investments	4	—	—	4
Loss (gain) on remeasurement of foreign denominated transactions	(76)	—	—	(76)
Net (gains) losses on derivatives	87	—	—	87
Share-based compensation and non-cash incentive compensation expense	102	—	—	102
Deferred income taxes	(5)	—	—	(5)
Other	(16)	—	—	(16)
Changes in current assets and liabilities, excluding acquisitions and dispositions:				
Accounts and notes receivable	8	—	—	8
Inventories and prepaids and other current assets	12	—	—	12
Accounts and drafts payable	149	—	—	149
Other accrued liabilities and gift card liability	67	—	—	67
Tenant inducements paid to franchisees	(20)	—	—	(20)
Other long-term assets and liabilities	(78)	—	—	(78)
Net cash provided by operating activities	1,726	—	—	1,726
Cash flows from investing activities:				
Payments for property and equipment	(106)	—	—	(106)
Net proceeds from disposal of assets, restaurant closures and refranchisings	16	—	—	16
Net payment for purchase of Firehouse Subs, net of cash acquired	(1,004)	—	—	(1,004)
Settlement/sale of derivatives, net	5	—	—	5
Other investing activities, net	(14)	—	—	(14)
Net cash used for investing activities	(1,103)	—	—	(1,103)
Cash flows from financing activities:				
Proceeds from long-term debt	1,335	—	—	1,335
Repayments of long-term debt and finance leases	(889)	—	—	(889)
Payment of financing costs	(19)	—	—	(19)
Distributions on Class A and Partnership exchangeable units	—	(974)	—	(974)
Repurchase of Partnership exchangeable units	—	—	—	—
Distributions to RBI for repurchase of RBI common shares	—	(551)	—	(551)
Capital contribution from RBI	60	—	—	60
Distributions from subsidiaries	(1,525)	1,525	—	—
(Payments) proceeds from derivatives	(51)	—	—	(51)
Other financing activities, net	(4)	—	—	(4)
Net cash used for financing activities	(1,093)	—	—	(1,093)
Effect of exchange rates on cash and cash equivalents	(3)	—	—	(3)
Increase (decrease) in cash and cash equivalents	(473)	—	—	(473)
Cash and cash equivalents at beginning of period	1,560	—	—	1,560
Cash and cash equivalents at end of period	$ 1,087	$ —	$ —	$ 1,087

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP AND SUBSIDIARIES
Condensed Consolidating Statements of Cash Flows
(In millions of U.S. dollars)
2020

	Consolidated Borrowers	RBILP	Eliminations	Consolidated
Cash flows from operating activities:				
Net income	$ 750	$ 750	$ (750)	$ 750
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in loss (earnings) of consolidated subsidiaries	—	(750)	750	—
Depreciation and amortization	189	—	—	189
Premiums paid and non-cash loss on early extinguishment of debt	97	—	—	97
Amortization of deferred financing costs and debt issuance discount	26	—	—	26
(Income) loss from equity method investments	39	—	—	39
Loss (gain) on remeasurement of foreign denominated transactions	100	—	—	100
Net (gains) losses on derivatives	32	—	—	32
Share-based compensation and non-cash incentive compensation expense	84	—	—	84
Deferred income taxes	(208)	—	—	(208)
Other	28	—	—	28
Changes in current assets and liabilities, excluding acquisitions and dispositions:				
Accounts and notes receivable	(30)	—	—	(30)
Inventories and prepaids and other current assets	(10)	—	—	(10)
Accounts and drafts payable	(183)	—	—	(183)
Other accrued liabilities and gift card liability	6	—	—	6
Tenant inducements paid to franchisees	(22)	—	—	(22)
Other long-term assets and liabilities	23	—	—	23
Net cash provided by operating activities	921	—	—	921
Cash flows from investing activities:				
Payments for property and equipment	(117)	—	—	(117)
Net proceeds from disposal of assets, restaurant closures and refranchisings	12	—	—	12
Settlement/sale of derivatives, net	33	—	—	33
Other investing activities, net	(7)	—	—	(7)
Net cash used for investing activities	(79)	—	—	(79)
Cash flows from financing activities:				
Proceeds from revolving line of credit and long-term debt	5,235	—	—	5,235
Repayments of revolving line of credit, long-term debt and finance leases	(4,708)	—	—	(4,708)
Payment of financing costs	(43)	—	—	(43)
Distributions on Class A and Partnership exchangeable units	—	(959)	—	(959)
Repurchase of Partnership exchangeable units	—	(380)	—	(380)
Capital contribution from RBI	82	—	—	82
Distributions from subsidiaries	(1,339)	1,339	—	—
(Payments) proceeds from derivatives	(46)	—	—	(46)
Other financing activities, net	(2)	—	—	(2)
Net cash used for financing activities	(821)	—	—	(821)
Effect of exchange rates on cash and cash equivalents	6	—	—	6
Increase (decrease) in cash and cash equivalents	27	—	—	27
Cash and cash equivalents at beginning of period	1,533	—	—	1,533
Cash and cash equivalents at end of period	$ 1,560	$ —	$ —	$ 1,560

Note 20. Subsequent Events

Distributions/Dividends

On January 4, 2023, RBI paid a cash dividend of $0.54 per RBI common share to common shareholders of record on December 21, 2022. Partnership made a distribution to RBI as holder of Class A common units in the amount of the aggregate dividends declared and paid by RBI on RBI common shares and also made a distribution in respect of each Partnership exchangeable unit in the amount of $0.54 per exchangeable unit to holders of record on December 21, 2022.

On February 14, 2023, we announced that the RBI board of directors had declared a cash dividend of $0.55 per RBI common share for the first quarter of 2023. The dividend will be paid on April 5, 2023 to RBI common shareholders of record on March 22, 2023. Partnership will make a distribution to RBI as holder of Class A common units in the amount of the aggregate dividends declared and paid by RBI on RBI common shares. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of $0.55 per Partnership exchangeable unit, and the record date and payment date for such distribution will be the same as the record date and payment date for the cash dividend per RBI common share set forth above.

*****

GUARANTEE OF PERFORMANCE

For value received, **Restaurant Brands International Limited Partnership**, a limited partnership organized under the laws of Ontario (the "Guarantor"), located at 130 King Street West, Suite 300, Toronto, Ontario, M5X IK6, Canada, absolutely and unconditionally guarantees to assume the duties and obligations of **Tim Hortons USA Inc.**, located at 5707 Blue Lagoon Drive, Miami, Florida 33126 (the "Franchisor"), under its franchise registration in each state as identified in Item 21 of this Franchise Disclosure Document, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time with residents of, or for locations in, those states. This guarantee continues until all such obligations of the Franchisor under such franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to such franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Miami, Florida on the 10th day of March, 2023.

GUARANTOR:

RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP

By: Restaurant Brands International Inc.
Its: General Partner

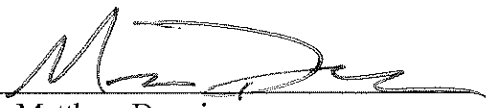
By: 
Name: Matthew Dunnigan
Title: Chief Financial Officer

EXHIBIT D

TIM HORTONS FRANCHISE AGREEMENT (USA)

KEY CONTRACT DATA

RESTAURANT #___

Effective Date of Franchise Agreement: _____, 20___

Franchisee: _____, a _____ [corporation][limited liability company]

Franchised Restaurant Number and Location of Franchised Restaurant (Section 1.02): ___

Other Key Terms:

Development Agreement (Section 1.01):	Applicable? ☐ Yes ☐ No If Yes, such agreement is that certain Development Agreement dated _____, between Franchisor and _____, as amended, restated, modified, or supplemented from time to time (the "Development Agreement")
Type of Franchised Restaurant: (select one)	☐ Standard Shop ☐ Drive-Thru Only (Single or Double) ☐ Institutional Kiosk ☐ Non-Institutional Kiosk
Form Type: (select one)	☐ New Tim Hortons shop ☐ Transfer ☐ Renovation ☐ Renewal/Extension
Opening Date (Section 1.04), if applicable:	● (the "Opening Date")

Renewal/Transfer Start Date (Section 2.01), if applicable:	● (the "Renewal/Transfer Start Date")
Term duration (Section 2.01):	● years, ● less a day, after the date on which the Franchised Restaurant is first opened for business to the public, subject to Section 2.03. **[or]** Approximately ● years, ● months, commencing on ● **[the date the premises re-opens for business to the public after completion of the renovation**], subject to Section 2.03. **[or]** ● years, ● months, commencing on ●, subject to Section 2.03.
Initial Franchise Fee (Section 4.01):	☐ $50,000 dollars (US) ☐ Remodel Incentive Program (see Remodel Addendum)
Royalty (Section 4.03): (select one)	☐ Four and one-half percent (4.5%) of weekly Gross Sales ☐ Six percent (6%) of weekly Gross Sales ☐ Remodel Incentive Program (see Remodel Addendum)
Advertising Contribution (Section 4.04):	Four percent (4%) of monthly Gross Sales
Managing Owner (Section 13.04):	_____
Managing Director (Section 13.01):	_____
Address for Notice (Section 17.02):	●
Early Renovation Date (Section 21.01)	● **[or]** Not applicable.

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LIST OF ATTACHMENTS

The items checked below are hereby incorporated into and are made a part of this Franchise Agreement:

- ☐ Tim Card Addendum & Participation Agreement
- ☐ Amendment to Franchise Agreement for Co-Branded Restaurant (Cold Stone)
- ☐ Amendment to Tim Card Addendum for Cold Stone Creamery Gift Cards
- ☐ California Amendment to Franchise Agreement
- ☐ Hawaii Amendment to Franchise Agreement
- ☐ Illinois Amendment to Franchise Agreement
- ☐ Indiana Amendment to Franchise Agreement
- ☐ Maryland Amendment to Franchise Agreement
- ☐ Minnesota Amendment to Franchise Agreement
- ☐ North Dakota Amendment to Franchise Agreement
- ☐ New York Amendment to Franchise Agreement
- ☐ Rhode Island Amendment to Franchise Agreement
- ☐ Washington Amendment to Franchise Agreement
- ☐ Wisconsin Amendment to Franchise Agreement

TIM HORTONS® Restaurant Franchise Agreement

THIS TIM HORTONS® RESTAURANT FRANCHISE AGREEMENT ("Agreement") is made as of the effective date set forth on the Key Contract Data page, by and between **TIM HORTONS USA INC.**, a Florida corporation, having its principal place of business at 5707 Blue Lagoon Drive, Miami, Florida 33126, U.S.A. ("Franchisor"), and the party identified as franchisee on the Key Contract Data page ("Franchisee").

RECITALS

WHEREAS the Franchisor possesses extensive experience and skill in the development, opening and operation of a variety of different types of Tim Hortons shops (each, a "Tim Hortons Shop" and collectively, the "Tim Hortons Shops") involving the production, merchandising and sale of: (i) hot and cold beverages, including without limitation, coffee, tea, hot chocolate, flavored cappuccinos, iced cappuccinos, iced coffees and smoothies; (ii) baked goods and snacks, including, without limitation, donuts, Tim Bits®, muffins, bagels, cookies, danishes, croissants, rolls and pastries; (iii) breakfast offerings including, without limitation, hot breakfast sandwiches and wraps, oatmeal and yogurt; (iv) hot meal offerings, including without limitation, soups, chili, stews and pasta dishes; (v) sandwiches, including without limitation, hot and cold sandwiches, paninis and wraps; and (vi) other products, utilizing a specially designed building with specified equipment, equipment layouts, interior and exterior accessories, identification schemes, employee uniforms, products, management programs, standards, specifications, procedures and the "TIM HORTONS TRADEMARKS", as defined below, all of which may be improved, further developed, or otherwise modified from time to time, by the Franchisor, and all of which are otherwise referred to in this Agreement as the "TIM HORTONS SYSTEM".

AND WHEREAS the Franchisor holds rights to the trademarks and/or trade names TIM HORTONS and TIMBITS, the trade dress (including color schemes, uniforms and appearance) of the Tim Hortons Shops and packaging, and certain other trademarks and trade names (and which may be designated in the Confidential Operating Manual, as hereinafter defined) together with related copyrights and industrial designs (collectively, the "TIM HORTONS TRADEMARKS"), all of which are utilized to identify Tim Hortons Shops' services operated pursuant to the "TIM HORTONS SYSTEM", and the food, beverage, and other products sold or used therein.

AND WHEREAS the Franchisor manages, oversees and controls the use of the "TIM HORTONS SYSTEM" in connection with the operation of franchised Tim Hortons Shops in the United States of America, in accordance with the terms and conditions of this Agreement, in order (i) to maintain the standards and specifications of the "TIM HORTONS SYSTEM", the "TIM HORTONS TRADEMARKS", the products and the Tim Hortons Shops; and (ii) to identify and represent to the public, by the association of the "TIM HORTONS TRADEMARKS", the source of the goods and services marketed thereunder, and the high and uniform standards of quality, cleanliness, appearance and service available at a "Tim Hortons Shop" operated in accordance with the "TIM HORTONS SYSTEM".

AND WHEREAS the Franchisee being cognizant of the distinctive and valuable significance to the public of all of the foregoing, desires to operate a Tim Hortons Shop of the type

listed on the Key Contract Data page in accordance with the "TIM HORTONS SYSTEM" and identify that shop and the products and service it provides, using the "TIM HORTONS TRADEMARKS".

AND WHEREAS the Franchisee understands and acknowledges the importance of the high and uniform standards of quality, cleanliness, appearance and service associated with Tim Hortons Shops, the value of the "TIM HORTONS SYSTEM" and the necessity of opening and operating the Franchisee's Tim Hortons Shop in conformity with the "TIM HORTONS SYSTEM".

AND WHEREAS if the Franchised Restaurant, as defined below, is a renewal/extension (as indicated on the Key Contract Data page), then the parties hereto entered into a previous Franchise Agreement for a Tim Hortons Shop located at the Premises.

AND WHEREAS if the Franchised Restaurant is a renovation (as indicated on the Key Contract Data page), then the Franchisee has renovated the Premises and renegotiated the terms of its existing Franchise Agreement with Franchisor, and the Franchisor, as a condition of renegotiation, has required the Franchisee to execute its current form of Franchise Agreement.

NOW THEREFORE in consideration of the mutual covenants herein contained and the monies paid hereunder by the Franchisee to the Franchisor, the parties agree as follows:

ARTICLE I
GRANT OF FRANCHISE

1.01 **Grant:** The Franchisor hereby grants to the Franchisee upon the terms and conditions herein contained, the right and license to operate one (1) Tim Hortons Shop of the type listed on the Key Contract Data page attached hereto and incorporated by reference herein and located at the Premises (the "Franchised Restaurant") and to use in connection therewith the "TIM HORTONS TRADEMARKS" and the "TIM HORTONS SYSTEM", including all confidential and valuable information which now exists or may be acquired hereafter and set forth in the Franchisor's Confidential Operating Manual (as hereinafter defined) or otherwise disclosed to Franchisor's franchisees.

1.02 **Location:** The Franchised Restaurant shall be located at the location listed on the Key Contract Data page (the "Premises").

The Franchisor does not grant an exclusive or protected area or territory to the Franchisee. The franchise granted herein is with respect to the Premises only. The Franchisor reserves the right to grant additional licenses for Tim Hortons restaurants at any location, regardless of the geographic proximity to or impact on the Premises.

Furthermore, the Franchisor reserves the right to own and/or operate such Tim Hortons Shops or other means of distribution in any location, regardless of geographic proximity to or impact on the Premises. The Franchisor reserves the right to distribute, offer for sale and/or to acquire, convert, develop and establish other license systems for the same or similar products or

services, utilizing the same, similar or different trademarks and to grant franchises and licenses thereto, either through Tim Hortons Shops or other channels (including without limiting the generality of the foregoing, delivery units, kiosks, grocery or convenience stores, express units, catering, home delivery, food trucks and other mobile means of product or service delivery, mail order, television, catalogue sales, internet websites or other means of electronic advertising and sales), without providing the Franchisee any rights therein.

The Franchisor further reserves the right to acquire or be acquired by (in whole or in part and regardless of the form of transaction), a business providing products and services similar to those provided by the Franchised Restaurant business, or by another business, even if such business operates, franchises and/or licenses a business involved in the offer or sale of products and services which are the same as or similar to and which may compete with the Franchised Restaurant business.

1.03 **Location Selection:**

(a) Upon the Franchisor's prior written approval, the Franchisee shall develop and construct the Franchised Restaurant at the Franchisee's expense and the Franchisee shall do the following:

(i) be responsible for selecting the site, subject to the Franchisor's written approval. The Franchisor may approve or disapprove proposed sites within Franchisor's sole discretion and may consider any factors, both objective and subjective, that in the Franchisor's sole judgment, it considers to be relevant to site selection for the Franchised Restaurant. The Franchisee acknowledges that the Franchisor is relying heavily on the Franchisee's knowledge of the local market in selecting the proposed site. The Franchisor's approval is given solely for the purpose of obtaining compliance with the TIM HORTONS SYSTEM.

(ii) secure all financing required to develop and operate the Franchised Restaurant;

(iii) conduct due diligence of the Premises (such as environmental site assessment and geotechnical investigation) and obtain all required building, utility, sign, health, sanitation, business, and other permits and licenses;

(iv) provide to the Franchisor construction plans and specifications before the Franchisee begins constructing on the Premises. The Franchisor must review and approve in writing: (i) all final plans and specifications before the Franchisee begins constructing the Franchised Restaurant, and (ii) all changes to the approved plans and specifications arising during construction, before any such changes are implemented in the construction;

(v) build the Franchised Restaurant at the Franchisee's expense, including all required improvements, according to the Franchisor's specifications and

layouts for the Franchised Restaurant, and the Franchisor will specify requirements for dimensions, design, image, interior layout, decor, equipment, and color scheme. The Franchisee shall use an architect designated by the Franchisor and an approved general contractor (which may include or be limited to the Franchisor and/or the Franchisor's affiliates) to design and construct the Franchised Restaurant. It is the Franchisee's responsibility to prepare construction plans and specifications to suit the Franchised Restaurant and to conform such plans and specifications to applicable federal, state, and local laws, codes, and regulations, including the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities, and all encumbrances recorded on title and lease requirements (if applicable);

(vi) diligently pursue construction of the Franchised Restaurant. The Franchisor may inspect the Premises while the Franchisee is developing the Franchised Restaurant;

(vii) purchase or lease, and install, all required fixtures, furniture, equipment (including a required or recommended computer and point-of-sale information system), furnishings, and signs for the Franchised Restaurant;

(viii) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services; and

(ix) purchase an opening inventory of authorized and approved products, materials, and supplies to operate the Franchised Restaurant.

(b) The Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Restaurant; and shall not engage in any activity which may jeopardize the Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises. If the Franchisee will lease or sublease the Premises from a party other than the Franchisor or its affiliate or if the Franchisee will own the Premises, then promptly following the Franchisor's written approval of the Franchisee's proposed Premises, the Franchisee agrees to obtain a lease or sublease for the Premises which must be accompanied by the Lease Rider included in Attachment B of this Agreement. The Franchisee agrees to deliver to the Franchisor a copy of any proposed lease or sublease for the Premises and any related documents at least ten (10) business days before the Franchisee executes the lease or sublease. Any lease or sublease will be subject to the Franchisor's advance written approval, which will not be unreasonably withheld or delayed, provided, however, that the Franchisor expressly reserves the right to disapprove any lease or sublease not accompanied by the Lease Rider included in Attachment B. The Franchisor has no liability to the Franchisee or to any third parties by virtue of its approval rights regarding the terms or

negotiation of a lease the Franchisee signs directly with a landlord. The Franchisee shall provide the Franchisor with a copy of the executed lease or sublease for the Premises within ten (10) days after it is fully executed. If the Franchisee elects to purchase the property upon which the Premises will be located, the Franchisee shall provide the Franchisor with a copy of the executed purchase agreement within ten (10) days after it is fully executed. If the Franchisee owns the property upon which the Premises is located or is leasing the Premises from an entity affiliated with the Franchisee, the Franchisee shall execute a Lease Option Agreement with the Franchisor (or an affiliate thereof).

(c) The Franchisee acknowledges and agrees that the involvement, if any, of the Franchisor in securing the Premises, the Franchisor's written approval of the Premises and/or Lease Package, and/or the Franchisor's execution of the Lease is an indication only that the Premises and Lease Package meet the Franchisor's criteria and does not constitute an assurance, representation, guarantee, inducement, promise or warranty of any kind, whether direct, indirect, collateral, express or implied, as to the suitability of the Premises or Lease Package for the Franchisee's success or for any other purpose. The Franchisee acknowledges and agrees that the Franchisor shall have no liability or responsibility whatsoever with respect to selecting or securing the Premises, whether or not the Franchisor provides any assistance to the Franchisee in connection with the selection or securing thereof. Regardless of any involvement the Franchisor has in selecting or securing the Premises, the Franchisee shall indemnify and hold the Franchisor and TH and their respective officers, employees, agents, directors, shareholders, and controlling persons harmless against any and all claims, demands, damages and liabilities of any nature whatsoever arising directly or indirectly from, as a result of, incidental to or in respect of selecting or securing the Premises, as well as the costs, including legal fees of defending against them.

1.04 **Franchised Restaurant Opening Date:** The Franchisee shall not open for business without the Franchisor's prior written approval, which approval may be conditioned upon the Franchisee's strict compliance with the Franchisor's specifications for the Premises, and the completion of any required pre-opening training. The Franchisee shall open for business on or about the Opening Date (as defined on the Key Contract Data page), and shall provide written notice to Franchisor of such opening, which such notice shall include, but not be limited to, confirmation of sales at the Franchised Restaurant and confirmation of the Opening Date. Upon request from the Franchisor, Franchisee shall execute a memorandum at the time that the Franchised Restaurant opens to memorialize an Opening Date. Time is of the essence in connection with the opening of business. If the Franchisee or Franchisee's affiliated entity owns or leases the property on which the Premises is located, the Franchisor may terminate this Agreement at the Franchisor's option in writing if the Franchised Restaurant does not open for business within six (6) months of the Opening Date.

1.05 **Definition of Franchisor and Affiliated, Associated, and Related Parties:** The Franchisor shall, throughout this Agreement, include entities formed as a result of a merger, amalgamation or reorganization of the Franchisor with another entity or entities. "TH" shall,

throughout this Agreement, mean any other person affiliated, associated or related to the Franchisor.

As used in this Agreement, (i) the term "**principal**" of a Franchisee shall mean a shareholder of a corporate franchisee, a general partner of a partnership franchisee, and/or a member of a limited liability company; (ii) an **"affiliate"** of the Franchisor shall mean an entity which controls, is controlled by, or is under common control with, the Franchisor; and (iii) an **"affiliate"** of the Franchisee shall mean an entity which controls, is controlled by, or is under common control with, the Franchisee.

All references in this Agreement to a "related" person, where used to indicate a relationship with any person means, (i) any spouse, son or daughter of that person, (ii) any relative of that person or that person's spouse, other than a relative referred to in clause (i) who has the same home as that person, or (iii) any entity of which that person and any of the persons referred to in clause (i) or (ii), or the partner or employer of that person, or any combination beneficially owning, directly or indirectly, voting securities carrying more than fifty percent (50%) of the voting rights attached to all voting securities of the entity for the time being outstanding.

1.06 **Franchisee Suggestions:** If the Franchisee makes any suggestions or recommendations which are ultimately adopted by the Franchisor, then such suggestions and/or recommendations shall form part of the "TIM HORTONS SYSTEM" and shall be owned exclusively by the Franchisor, without compensation to the Franchisee. The Franchisee shall have the right to use or continue to use any such suggestions or recommendations which become part of the "TIM HORTONS SYSTEM" pursuant to Section 1.01.

ARTICLE II
DURATION

2.01 **Term:** Except as otherwise provided in this Agreement, the term of this Agreement shall commence

(a) on the date the Premises first opens for business to the public if the Franchised Restaurant is a new Tim Hortons restaurant (as indicated on the Key Contract Data page);

(b) on the date the Premises reopens for business after the completion of the renovation if the Franchised Restaurant is a renovation (as indicated on the Key Contract Data page); or

(c) on the Renewal/Transfer Start Date (as indicated on the Key Contract Data page) if the Franchised Restaurant is a renewal or transfer (as indicated on the Key Contract Data page),

and end upon the expiration of the term stated on the Key Contract Data page, unless terminated sooner in accordance with the provisions of this Agreement. The parties hereby agree that the Franchisor shall be permitted to deliver confirmation in writing of the date on which the Franchised

Restaurant is first opened for business to the public which shall be confirmation of such opening date for the purposes of this Agreement.

2.02 **No Right of Renewal:** The Franchisee accepts this franchise with the full and complete understanding that the franchise grant contains no rights of renewal. The sole and entire conditions under which the Franchisee may have the opportunity of obtaining a successor Tim Hortons franchise are at the sole discretion of the Franchisor. The Franchisee acknowledges and confirms that no representations, warranties, promises, commitments or agreements, whether expressed or implied or collateral, have been made by the Franchisor to the Franchisee with regard to the grant of any successor franchise, or any right to renew this franchise.

2.03 **Sublease from the Franchisor:** If the Franchisee subleases the Premises from the Franchisor or TH, in no case shall the term of this Agreement exceed the term of the prime lease, less a day, and should the prime lease terminate or expire at any time prior to the expiration date of the sublease, for any reason whatsoever, this Agreement shall terminate or expire on the same date unless this Agreement is terminated sooner.

2.04 **Operation Following Expiration:** If the Franchisee continues to operate the Franchised Restaurant at the Premises after the end of the term without express written authorization from Franchisor to do so, Franchisee shall be deemed to be operating such Franchised Restaurant on a month-to-month basis under the terms and conditions of this Agreement and the Franchisor may terminate such month-to-month agreement at any time.

ARTICLE III
DUTIES OF THE FRANCHISOR

3.01 **Initial and Continuing Services Furnished by the Franchisor:** The Franchisee acknowledges and agrees that any duty or obligation imposed on the Franchisor by this Agreement may be performed by any designee, employee, or agent of the Franchisor, as the Franchisor may direct. The Franchisor shall provide the following services to the Franchisee:

(a) for a new Tim Hortons Shop (as indicated on the Key Contract Data page) where the Premises is constructed, equipped and furnished by the Franchisee:

(i) provide the Franchisee with a copy of the confidential standard plans and specifications for a Tim Hortons Shop;

(ii) provide the Franchisee with approved supplier and service provider lists in connection with the construction of the Premises; and

(iii) provide ongoing advice as the Franchisor may deem advisable, if any, with respect to the construction of such Tim Hortons Shop in accordance with such plans and specifications as it progresses,

provided that any approval by the Franchisor shall not be deemed a warranty or guarantee of success and provided that the Franchisee shall pay to the Franchisor a reasonable fee, determined by the Franchisor, for such advice and oversight;

(b) for a new Tim Hortons Shop (as indicated on the Key Contract Data page) where, at the option, but not the obligation, of the Franchisor, the Premises is constructed, equipped and furnished by the Franchisor:

(i) construct, equip and furnish the Franchised Restaurant; and

(ii) arrange for the installation and layout of the fixtures, furnishings, signs and equipment in accordance with the Franchisor's plans, specifications, standards and development schedule,

provided that the Franchisee shall be solely responsible and accountable for all costs associated therewith, including the costs described in clauses (i) and (ii) above;

(c) administer the special advertising, marketing and sales promotion fund set out in Section 4.04 and direct the development of all advertising and promotional programs;

(d) provide to the Franchisee, prior to the opening of the Franchised Restaurant, an initial training program with respect to the operation of the "TIM HORTONS SYSTEM" subject to the terms set forth in Section 5.03;

(e) provide an operations team which shall attend at the Premises, in accordance with the Franchisor's policy, to provide on-site pre-opening and opening assistance to the Franchisee, only if the Franchised Restaurant is a standard shop (as indicated on the Key Contract Data page) and the Franchised Restaurant is the Franchisee's first Tim Hortons restaurant and if deemed advisable by the Franchisor, in its sole discretion. Such team shall commence assistance on such date as the Franchisor, in its discretion, shall deem necessary in order to properly open the Franchised Restaurant and assist in training the personnel employed therein by the Franchisee. The Franchisor shall not be obligated to provide any pre-opening and opening assistance if the Franchisee or any affiliate of the Franchisee currently operates a Franchised Restaurant;

(f) at the request of the Franchisee, provide to the Franchisee a store opening team which shall attend at the Premises in accordance with the Franchisor's then current policy provided that the resources necessary to accommodate such request are available in the Franchisor's business judgment, only if the Franchised Restaurant is an institutional kiosk, non-institutional kiosk, or drive thru only (as indicated on the Key Contract Data page) and the Franchised Restaurant is the Franchisee's first Tim Hortons restaurant and if deemed advisable by the Franchisor. The Franchisee shall be responsible for the cost of such store opening team, in an amount to be

determined in accordance with the Franchisor's then current practices, and such amount shall be paid to the Franchisor on or before the day prior to the scheduled opening of the Franchised Restaurant. For clarity, the store opening team costs are in addition to the costs as set out in Article IV below;

(g) provide to the Franchisee a store opening team which shall attend at the Premises in accordance with the Franchisor's then current policy provided that the resources necessary to accommodate such request are available in the Franchisor's business judgment, only if the Franchised Restaurant is an institutional kiosk, non-institutional kiosk, or single or double drive thru (as indicated on the Key Contract Data page) and the Franchised Restaurant is a renovation or renewal/extension (as indicated on the Key Contract Data page) and if deemed advisable by the Franchisor, in its sole discretion. The Franchisee shall be responsible for the cost of such store opening team, in an amount to be determined in accordance with the Franchisor's then current practices, and such amount shall be paid to the Franchisor on or before the day prior to the scheduled opening of the Franchised Restaurant. For clarity, the store opening team costs are in addition to the costs as set out in Article IV below;

(h) loan to the Franchisee, or provide access to, a Confidential Operating Manual (as hereinafter defined) which contains the then current standards, specifications, procedures and techniques of the "TIM HORTONS SYSTEM" and to revise, from time to time, the content of the Confidential Operating Manual and other materials to incorporate new developments regarding standards, specifications, procedures and techniques as determined in the sole discretion of the Franchisor; and

(i) advise the Franchisee of any new products or services developed for use by franchisees generally in the "TIM HORTONS SYSTEM".

ARTICLE IV
PAYMENTS

4.01 **Initial Franchise Fee:** Within ten (10) business days of the Franchisee's execution of this Agreement, the Franchisee shall pay to the Franchisor an Initial Franchise Fee in the amount of the "Initial Franchise Fee" stated on the Key Contract Data page (the "Initial Franchise Fee") (or any remaining balance owing, in the event a deposit on the Initial Franchise Fee had been previously paid). Such fee is non-recurring during the term of this Agreement. Said Initial Franchise Fee shall be fully earned by the Franchisor upon execution of this Agreement and shall be non-refundable in whole or in part.

4.02 **Working Capital:** Within fifteen (15) days of execution of this Agreement, the Franchisee shall provide the Franchisor with written evidence, in form acceptable to the Franchisor, of:

(a) a binding eighteen (18) month financing commitment from the Franchisee's lender that is, in the Franchisor's discretion, consistent, when added to the equity capital

that the Franchisee has committed, with the minimum amount of capital required to carry out all of the Franchisee's obligations under this Agreement, including, without limitation, in respect of constructing, equipping and furnishing the Premises; and

(b) available working capital in the amount of twenty-five thousand dollars ($25,000).

If the Franchisee fails to provide written evidence of such binding financial commitment or available working capital in accordance with the terms and conditions of this Agreement and/or within the time periods prescribed herein, then Franchisor may terminate this Agreement effective immediately and with no opportunity to cure and without any obligation to refund any of the fees or other payments made to Franchisor prior to such termination.

Until the Franchisee has fully complied with all of its obligations in respect of constructing, equipping and furnishing the Premises, the Franchisee shall not (i) pay any dividend or other distribution with respect to its equity interests; (ii) make any payment on account of the purchase, retirement or redemption of any of its equity interests; or (iii) make any payment or distribution on account of the purchase, redemption, retirement, acquisition, cancellation, modification or termination of the loan facility or any debt (each is a "Restricted Payment") except to pay commercially reasonable dividends to its shareholders and a refinancing transaction in the ordinary course of business provided, in either such event, the Franchisee's financial requirements are met on a pro forma basis after giving effect to the Restricted Payment.

4.03 **Royalty:** The Franchisee shall pay to the Franchisor a continuing non-refundable royalty fee (in the percentage amount set forth on the Key Contract Data page) on the weekly Gross Sales ("Royalty") each week during the term of this Agreement. For the purposes of this Agreement, a week shall commence at 2:00 p.m. each Sunday and end at 1:59 p.m. on the following Sunday. The Franchisee shall submit, by Tuesday of each week for the previous week, a weekly Gross Sales report on forms designated by the Franchisor, and shall submit by Thursday of each week the Royalty payment owing on such Gross Sales. The Franchisor shall have the right, in its sole and absolute discretion, to change the days on which reports and payments are due.

4.04 **Advertising Contribution and Marketing Expenditure:** The Franchisee shall pay an advertising contribution (in the percentage amount set forth on the Key Contract Data page) on the monthly Gross Sales made in, on, from or about the Premises (the "Advertising Contribution") to a system advertising fund, The Tim's National Advertising Program, Inc. (the "Advertising Fund"), which shall operate subject to the provision of Article VIII. Together with such Advertising Contribution, at the Franchisor's option, the Franchisee shall simultaneously submit a written report setting out the Gross Sales for the past month in the reporting form prescribed by the Franchisor from time to time or the Franchisor shall retrieve the Gross Sales from the Information Systems. The Advertising Contribution and monthly sales report shall be delivered to the Franchisor within 10 days of the last day of each month during the term of this Agreement. The Advertising Contribution shall be disbursed in the discretion of the Franchisor. The content of all advertising, as well as the media in which the advertising is to be placed, shall be at the discretion of the Franchisor. The Advertising Contribution shall be recurring and non-refundable.

The time for payment of the Advertising Contribution and the reporting of monthly sales shall be subject to the provisions of Section 4.08.

4.05 **Taxes:** Franchisee will be responsible for complying with any Indirect Tax obligation in respect of any payment made by Franchisee pursuant to this Agreement and any and all other Tax liabilities except that Indirect Taxes arising out of this Agreement will be the responsibility of the party owing such Taxes. Notwithstanding the foregoing or anything else herein, the amount of all fees payable pursuant to this Agreement by the Franchisee do not include Indirect Tax and, in the event Indirect Tax applies under either existing law or a future change in statute or interpretation that results in Indirect Tax on the fees payable pursuant to this Agreement, Franchisee will be responsible for such Indirect Tax either (i) through payment of the Indirect Tax to Franchisor or (ii) if Franchisee is required by law to deduct and pay the applicable Indirect Tax to the relevant Tax Authority, Franchisee will gross up the fees by the applicable Indirect Tax and remit payment of the applicable Indirect Tax amount to the relevant Tax Authority, without any deduction from fees payable under this Agreement. If there is an exemption in the territory of the Franchised Restaurant for the application of Indirect Taxes to any payments made by Franchisee to Franchisor or its designee, Franchisee will cooperate in good faith with Franchisor and take all reasonable steps necessary to ensure that Franchisor or its designee will be eligible for such exemption, including by applying for the exemption with the applicable Tax Authority. “Tax" or "Taxes" means all taxes, however denominated, including any interest, penalties, or other additions that may become payable in respect thereof, imposed by any Taxing Authority. “Indirect Tax" or “Indirect Taxes” means sales and use tax, goods and services tax, value added tax, ad valorem tax, excise tax, duty, levy or other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing (together with any penalties, interest, or other similar amounts thereon) levied by a Tax Authority. "Tax Authority" means any governmental authority having or purporting to have power to impose, administer or collect any Tax. Despite any other section or clause in this Agreement, the amount payable by the Franchisee under this section shall be deemed not to be a Royalty or Advertising Contribution, but the Franchisor shall have all of the same remedies for and rights of recovery of such amount as it has for recovery of monies owing under this Agreement

4.06 **“Gross Sales” Defined:**

(a) If the Franchised Restaurant is a standard shop or single or double drive-thru (as indicated on the Key Contract Data page), then the term “Gross Sales” as used in this Agreement shall mean the total amount of all sales of all merchandise and services of every kind and character, and all other receipts of business and both for cash and on credit or any other consideration including all orders taken and merchandise or services sold on or from the Franchised Restaurant or Premises and filled or delivered from any other store or place or any merchandise or services produced within the Premises and sold on or from any other store or place, and all proceeds received from any business interruption insurance with respect to the Franchisee’s business, but does not include:

(i) an exchange of merchandise between stores of the Franchisee where the exchange is made solely for the convenient operation of the Franchisee’s

business and is not the completion of a sale on or from the Franchised Restaurant or Premises;

(ii) returns to shippers or manufacturers or suppliers; and

(iii) sums collected from customers for and paid to a taxing authority by the Franchisee for retail sales, goods and services, harmonized, excise or similar tax imposed by a governmental authority;

but there may be deducted in the computation of Gross Sales:

(i) cash or credit refunds to customers for goods returned, but only if the selling price of the goods returned is included in the computation of Gross Sales; and

(ii) the selling price of goods returned by customers for exchange, but only if the selling price of the goods returned and the selling price of the goods delivered to the customers in exchange are included in the computation of Gross Sales.

(b) If the Franchised Restaurant is an institutional kiosk or non-institutional kiosk (as indicated on the Key Contract page), then the term "Gross Sales" as used in this Agreement shall mean the total amount of all sales of all merchandise and services of every kind and character, and all other receipts of business and both for cash and on credit or any other consideration including all orders taken and merchandise or services sold on or from the Franchised Restaurant or Premises and filled or delivered from the Franchised Restaurant, and all proceeds received from any business interruption insurance with respect to the Franchisee's business, but does not include:

(i) an exchange of merchandise between stores of the Franchisee where the exchange is made solely for the convenient operation of the Franchisee's business and is not the completion of a sale on or from the Franchised Restaurant or Premises;

(ii) returns to shippers or manufacturers or suppliers; and

(iii) sums collected from customers for and paid to a taxing authority by the Franchisee for retail sales, goods and services, harmonized, excise or similar tax imposed by a governmental authority;

but there may be deducted in the computation of Gross Sales:

(i) cash or credit refunds to customers for goods returned, but only if the selling price of the goods returned is included in the computation of Gross Sales; and

(ii) the selling price of goods returned by customers for exchange, but only if the selling price of the goods returned and the selling price of the goods delivered to the customers in exchange are included in the computation of Gross Sales.

4.07 **Late Charges:** If any payment of monies due under the terms of this Agreement is not made on its respective due date as provided for in this Agreement, then, in addition to any rights the Franchisor may have under this Agreement, the Franchisee agrees to pay interest on such outstanding payment at the maximum rate allowed by Florida law or, if no maximum rate relating to this transaction is in effect in the State of Florida, 18% per annum, from the date the payment was due until paid.

4.08 **Electronic Transfer Payment Program:** So long as the Franchisor maintains an Electronic Transfer Payment Program (hereinafter referred to as "ETPP") for the payment of any monies and/or the reporting of sales under this Agreement due from the Franchisee to the Franchisor, by way of electronic transfer, the Franchisee covenants to abide by all directives from the Franchisor as issued from time to time with respect to such ETPP including the abridgement of time for payment of all monies due under the terms of this Agreement from the Franchisee to the Franchisor and the reporting of all sales as required under the terms of this Agreement. The time for payment of any monies or the reporting of sales under the terms of this Agreement (whether or not the Franchisee is then under ETPP) may be abridged in the discretion of the Franchisor and the Franchisee hereby agrees to be bound by such abridged time. The Franchisee covenants and agrees to cooperate fully and comply with any system implemented by the Franchisor for the electronic or other transfer of funds directly from the bank account of the Franchisee to the bank account of the Franchisor, including the execution of any pre-authorized payment forms required by the Franchisee's bankers.

4.09 **Facility Maintenance Program:** If the Franchised Restaurant is a standard shop or single or double drive-thru (as indicated on the Key Contract Data page), then the Franchisee shall, at the Franchisor's option, participate in the Franchisor's Facility Maintenance Program (as provided in this Section 4.09) and enter into such services contracts with service providers designated by the Franchisor from time to time to facilitate the services to be provided under the Franchisor's Facility Maintenance Program. The Franchisee shall be responsible for all costs associated with Franchisor's Facility Maintenance Program. The Franchisor's "Facility Maintenance Program" refers to a number of otherwise separate initiatives as set out in the Confidential Operating Manual which in the aggregate are aimed at addressing the ongoing evaluation and maintenance of the interior and exterior of the Franchised Restaurant and Premises, including, without limitation, energy efficiency and use, HVAC, equipment, leasehold improvements, building envelope and parking lot. Subject to the prior written consent of the Franchisor, the Franchisee may implement its own facility maintenance program, provided such program meets the Franchisor's standards as set from time to time. If the Franchisee has advised the Franchisor of its intention to implement its own facility maintenance program and such program has been approved in writing by the Franchisor, then the Franchisor shall be entitled to conduct periodic audits in order to ensure that such program meets the Franchisor's standards as set from time to time. If the Franchisor determines that the Franchisee's program does not meet the Franchisor's standards then the Franchisor shall notify the Franchisee in writing of the

deficiencies, and the Franchisee shall, within sixty (60) days of said notification, correct any deficiencies in its facility maintenance program as indicated by the Franchisor, or, at the option of the Franchisor, cease Franchisee's program and commence using Franchisor's Facility Maintenance Program.

ARTICLE V
DUTIES OF THE FRANCHISEE

The Franchisee understands and acknowledges that every detail of the "TIM HORTONS SYSTEM" is important to the Franchisor, to the Franchisee, and to other Tim Hortons franchisees in order to develop and maintain high and uniform standards of quality, cleanliness, appearance, service, facilities, and techniques to increase the demand for Tim Hortons products and to protect and enhance the reputation and goodwill of the Franchisor. The Franchisee accordingly covenants as follows:

5.01 **TIM HORTONS SYSTEM:** The Franchisee shall operate the Franchised Restaurant in strict conformity with such standards, methods, and specifications as Franchisor may from time to time prescribe in the Confidential Operating Manual or otherwise in writing. The Franchisee shall not (a) deviate from such standards, methods, and specifications without Franchisor's prior written consent or (b) otherwise operate in any manner which reflects adversely on the TIM HORTONS TRADEMARKS or the TIM HORTONS SYSTEM.

5.02 **Development of Premises:**

(a) The Franchisee shall, at its sole expense, and to the Franchisor's satisfaction, purchase and install, at its expense, all fixtures, furnishings, equipment, decor, signs, and other items as the Franchisor may reasonably direct from time to time in the Confidential Operating Manual or otherwise in writing; and shall not install or permit to be installed on or about the Premises, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting the Franchisor's standards and specifications. All such items purchased or leased by the Franchisee must be new. If the Franchisee leases or subleases the Premises from the Franchisor or an affiliate of the Franchisor, then notwithstanding the Franchisee's purchase and/or installation of fixtures, furnishings, equipment, and other items, if such fixtures, furnishings, equipment, and other items are listed on a schedule provided to the Franchisee by the Franchisor as an integral asset to the Premises ("**Integral Assets**"), the Integral Assets are deemed to be permanent fixtures that remain the property of the Franchisor or its affiliate.

(b) If the Franchisee or its affiliate is approved to lease or own and will construct its own Premises and the Franchisor incurs costs related to the development of design drawings or through the Franchisor's development assistance, by, for example, engaging the Franchisor to assist with permitting requirements or to construct part or all of the Premises, the Franchisee shall pay for such amounts invoiced by the Franchisor prior to ordering of equipment for the Franchised Restaurant. Amounts

invoiced for design drawings and development assistance are due whether or not the Franchised Restaurant is ultimately opened and are non-refundable.

(c) Regardless of whether the Premises are constructed, equipped and furnished by the Franchisee or the Franchisor, the Franchisee shall be solely responsible for: (i) all development costs, as and when incurred, including where such developments costs may exceed the budgeted amount of such development costs; (ii) the costs of all equipment, furniture, fixtures and signage, in accordance with Section 5.07; and (iii) the costs and premiums associated with insurance coverage required to be maintained by the Franchisee pursuant to this Agreement, including the costs of any insurance deductibles. The Franchisee must reimburse the Franchisor for all costs and expenses, if any, incurred by the Franchisor in connection with such construction, equipping and furnishing, as and when invoiced by the Franchisor, which costs and expenses may include real estate brokerage expenses that the Franchisor incurred, or reasonably expects to incur, in selecting and/or securing the Premises. In addition, within one year of the opening of the Franchised Restaurant, the Franchisor shall prepare a reconciliation of all costs and expenses incurred by the Franchisor in connection with the construction, equipping and furnishing of such Franchised Restaurant; and the Franchisee agrees to reimburse the Franchisor for all such costs and expenses, as and when invoiced by the Franchisor following the opening of the Franchised Restaurant. The Franchisee acknowledges that the Franchisor and/or TH may make a profit or may receive an allowance, commission, rebate, advantage or other benefit related to the development of the Premises. The Franchisee agrees that such profit, allowance, commission, rebate, advantage or other benefit shall be the sole and absolute property of the Franchisor and/or TH without any obligation to account for or share same with the Franchisee and the Franchisee shall have no claim related thereto in law or in equity. The Franchisor shall have the unrestricted ability to place any and all orders required for the development of the Premises, notwithstanding that the Franchisee shall be responsible for all development costs and that supplier contracts may be in the name of the Franchisee.

5.03 **Training:** This Section 5.03 shall only apply if the Franchisee or its principals does not currently operate another Tim Hortons restaurant. The Franchisor shall furnish to a maximum of two (2) of the Franchisee's employees an initial training program in the operation of a Tim Hortons Shop (one of whom shall be the Managing Director). The training program shall be of such duration as the Franchisor may deem necessary, and shall be held at the Franchisor's principal offices or such other location as designated by the Franchisor. The Franchisor may revise the contents and format or any other aspect of the training program at any time and from time to time. The trainees shall be required to attend and successfully complete the training program to the satisfaction of the Franchisor. If there are any additional trainees, the Franchisor shall be permitted to charge the Franchisee its then current fee for any additional trainees. If the trainees are unable to successfully complete said training program, this Agreement shall forthwith be terminated, on notice by the Franchisor, and thereafter the Franchisor shall not have any liability or obligation to the Franchisee of any nature or kind including, without limitation,

liability for the Initial Franchise Fee paid to the Franchisor or incidental or consequential damages or damages for loss of opportunity or loss of profits. The Franchisee shall be responsible for any trainee wages, travel and living expenses which it incurs in connection with the training and shall pay Franchisor's then-current training fee.

5.04 **Hiring and Training of Employees by the Franchisee:** The Franchisee is, and shall continue to operate, an independent business and have sole authority and control over its employees. All persons employed in and about or in connection with the Franchised Restaurant shall be, and hereby are, recognized to be employees of the Franchisee. The Franchisee shall deliver to each of its employees a notice stating that the Franchisee but not the Franchisor is such employee's employer. The Franchisee shall be solely responsible for all aspects of the employment relationship with its employees, including without limitation, all training and all decisions relating to the hiring, dismissal, promotion, demotion, transfer and lay-off of such employees, and the terms and conditions of such employment, including without limitation, compensation, scheduling employee work hours and assignment of work. The Franchisee shall be solely responsible for all employment-related obligations to its employees, including without limitation, in respect of wages, salaries, benefits, notice of termination, pay in lieu of notice, severance pay, and any other obligation under contract, statute, common law or otherwise. The Franchisee shall exercise reasonable due diligence when selecting, interviewing and engaging or hiring its agents, employees and independent contractors. The Franchisor will not have any duty or obligation to operate the Franchised Restaurant, to direct or supervise the Franchisee's employees or to oversee the Franchisee's employment policies or practices. The Franchisor also will have no involvement in any employee administrative functions of the Franchised Restaurant, such as handling payroll, providing workers' compensation insurance, providing necessary facilities and safety equipment, or providing tools or materials required for the work, all of which shall be the responsibility of the Franchisee.

All employees of the Franchisee shall at all times present a neat and clean appearance to the public and shall wear uniforms, including footwear and hair covering, of the color and design specified by the Franchisor from time to time. The Franchisee shall at all times maintain a sufficient number of trained employees to service the Franchisee's customers in a manner consistent with the Franchisor's then current standards, including, without limitation, standards relating to speed of service. The Franchisee shall be solely responsible for all liabilities arising in respect of its agents, employees and independent contractors and shall take all reasonable steps to ensure that its agents, employees and independent contractors do not make any representations or engage in any acts that could establish an apparent relationship of agency, joint-venture, partnership or employment with the Franchisor, which relationships the Franchisee and the Franchisor agree do not exist. For greater certainty, the Franchisor shall not be bound by any agreement, contract, representation or warranty made by any agent, employee or independent contractor retained or hired by the Franchisee.

The Franchisee shall indemnify and hold harmless the Franchisor in respect of any claims by any of its agents, employees or independent contractors that the Franchisor is their employer or otherwise liable for any amounts or benefits owing or potentially owing to them in connection with providing services to the License, whether under contract, statute, common or civil law or otherwise. The Franchisee shall comply with all applicable federal, state and municipal laws and

regulations affecting, concerning or regulating the employer/employee relationship between the Franchisee and its employees, if any, including but not limited to requirements under applicable tax laws, employment or labor standards laws, and, if applicable, employer health tax laws. The Franchisee shall be solely responsible for remitting in a timely manner to those governmental authorities as may be prescribed by law all applicable federal and state taxes (including payroll taxes) and other amounts owing with respect to payments to its employees.

5.05 **Refresher Course:** The Franchisee (and the principals thereof) shall attend (and where applicable, successfully complete) such meetings, seminars, refresher or retraining programs, conventions or conferences as are from time to time required by the Franchisor to be held at such locations as the Franchisor may specify. The Franchisee shall be exclusively responsible for travel, accommodation, programming and other costs associated with or incurred during such programs.

5.06 **Use of Premises:** If the Franchised Restaurant is a standard shop or single or double drive-thru (as indicated on the Key Contract Data page), then the Franchisee shall use the Premises solely for the operation of a Tim Hortons Shop and, at the Franchisor's option, shall keep the Franchised Restaurant (which shall include without limitation all sales areas and dining areas) open for business and in normal operation for 24 hours per day, 7 days per week during the term of this Agreement, subject to local by-laws and regulations and to any applicable laws regulating hours of business, and shall not use or permit the use of the Premises for any other purpose or activity. If the Franchised Restaurant is an institutional kiosk or non-institutional kiosk (as indicated on the Key Contract page), then the Franchisee shall use its portion of the Premises solely for the operation of a Tim Hortons Shop and keep the Franchised Restaurant open for business and in normal operation during the normal hours of business for the Premises on which the Franchised Restaurant is located during the term of this Agreement, subject to local by-laws and regulations and to any applicable laws regulating hours of business, and shall not use or permit the use of the Premises for any other purpose or activity.

5.07 **Supply to Franchised Restaurant:** The Franchisee shall purchase items for the Franchised Restaurant as follows:

(a) The Franchisee agrees that all products, building components, décor, supplies, paper goods, including containers, cartons, bags, packaging and napkins, smallwares and other utensils, services, ingredients, insurance, and other items installed in, used or sold by the Franchised Restaurant, as well as furniture, fixtures, equipment, machinery and signs (collectively, the "Items"):

(i) shall be purchased from manufacturers, suppliers, distributors or other parties approved by the Franchisor from time to time, which may include the Franchisor or TH (hereinafter any of which shall be referred to as the "Approved Supplier"), and the Franchisee acknowledges that there may only be one Approved Supplier of various Items, which may be the Franchisor, TH or a third party; and

(ii) shall comply with the specifications provided by the Franchisor from time to time.

(b) The Franchisee shall perform an inventory of all Items delivered within three days of the delivery date; provided, however, that any smallwares must be inventoried at least one week prior to opening of the Franchised Restaurant.

(c) Without limiting the foregoing, the Franchisee specifically agrees that the Franchisor may require that any and all Items, including ingredients and commodities which may form any part of the Items or the whole product of any food or beverage made, sold or consumed on the Premises or from the Franchised Restaurant and, without limiting the generality of the foregoing, including donuts, flour, toppings, fillings, frostings, flavorings, coffee, tea, chocolate, dairy products, vegetable oil, and soft drinks, be purchased solely from the Franchisor, TH or a third party.

Payment for all of the Items that are purchased from the Franchisor or TH shall be made to the Franchisor or TH on delivery as specified by the Franchisor or TH, from time to time in the Franchisor's or TH's discretion for the duration of this Agreement. It is hereby acknowledged by the Franchisee, that in purchasing such Items, the Franchisor or TH may make a profit or may receive an allowance, commission, rebate, advantage or other benefit on the price of Items sold to the Franchisee. The Franchisee agrees that such profits, allowances, commissions, rebates, advantages or other benefits shall be the sole and absolute property of the Franchisor or TH without any obligation to account for or share same to or with the Franchisee and the Franchisee shall have no claim to them in law or in equity.

(d) All orders for Items purchased from the Franchisor or TH shall be submitted to the Franchisor or TH in sufficient time as prescribed by the Franchisor or TH to enable the Franchisor or TH to fill the order. The Franchisor or TH shall not be liable for any delay in deliveries of any Items caused by fire, strikes, disputes by workers, delay in transportation, or any cause beyond the reasonable control of the Franchisor or TH. During such delay, however, the Franchisee may procure such Items for its current needs in accordance with subparagraph (e) below.

(e) In the event that the Franchisee is required to procure Items as set out in subsection (c) above for its current needs as a result of a delay set out in subsection (d) above, it agrees that it may do so only after notifying the Franchisor and only so long as such delay remains in effect, and further, that in order to ensure a uniform standard of quality in all of the Franchisor's Tim Hortons restaurants, it will purchase such Items from manufacturers or suppliers who will supply such goods in compliance with the Franchisor's standards and specifications and, from manufacturers or suppliers approved by the Franchisor provided that such approval shall not be withheld unreasonably.

(f) All menu items, including without limitation, promotional, premium, test or pilot products which the Franchisor may deem appropriate to take full advantage of the potential market and achieve standardization in the TIM HORTONS SYSTEM will be served, and no items which are not set forth in the Confidential Operating Manual or otherwise authorized and approved by the Franchisor will be served. The Franchisee shall adhere to all specifications contained in the Confidential Operating Manual or as otherwise prescribed by the Franchisor as to ingredients, methods of preparation and service, weight and dimensions of products served, and standards of cleanliness, health and sanitation. All food, drink and other items will be served and sold in packaging that meets the Franchisor's specifications. Only Items purchased from sources approved by the Franchisor that meet the criteria and performance standards of the TIM HORTONS SYSTEM shall be used in the Franchised Restaurant.

(g) Equipment shall be maintained in a condition that meets operational standards specified in the Confidential Operating Manual and, as equipment becomes obsolete or inoperable, the Franchisee will replace the equipment with the types and kinds of equipment as are then approved for use in Tim Hortons restaurants. If the Franchisor determines that additional or replacement equipment is needed because of a change in menu items or method of preparation and service or because of health or safety considerations, the Franchisee will install the additional equipment or replacement equipment within the reasonable time specified by the Franchisor. Prior to mandating the use of a new or additional piece of equipment, the Franchisor shall use reasonable efforts to field test the proposed new equipment.

(h) If the Franchisee desires to purchase Items for which the Franchisor has not approved only a single supplier from other than an Approved Supplier, the Franchisee shall submit (or request its proposed supplier to submit) to the Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with the Franchisor's specifications, approval policies and pre-requisites as the Franchisor may reasonably require. The Franchisor shall have the right to inspect and evaluate the supplier's facilities and products to be supplied, and the Franchisee shall pay, in advance, all of the Franchisor's estimated reasonable expenses incurred in so doing, with a final payment adjustment made after completion of the inspection and evaluation. The Franchisor may from time to time re-inspect and re-evaluate the facilities of any approved supplier and revoke its general approval of particular suppliers if and when the Franchisor determines, in its sole discretion, that such suppliers no longer meet the Franchisor's then-current standards and criteria for approving new suppliers. Upon receipt of written notice of such revocation, the Franchisee immediately shall cease to purchase from any disapproved supplier.

5.08 **Physical Condition of the Premises:**

(a) If the Franchised Restaurant is a standard shop or single or double drive-thru (as indicated on the Key Contract Data page), then the Franchisee shall, at all times

during the term of this Agreement, at its sole cost, keep and maintain in good order, first-class condition and repair, as determined by the Franchisor in conformity with the Franchisor's high standards and public image, and shall make all needed repairs and replacements with due diligence and dispatch to:

(i) the whole of the Premises (including, without limitation, entrances, parking lot and the Franchised Restaurant building);

(ii) all signs (both interior and exterior), partitions, doors and fixtures located in or upon the Premises;

(iii) all equipment in and appurtenances of the Premises and improvements to the Premises (including, without limitation, lighting, wiring, plumbing fixtures and equipment, and the heating, ventilation and air-conditioning equipment and distribution systems); and

(iv) in addition to the maintenance required under subsection (i), (ii) and (iii), the Franchisee agrees to refurbish the Premises upon the Franchisor's request, but not more often than once every five (5) years, to conform to the trade dress, color schemes and presentation of the "TIM HORTONS SYSTEM", including the "TIM HORTONS TRADEMARKS", consistent with the then current public image of the "TIM HORTONS SYSTEM", including without limitation, such remodelling, replacement of equipment, redecoration and modifications to existing improvements as may be necessary to do so.

(b) If the Franchised Restaurant is an institutional kiosk or non-institutional kiosk (as indicated on the Key Contract page), then the Franchisee shall, at all times during the term of this Agreement, at its sole cost, keep and maintain in good order, first-class condition and repair, as determined by the Franchisor in conformity with the Franchisor's high standards and public image, and shall make all needed repairs and replacements with due diligence and dispatch to:

(i) the Franchised Restaurant;

(ii) all signs (both interior and exterior), partitions, doors and fixtures located in or upon the Premises as they relate to the Franchised Restaurant;

(iii) all equipment in and appurtenances of the Premises and improvements to the Premises (including, without limitation, lighting, wiring, plumbing fixtures and equipment, and the heating, ventilation and air-conditioning equipment and distribution systems) as they relate to the Franchised Restaurant; and

(iv) in addition to the maintenance required under subsection (i), (ii) and (iii), the Franchisee agrees to refurbish the Franchised Restaurant upon the

Franchisor's request, but not more often than once every five (5) years, to conform to the trade dress, color schemes and presentation of the "TIM HORTONS SYSTEM", including the "TIM HORTONS TRADEMARKS", consistent with the then current public image of the "TIM HORTONS SYSTEM", including without limitation, such remodelling, replacement of equipment, redecoration and modifications to existing improvements as may be necessary to do so.

(c) The Franchisee further covenants to:

(i) improve, alter and remodel the Franchised Restaurant to bring it into conformance with the national and local plans, specifications and/or other standards for new or remodeled Tim Hortons restaurants as may hereafter be reasonably changed and defined from time to time by the Franchisor ("**Current Image**") in accordance with the timetable and standards of the TIM HORTONS SYSTEM; and

(ii) repaint the interior and exterior of the Franchised Restaurant once every year during the term of this Agreement in the color scheme approved by the Franchisor.

5.09 **Operation of Franchised Restaurant:** The Franchisee shall operate the Franchised Restaurant in conformity with such uniform methods, standards and specifications as the Franchisor may from time to time prescribe in the Confidential Operating Manual (as hereinafter defined) or otherwise in writing to ensure that the highest degree of quality and service is uniformly maintained, and in connection therewith:

(a) to use all materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment, methods of exterior and interior design and construction and methods of product preparation prescribed by or which conform with the Franchisor's standards and specifications;

(b) to refrain from using or selling any products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment and methods of product preparation which do not meet the Franchisor's standards and specifications;

(c) to offer for sale only such products as shall be expressly approved for sale in writing by the Franchisor and to offer for sale all products that have been approved by the Franchisor;

(d) to participate fully in all national, regional and local gift certificate, gift card, coupon, and/or promotional, stored value card, loyalty and charitable programs, whether physical or electronic, including, without limitation, the then current stored value card (Tim Card®) program and any The Tim Horton Children's Foundation initiatives, specified from time to time by the Franchisor, the cost for which shall be borne by the Franchisee where applicable and the terms, conditions and

procedures of which shall be determined by the Franchisor from time to time. The Franchisee acknowledges and agrees that, to participate in such programs, the Franchisor may require that the Franchisee enter into agreements with service providers mandated by the Franchisor and that only an Approved Supplier may produce stored value cards, gift cards, gift certificates and coupons, whether physical or electronic, which the Franchisee is obligated to redeem; and

(e) to maintain at all times a sufficient supply of approved products for sale to the public.

5.10 **Maintaining Health Standards:** The Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Restaurant. The Franchisee shall notify the Franchisor by telephone within twenty-four hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, concerning any health or sanitary laws or regulations and, thereafter, take any actions directed by the Franchisor or government agencies concerning same.

5.11 **Information Systems; Other Systems:**

(a) Franchisee must, at its sole cost and expense: (a) at all times operate at the Franchised Restaurant POS Systems (as hereinafter defined) approved by Franchisor; (b) upgrade or replace in whole or in part any POS Systems as Franchisor may reasonably deem necessary or desirable in the interest of proper administration of Tim Hortons Shops throughout the TIM HORTONS SYSTEM, within such reasonable time as may be specified by Franchisor; (c) use the approved POS Systems at all times to record and process such information as Franchisor may from time to time require, including information regarding any other business carried on in or from any Tim Hortons Shop with the consent of Franchisor, keep such information available for access by Franchisor on the POS System for such minimum period as Franchisor may require, and maintain and provide to Franchisor such information in the format, and using such data exchange standards and protocols as Franchisor may require; (d) effect the Polling (as hereinafter defined) operation at such time or times as may be required by Franchisor, but Franchisor may itself initiate Polling whenever it deems appropriate; (e) permit Franchisor or its agents to Poll any information contained in the POS System at any time; (f) permit Franchisor or its agent to obtain all of the information referenced in this Section 5.11 that may be in the possession of any third party vendor from whom Franchisee obtained an approved POS System; and (g) if required by Franchisor, download the information referenced in this Section 5.11 into machine readable information compatible with the system operated by Franchisor or its agents and to deliver that information to Franchisor by such method and within such timescale as Franchisor reasonably requires; and (h) integrate or otherwise permit the integration of such POS Systems with such technological platforms designated by Franchisor from time to time (including websites and mobile applications designated by Franchisor). For purposes of this Agreement, the term "POS System" means a point of sale computerized system consisting of telecommunications systems (including

required dedicated telephone and power, network and broadband lines, and modem(s)), electronic hardware and software technology (including printer(s)) and other computer-related accessories or peripheral equipment, which captures, records and transmits sales, Taxes on sales, number, date and time of transactions, products and combinations of products sold and employees using the system and such other related information as may be required by Franchisor from time to time. For purposes of this Agreement, the term "Polling" means any process acceptable to Franchisor by which information or data about the Franchised Restaurant may be transmitted to or from a POS System or other system operated by Franchisee or its agent into a computer or system operated by Franchisor or its agents in the manner and format prescribed by Franchisor from time to time. For the avoidance of doubt, Franchisor may Poll for information including, without limitation, daily sales data, daily transaction level data, sales per visit and products and combination of products sold, otherwise known as product mix data or "PMIX", and inventory data.

(b) Franchisee must also, at its sole cost and expense: (a) maintain, use and/or operate centralized or technology based methods of taking, processing, routing, and delivering orders or receiving payment for such orders that may be mandated by Franchisor at any time during the Term in addition to the methods and technology Franchisor currently uses or authorizes (individually an "Additional Ordering System" and collectively "Additional Ordering Systems"); and (b) add or replace equipment, wiring, hardware and software in connection with the Additional Ordering Systems. To the extent any products and services related to an Additional Ordering System are owned by Franchisor or provided to Franchisee by Franchisor, Franchisor may charge up front and/or ongoing fees. Franchisor shall be the sole owner of all direct and related rights and assets, including software and hardware, intellectual property and all data generated by the Additional Ordering Systems, but excluding hardware or equipment Franchisee purchases directly for the purpose of gaining access to the Additional Ordering System. If Franchisor requires Franchisee to use an Additional Ordering System, then Franchisee shall comply with Franchisor's requirements for connecting to, and utilizing such technology in connection with Franchisee's operation of the Franchised Restaurant. Franchisee will install and implement any Additional Ordering System required by Franchisor within the reasonable time specified by Franchisor.

(c) Franchisee must also, at its sole cost and expense: (a) maintain, use and/or operate technology for the purpose of communicating with customers of Tim Hortons Shops and the collection, processing, storage and use of Tim Hortons Shops customer data that may be mandated by Franchisor at any time during the term in addition to the methods and technology Franchisor currently uses or authorizes (individually an "Additional Digital System" and collectively, the "Additional Digital Systems"); and (b) add or replace equipment, wiring, hardware and software in connection with the Additional Digital Systems. To the extent any products and services related to an Additional Digital System are owned by Franchisor or

provided to Franchisee by Franchisor, Franchisor may charge up front and/or ongoing fees. Franchisor shall be the sole owner of all direct and related rights and assets, including software and hardware, intellectual property and all data generated by the Additional Digital Systems, but excluding hardware or equipment Franchisee purchases directly for the purpose of gaining access to an Additional Digital System. Franchisor may use the data generated by the Additional Digital Systems (1) to analyze customer trends, (2) to market Franchisor-developed goods and products to all customers or specific customer(s), (3) to reward loyal or repeat customers, (4) to provide the data to third parties, and (5) for such other purposes as Franchisor deems appropriate in its sole discretion. Franchisee acknowledges and agrees that any amounts received by Franchisor from providing the data generated by the Additional Digital Systems to third parties shall be the sole property of Franchisor. If Franchisor requires Franchisee to use an Additional Digital System, then Franchisee shall comply with Franchisor's requirements for connecting to, and utilizing such technology in connection with Franchisee's operation of the Franchised Restaurant. Franchisee will install and implement any Additional Digital System required by Franchisor within the reasonable time specified by Franchisor.

5.12 **Signage:** The "TIM HORTONS TRADEMARKS" will only be erected and displayed in the manner and at such locations as are approved and authorized by the Franchisor, in writing. The Franchisee agrees to maintain and display signs reflecting the Current Image of the TIM HORTONS SYSTEM and shall not place additional signs or posters at the Franchised Restaurant without the prior written consent of the Franchisor. Only signs from sources approved by Franchisor may be utilized at the Franchised Restaurant. The Franchisee shall discontinue the use of and destroy such signs as are declared obsolete by the Franchisor within the reasonable time specified by the Franchisor. Such signs are fundamental to the TIM HORTONS SYSTEM and Franchisee hereby grants to the Franchisor the right to enter the Franchised Restaurant to remove and destroy unapproved or obsolete signs in the event that the Franchisee has failed to do so within thirty (30) days after the written request of the Franchisor.

5.13 **Vending Machines, Etc.:** Public telephones, newspaper racks, juke boxes, cigarette, gum and candy machines, rides, lottery ticket terminals, video games or any other games, or vending or amusement machines will not be installed at the Franchised Restaurant without the prior written approval of the Franchisor. In the event such items are installed at the Franchised Restaurant, then all sums received by the Franchisee in connection with these items shall be included within "Gross Sales" as defined herein.

5.14 **The Franchisor's Right of Inspection:**

(a) The Franchisee shall grant the Franchisor and/or its designee the right to enter upon the Premises at any time, for the purpose of conducting inspections, to cooperate in such inspections by rendering such assistance as the Franchisor may reasonably request and upon notice from the Franchisor, to take such steps as may be necessary to immediately correct the deficiencies detected during any such inspection that do not conform with the Franchisor's then current standards and specifications. The

Franchisor's inspection may include a "mystery guest" program from time to time throughout the term of this Agreement. The Franchisee shall, at the option of the Franchisor, reimburse the Franchisor for the Franchisor's reasonable costs and expenses associated with up to of four (4) such "mystery guest" inspections of the Franchisee per year, including, without limitation, the Franchisor's then current charges for inspections, the charges of any service providers retained for the purposes of the "mystery guest" inspection and the travel expenses, room, board and compensation of their employees or representatives. For greater clarity, the inspection rights and costs in this Section 5.14 shall be in addition to and not in substitution of the Franchisor's inspection, investigation and audit rights under Sections 6.12 and 9.09.

(b) The Franchisee shall permit the Franchisor or its agents, at any reasonable time, to remove from the premises of the Franchised Restaurant, at the Franchisor's option, representative samples of any ingredients, products, materials, supplies, and paper goods used in the operation of the Franchised Restaurant, without payment therefor, in amounts reasonably necessary for testing by the Franchisor or an independent laboratory, to determine whether said samples meet the Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, the Franchisor may require the Franchisee to bear the cost of such testing.

(c) If the Franchisor, acting reasonably, believes that the Franchisee may be in breach of this Agreement including, without limitation, Section 15.02, the Franchisor or its agent or its representatives shall have the right at any time during normal business hours, without prior written notice to the Franchisee, to, without being guilty of trespass, inspect, investigate or audit or cause to be inspected, investigated or audited the Premises, the operation of the Franchised Restaurant and franchised business related thereto, or the manner in which the Franchisee is conducting business including, without limitation, meeting with and/or interviewing the Franchisee's employees and service providers. The Franchisee and its representatives shall fully cooperate with representatives of the Franchisor conducting any such investigation or audit including, without limitation, providing such representatives with access to Franchisee's employees to discuss matters relating to the operation of the Franchised Restaurant and franchised business related thereto. The Franchisee shall reimburse the Franchisor for the cost of such inspection, investigation or audit, including, without limitation, the Franchisor's then current charges for inspection, investigation or audits, the charges of any service providers retained for the purposes of the inspection, investigation or audit and the travel expenses, room, board and compensation of their employees or representatives. For greater clarity, the Franchisee shall reimburse the Franchisor for such costs notwithstanding that such inspection, investigation or audit did not disclose any breach of this Agreement or any breach of or non-compliance with any applicable law(s).

5.15 **Retail Prices:** To the extent permitted by applicable law, the Franchisor reserves the right to establish in writing minimum and/or maximum prices for the products and services the Franchisee sells. The Franchisor also reserves the right to specify in writing promotional or temporary retail pricing for the products and services the Franchisee sells. The Franchisee shall sell any products and services in accordance with the minimum and/or maximum retail prices and at the specified promotional or temporary retail pricing, if applicable, established by the Franchisor from time to time. The Franchisee acknowledges and agrees that the maximum and minimum prices and promotional or temporary retail pricing, if applicable, for products and services the Franchisee and other franchisees sell may vary from area to area (as determined by the Franchisor) to the extent necessary in order to reflect differences in costs and other factors applicable to such areas.

5.16 **Making Changes in the Tim Hortons System:** The Franchisee acknowledges that the TIM HORTONS SYSTEM and the products and services offered by the Franchised Restaurant may be modified (such as, but not limited to, the addition, deletion, and modification of operating procedures, products, and services) from time to time by the Franchisor, and the Franchisee agrees to comply with all such modifications including, without limitation, all requirements needed to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements, including structural changes.

5.17 **Limitations on Franchisee Debt:** The Franchisee shall ensure that the Franchised Restaurant debt, excluding current non past-due amounts payable to trade creditors, shall not exceed seventy percent (70%) of the fair market value of the Franchised Restaurant assets.

5.18 **Franchisee Security Interests:** The Franchisee shall not grant to any third party, other than to a U.S. or state chartered bank for purposes of securing a loan in favor of the Franchisee for the use and benefit of the Franchised Restaurant, a security interest in the Franchised Restaurant or in any of the assets of the Franchised Restaurant without first obtaining the prior written consent of the Franchisor, which consent or refusal the Franchisor will not unreasonably withhold provided that such security interest is economically and commercially reasonable in protecting the Franchisor's interests under this Agreement and the relationship created hereunder.

5.19 **Execution of Lease/Sublease:** If the Franchisor is the owner or tenant of the real estate to be used for the Franchised Restaurant, the Franchisee shall execute a lease/sublease in the Franchisor's standard form then in use, in accordance with Section 1.03.

5.20 **Other Requirements:** The Franchisee shall comply with all other requirements set forth in this Agreement including, without limitation, the requirements of the Confidential Operating Manual.

ARTICLE VI
TIM HORTONS TRADEMARKS

6.01 **Restrictions on Use of the "TIM HORTONS TRADEMARKS":**

(a) It is agreed that the right and license to use the "TIM HORTONS TRADEMARKS" applies only to their use in connection with the operation of the licensed Franchised Restaurant at the Premises, and includes only such trademarks as are now or in the future designated by Franchisor as part of (and which may hereafter be designated in the Confidential Operating Manual or otherwise in writing as part of) the "TIM HORTONS SYSTEM" and no other trademarks now existing or to be developed, acquired, or licensed for the use of the Franchisor.

(b) The Franchisee shall not use any "TIM HORTONS TRADEMARKS" as part of the Franchisee's corporate or other business name, nor shall the Franchisee hold out or otherwise use the "TIM HORTONS TRADEMARKS" to perform any activity, or to incur any obligation or indebtedness in such a manner as might in any way make the Franchisor or TH liable therefor, without being explicitly authorized in writing by the Franchisor.

6.02 **The Franchisee's Lack of Ownership:** The Franchisee expressly acknowledges the validity and enforceability of the "TIM HORTONS TRADEMARKS", and expressly agrees and covenants that for the duration of this Agreement, and after the expiration or termination hereof, not to represent in any manner that the Franchisee has any ownership in the "TIM HORTONS TRADEMARKS", and not to challenge or contest their ownership, validity or enforceability, directly or indirectly, nor to aid, assist or counsel any third party to do so. The Franchisee further agrees that its use of the "TIM HORTONS TRADEMARKS" shall not create in its favor any right, title or interest in or to the "TIM HORTONS TRADEMARKS" except as the right to use same is expressly set forth herein, but that all of such use shall inure exclusively to the benefit of the Franchisor.

6.03 **Infringement by the Franchisee:** The Franchisee acknowledges that the use of the "TIM HORTONS TRADEMARKS" in any manner not authorized by this Agreement, without the prior written consent of the Franchisor, will constitute infringement or passing off of the "TIM HORTONS TRADEMARKS", and expressly covenants that for the duration of this Agreement, and after the expiration or termination hereof, the Franchisee shall not, directly or indirectly, commit an act of infringement or passing off of the "TIM HORTONS TRADEMARKS", or take any other action in derogation thereof. In the event of termination or expiration of this Agreement, the Franchisee shall immediately cease any and all use and display of, and shall make no attempt to associate itself in any way with, the "TIM HORTONS TRADEMARKS" and acknowledges that any such acts would constitute an infringement or passing off of the "TIM HORTONS TRADEMARKS".

6.04 **Claims Against "TIM HORTONS TRADEMARKS":** The Franchisee shall promptly notify the Franchisor of any suspected unauthorized use of, or any challenge to the validity of, the "TIM HORTONS TRADEMARKS", or any challenge to the Franchisor's ownership of, right

to use, or license others the right to use, the "TIM HORTONS TRADEMARKS". The Franchisee also agrees to notify the Franchisor promptly of any litigation instituted or threat of litigation by any person, corporation or other entity or by any governmental agency against the Franchisor, TH or Franchisee involving the "TIM HORTONS TRADEMARKS". If the Franchisor (or an affiliate thereof) undertakes the defense or prosecution of any litigation or administrative proceeding relating to the "TIM HORTONS TRADEMARKS", the Franchisee agrees to execute any and all documents and to do such acts and things as may, in the opinion of counsel for the Franchisor or TH, be necessary to carry out such defense or prosecution. If the Franchisor decides against undertaking the defense or prosecution of any litigation or administrative proceeding relating to the "TIM HORTONS TRADEMARKS", including infringement proceedings, the Franchisee shall not be entitled to require the Franchisor or TH to do so and the Franchisee shall not be entitled to do so in its own name without the prior written approval of the Franchisor (or an affiliate thereof).

6.05 **The Franchisee's Use Non-Exclusive:** The Franchisee agrees that its right to use the "TIM HORTONS TRADEMARKS" is non-exclusive and that the Franchisor has and retains the right:

(a) to grant additional licenses to use the "TIM HORTONS TRADEMARKS" in addition to those licenses granted to existing franchisees;

(b) to distribute, offer for sale, and/or develop and establish other licensed systems for the same or similar products or services utilizing the same or similar trademarks and to grant licenses thereto, either through Tim Hortons Shops or other channels (including, without limiting the generality of the foregoing, delivery units, kiosks, grocery or convenience stores, express units, catering, home delivery, food trucks and other mobile means of product or service delivery, mail order, television, catalogue sales, internet, websites or other means of electronic advertising and sales) without providing the Franchisee any right therein; and

(c) to distribute, offer for sale, and/or develop and establish other license systems for the same or similar products or services under any trademarks not now or hereafter designated in writing as part of the "TIM HORTONS SYSTEM", and to grant licenses thereto without providing the Franchisee any right therein.

6.06 **Inurement Solely to the Franchisor:** The Franchisee agrees that all goodwill associated with the "TIM HORTONS TRADEMARKS" shall inure directly and exclusively to the benefit of the Franchisor (or an affiliate thereof), and is the sole property of the Franchisor (or an affiliate thereof), and that upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of the Franchisee's activities in the operation of the Franchised Restaurant franchised herein, or the Franchisee's use of the "TIM HORTONS TRADEMARKS".

6.07 **"TIM HORTONS SYSTEM":** The Franchisee acknowledges that every detail of the "TIM HORTONS SYSTEM" is important to itself, the Franchisor, TH and other Tim Horton Shops franchisees in order to develop and maintain high and uniform standards of quality and

service, and hence to protect the reputation of Tim Hortons Shops and further acknowledges that it has no rights, nor will it accumulate or acquire any rights in the "TIM HORTONS SYSTEM" or any goodwill associated or connected therewith. Accordingly, the Franchisee covenants:

(a) to operate the Premises and advertise under the name "Tim Hortons" without prefix or suffix;

(b) to adopt and use the "TIM HORTONS TRADEMARKS" solely in the manner and in accordance with the standards and specifications prescribed by the Franchisor;

(c) to observe such requirements with respect to trademark notices and copyright notices as the Franchisor may from time to time direct in the Confidential Operating Manual (as hereinafter defined) or otherwise in writing;

(d) the Franchisee shall use the "TIM HORTONS SYSTEM" and the "TIM HORTONS TRADEMARKS" only in connection with the advertisement, preparation and sale or provision of products and services specifically approved in advance by the Franchisor and for no other purpose;

(e) to assert no claim of ownership or rights in any aspect of the "TIM HORTONS SYSTEM" or the "TIM HORTONS TRADEMARKS"; and

(f) it will not use the "TIM HORTONS TRADEMARKS" to incur any obligation or indebtedness on behalf of the Franchisor.

6.08 **Limitations on the Franchisee's Use of Names and Trademarks:** The Franchisee agrees that it will not make use of the name "Tim Hortons" or any part thereof in the partnership, limited liability company, or corporate name of any company formed to act as the Franchisee hereunder. If local laws require that the Franchisee file an affidavit, or other registration, of conducting business under a business or trade name, the Franchisee shall state in such filing or affidavit that the same is made as a franchisee of the Franchisor. All such registrations shall be cancelled in the event of termination or expiration of this Agreement, and if the Franchisee fails to do so within a reasonable period of time, the Franchisee hereby irrevocably appoints the Secretary of the Franchisor as its attorney to execute and file such documents on its behalf. By virtue of such registration, no property right in or privilege to use such name is created which will extend beyond termination or expiration of this Agreement. The Franchisee will place in a conspicuous manner at its location a notice in a form designated by the Franchisor that it is an independent owner/operator of the business and a licensed user of the "TIM HORTONS TRADEMARKS" owned by the Franchisor. The Franchisee will not represent that it is in any way related to or affiliated with the Franchisor. All stationery and contracts issued or used by the Franchisee shall conform to the Franchisor's standards and specifications, but in any event, such items shall clearly indicate that the Franchisee is executing such contract or signing such stationery as an independent company, and that the Franchisee is merely a licensed user of the "TIM HORTONS TRADEMARKS".

6.09 **Substitution of TIM HORTONS TRADEMARKS:** The Franchisor reserves the right to require the Franchisee to use different or additional proprietary marks for use in identifying the "TIM HORTONS SYSTEM" and the business operating thereunder, or to modify or discontinue the use of any "TIM HORTONS TRADEMARKS," if the "TIM HORTONS TRADEMARKS" no longer can be used, or if the Franchisor, in its sole discretion, determines that substitution, addition, modification, or discontinuation of "TIM HORTONS TRADEMARKS" will be beneficial to the "TIM HORTONS SYSTEM." In such circumstances, the use of the substituted, additional or changed proprietary marks shall be governed by the terms of this Agreement, and the Franchisor shall not compensate the Franchisee for such substitution, addition, modification, or discontinuation and the Franchisee shall bear the costs of substituting, adding, modifying, or discontinuing any "TIM HORTONS TRADEMARKS" including modifying any signs and advertising materials to conform to the Franchisor's new "TIM HORTONS TRADEMARKS."

6.10 **Other Franchisee's Use of Name:** The Franchisee further agrees not to interfere with in any manner nor attempt to prohibit the use or registration of the name "Tim Hortons" by any other franchisee of the Franchisor. If the consent of the Franchisee to such use is requested, the Franchisee irrevocably appoints the Secretary of the Franchisor as its attorney to execute all required documents to effect such consent.

6.11 **Unfair Competition:** The Franchisee acknowledges the uniqueness of the "TIM HORTONS SYSTEM" and that the Franchisor is making its knowledge, know-how and expertise available to it for the purpose of operating the Franchised Restaurant. The Franchisee agrees that it would be an unfair method of competition for the Franchisee to use or duplicate or to allow others to use or duplicate any of the knowledge, know-how and expertise received from the Franchisor for any use other than for the operation of franchised Tim Hortons Shops. The Franchisee, therefore, warrants that during the term of this Agreement, it will utilize its best and continuing efforts to promote and develop the business at the Franchised Restaurant and during the term hereof and at all times thereafter, will not directly or indirectly engage in the operation of any restaurant, other than the Franchised Restaurant and other Tim Hortons Shops franchised from Franchisor, which utilizes or duplicates the "TIM HORTONS SYSTEM," any trade secrets of Franchisor, the "TIM HORTONS TRADEMARKS" or the present or any former Tim Hortons Current Image.

6.12 **Inspection Rights:** The Franchisee agrees that the Franchisor or its authorized representatives may, at any time and without prior notice, enter the Premises, or remotely access the Premises through the Information Systems, in order to inspect the Franchisee's products and services and the manufacture, sale, advertisement or performance thereof, and any relevant documents, materials and records in order to ensure that the Franchisee is using the "TIM HORTONS TRADEMARKS" in accordance with the standards and specifications prescribed by the Franchisor and the provisions of this Agreement.

6.13 **Electronic Commerce:** The Franchisee further agrees not to use any of the "TIM HORTONS TRADEMARKS" on the Internet, any website, or other electronic or social media, or in or as part of any domain name or electronic mail address.

ARTICLE VII
CONFIDENTIAL OPERATING MANUAL

7.01 **In General:** In order to protect the reputation and goodwill of the "TIM HORTONS SYSTEM" and to maintain uniform standards and specifications of use of the "TIM HORTONS TRADEMARKS", the Franchisee shall conduct the Franchised Restaurant business in accordance with the Confidential Operating Manual, which consists of a set of manuals, guides and video training materials, memoranda, bulletins, directives, computer programs and other materials, whether stored in a retrieval system or in paper format and whether communicated in writing or electronically, as the same may be added to, changed, modified or otherwise revised by the Franchisor or as they may exist from time to time (collectively, the "Confidential Operating Manual"), and the Franchisor hereby provides the Franchisee with access to such Confidential Operating Manual for the term of this Agreement. To the extent a portion of such Confidential Operating Manual is in paper format the Franchisor hereby lends to the Franchisee such portion of the Confidential Operating Manual for the term of this Agreement and the Franchisee hereby acknowledges receipt of one (1) set thereof. The Franchisee acknowledges and agrees that some requirements of the Confidential Operating Manual may oblige the Franchisee to expend monies not specifically contemplated herein and the Franchisee agrees that it shall be obligated to do so.

7.02 **Confidential Use:** The Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to any element of the "TIM HORTONS SYSTEM", the "TIM HORTONS TRADEMARKS" or any matters dealt with in the Confidential Operating Manual and that all disclosures made to the Franchisee, its shareholders, partners, directors, officers, employees and agents relating to the "TIM HORTONS SYSTEM", including, without limitation, the specifications, standards, procedures, sales and marketing information, product offerings or promotions, relating to the Franchisee's Franchised Restaurant and other locations within the "TIM HORTONS SYSTEM", and the entire contents of the Confidential Operating Manual, and information or materials disclosed to the Franchisee during any operations meetings or training sessions, are communicated to the Franchisee, its shareholders, partners, directors, officers, employees and agents solely on a confidential basis and as trade secrets, in which the Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, the Franchisee agrees that it and its shareholders, partners, directors, officers, employees and agents shall maintain the confidentiality of all such information at any time and shall not disclose any of the contents of the Confidential Operating Manual or any information whatsoever with respect to the Franchisee's or the Franchisor's business affairs or the "TIM HORTONS SYSTEM", other than disclosure to employees of the Franchisee as may be required to enable the Franchisee to conduct its business from the Premises, and the Franchisee further agrees that it and its shareholders, partners, directors, officers, employees and agents shall not to use any such information in any other business or in any manner not specifically approved in writing by the Franchisor. The Franchisee and its shareholders, partners, directors, officers, employees, and agents shall not at any time, without the Franchisor's prior written consent, copy or otherwise reproduce the Confidential Operating Manual, in whole or in part, nor otherwise make the same available to any unauthorized person or source. In addition to the foregoing, any and all other information, knowledge and/or know-how, including, without limitation, drawings, materials,

equipment, recipes and other data which may not be considered confidential information of the Franchisor pursuant to the language above but which the Franchisor designates as secret or confidential shall be deemed confidential information and as trade secrets of the Franchisor.

7.03 **Sole Property of the Franchisor:** The Confidential Operating Manual shall at all times be deemed and remain the sole property of the Franchisor and the Franchisee shall acquire no right, title or interest thereto under this Agreement except to possess and use the Confidential Operating Manual during the term of this Agreement.

7.04 **Changes in Confidential Operating Manual:**

(a) In order that the Franchisee may benefit from new knowledge gained by the Franchisor as to improved methods, procedures and techniques in the preparation, merchandising and sale of products and services, and in the operation of the Franchised Restaurant, the Franchisor may from time to time revise the contents of the Confidential Operating Manual and the Franchisee covenants to forthwith comply with all additions, changes, modifications or revisions to the contents of the Confidential Operating Manual during the term of this Agreement.

(b) The Franchisee shall at all times ensure that its copy of the paper format portion of the Confidential Operating Manual is kept current and up-to-date, and in the event of any dispute as to the contents of the paper format portion of the Franchisee's Confidential Operating Manual, the terms of the master copy of the Confidential Operating Manual at the Franchisor's principal place of business shall be controlling.

(c) The Franchisee shall strictly abide by all provisions of the Confidential Operating Manual and all additions, changes, modifications or revisions thereto instituted from time to time by the Franchisor.

(d) The Franchisor may transmit the Confidential Operating Manual and any additions, changes, modifications or revisions by electronic mail, internet, intranet or other electronic means.

7.05 **Limitation on Disclosure:** The Franchisee recognizes the value of the Tim Hortons name, image, unique style and merchandising methods, and agrees that it shall, and shall cause its shareholders, partners, directors, officers, employees and agents to, uphold the same and not to disclose any trade secrets or confidential information to unauthorized persons. The Franchisee further agrees to expose only those individuals who have a reasonable need to know the trade secrets and confidential information revealed by the Franchisor to the Franchisee and then only after such individuals have been hired as employees of the Franchisee. The Franchisee agrees that it shall, and it shall cause its shareholders, partners, directors, officers, employees and agents to, keep confidential all trade secrets and other confidential information concerning the "TIM HORTONS SYSTEM", and all such trade secrets and other confidential information shall not be used for other purposes or in other areas. The Franchisee shall cause its shareholders, partners, directors, officers, employees and agents to execute secrecy and confidentiality agreements, if

requested by the Franchisor for the benefit of the Franchisor. The Franchisee further acknowledges that every policy, rule, regulation, advice and direction contained in the Confidential Operating Manual is essential to the preservation of the favorable public image of the Franchisor. The Franchisee covenants and agrees to observe each such policy, rule, regulation, advice and direction contained in the Confidential Operating Manual during the term of this Agreement.

7.06 **Irreparable Injury From Disclosure of Confidential Information:** The Franchisee acknowledges that failure to comply with the requirements of Article VII will result in irreparable injury to the Franchisor for which no adequate remedy at law may be available, and the Franchisee consents to the issuance of, and agrees to pay all court costs and attorneys' fees incurred by the Franchisor in obtaining an injunction prohibiting any conduct by the Franchisee in violation of Article VII.

ARTICLE VIII
ADVERTISING

8.01 **The Franchisee's Obligations:** The parties recognize the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the public image of all Tim Hortons Shops operated pursuant to the "TIM HORTONS SYSTEM". Accordingly, the Franchisee agrees to make the monthly Advertising Contribution required under Section 4.04 to the Advertising Fund to meet any and all costs incidental to such national, regional and other area advertising, marketing, public relations, and/or related initiatives, at such times and places and in such allocations as the Franchisor may, in its discretion, direct. The Franchisee acknowledges that such advertising, marketing, public relations and/or initiatives, including but not limited to capital investments, are intended to maximize the public's awareness of the Tim Hortons brand generally and that the Franchisor accordingly undertakes no obligation to ensure that the Franchisee or any individual Tim Hortons franchisee benefits directly or indirectly in its local market or otherwise from the placement of such advertising and, for greater clarity, the Franchisee acknowledges that this Agreement confers no right to benefit directly or indirectly, in a pro-rata manner or otherwise, from the Franchisee's Advertising Contribution or any general or specific use thereof and/or the Advertising Fund at large.

8.02 **The Advertising Fund:**

(a) The Advertising Fund shall be maintained and administered by the Franchisor. The Franchisor shall direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. The Advertising Fund is not a trust fund, and the Franchisor shall have no fiduciary responsibility to the Franchisee in connection with the collection or use of the Advertising Fund monies or any other aspect of the Advertising Fund's operations.

(b) The Advertising Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and developing advertising, marketing, public relations, and/or

promotional programs and materials, and any other activities and related investments and/or initiatives, including but not limited to capital investments, which the Franchisor believes will enhance the image of the "TIM HORTONS SYSTEM," including, among other things, the costs of preparing and conducting advertising campaigns in various media including the internet; preparation of direct mail advertising; market research; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering product launches; and providing promotional and other marketing materials and services.

(c) The Franchisee acknowledges that the Franchisor may spend, in a fiscal year, an amount greater or less than the aggregate contributions of all Tim Hortons Shops to the Advertising Fund in that year. The Franchisee further acknowledges and agrees that the Advertising Fund may borrow from the Franchisor or other lenders on terms deemed commercially reasonable by the Franchisor to cover actual or projected deficits to the Advertising Fund as a result of advertising investments and/or initiatives including but not limited to capital investments.

(d) The Advertising Fund, whether held by the Franchisor or an affiliate, shall be accounted for separately from other funds of the Franchisor and shall not be used to defray any of the Franchisor's general operating expenses, except for such reasonable administrative personnel and overhead costs on a fully allocated basis as the Franchisor may incur for activities related to the administration or direction of the Advertising Fund, which the Franchisor shall be entitled to recover from the Advertising Fund. A statement of the operation of the Advertising Fund shall be prepared annually and shall be made available to the Franchisee upon request, the cost of such statement to be paid by the Advertising Fund.

(e) Although the Advertising Fund is intended to be of perpetual duration, the Franchisor shall have the right to terminate the Advertising Fund at any time in its sole judgment. The Advertising Fund shall not be terminated, however, until all monies in it have been expended or returned to the contributors.

(f) Except as otherwise provided for in this Article VIII, the Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, administration or direction of the Advertising Fund including, without limitation, the creation, selection or placement of particular media commercials, advertisements, promotions or marketing materials, and/or for other initiatives or investments.

8.03 **Approval by the Franchisor:** The Franchisee shall advertise through such advertising materials on or about the Premises as the Franchisor may from time to time approve in the Confidential Operating Manual or otherwise designate in writing and the Franchisee shall use or display no others without the Franchisor's prior written consent, and the Franchisee shall expend such amounts in addition to those required in Section 4.04 as may be necessary to meet the costs of doing so, including, without limitation, the cost of acquiring, maintaining, repairing, updating

and replacing signs and advertisements of the kind and size specified by the Franchisor from time to time in the Confidential Operating Manual or otherwise designated in writing.

8.04 **Local Advertising by Franchisee:** All local advertising and promotion which the Franchisee may choose to conduct in addition to any advertising and promotion conducted by the Advertising Fund shall be at the Franchisee's own expense, and shall not be credited against the Franchisee's obligations pursuant to Section 4.04.

(a) Such advertising or promotion shall be in such media and of such type and format as the Franchisor may approve in advance, shall be conducted in a dignified manner over a time frame established by the Franchisor, and shall conform to such standards and requirements as set forth in the Confidential Operating Manual or otherwise in writing. The Franchisee shall submit samples of all advertising and promotional plans and materials to the Franchisor prior to their use, and may not commence use of the materials unless and until the Franchisor shall have furnished written notice to the Franchisee authorizing such use. The Franchisor also shall have the right at any time after the Franchisee commences use of any advertising or promotional plans and materials to prohibit further use, effective upon receipt by the Franchisee of written notice from the Franchisor.

(b) Without limiting the foregoing, prior to opening of the Franchised Restaurant (in the case of a new or renovated Shop), the Franchisee shall prepare and submit to the Franchisor, for approval by the Franchisor, an advertising and promotional program meeting the minimum requirements of the Franchisor, including minimum expenditure requirements. At the Franchisor's option, the Franchisor will conduct the campaign on behalf of the Franchisee, and will invoice the Franchisee for all costs, including the minimum required expenditure.

8.05 **Participation in Market Information Program:** The Franchisee shall participate in and furnish information to the Franchisor's market information system in order to assist the Franchisor in planning, conducting, and evaluating regional, and national advertising and promotional programs. The Franchisee shall, at its expense, install and maintain in good working order the equipment specified by the Franchisor to enable it to electronically gather all relevant information. The Franchisee shall pay all initial and ongoing telephone charges incurred in participating in the Franchisor's market information program.

8.06 **Internet Presence:** The Franchisee may not register, create, and/or operate any Internet websites, social media websites, mobile applications, or other similar applications for the Franchised Restaurant without the prior written approval of the Franchisor which the Franchisee has been advised is unlikely to be provided and may be arbitrarily withheld. Similarly, the Franchisee may not register or maintain any Internet domain name or other address, account, profile, username, or online handle (including, but not limited to, on Facebook, YouTube, Instagram, Twitter, Pinterest, and Wikipedia) which contains any reference to the TIM HORTONS SYSTEM, any TIM HORTONS TRADEMARKS, or the Franchised Restaurant, without the Franchisor's prior written approval, which the Franchisee has been advised is unlikely to be provided and may be arbitrarily withheld. In the event such permission is given, it may

thereafter be withdrawn, or if required by the Franchisor, the Franchisee shall cease operating its own website, account, online handle, or app and/or shall establish a website as part of any other website which the Franchisor may prescribe and/or shall establish electronic links to such websites as the Franchisor may prescribe. The Franchisee shall comply with the Franchisor's standards and specifications for electronic advertising and commerce, including, without limitation, those in relation to the use and display of the TIM HORTONS TRADEMARKS and any copyrighted materials. For greater certainty, nothing in this Section 8.06 is intended to limit, restrict or otherwise refrain the provisions set forth in Article VII.

ARTICLE IX
ACCOUNTING AND RECORDS

9.01 **Maintenance by the Franchisee:** The Franchisee agrees to maintain and preserve for the duration of this Agreement:

(a) full, complete and accurate books, records and accounts in accordance with the form and manner prescribed by the Franchisor from time to time in the Confidential Operating Manual or otherwise in writing. Records shall include, without limitation, sales invoices, purchase invoices, cash register receipts (journal tapes and reports), credit or debit card receipts, delivery slips, bank deposit books, work orders, dockets, timecards, checks, bank statements, time sheets, and tax returns; and

(b) full, complete and accurate books, records and accounts in accordance with the form and manner prescribed by the Franchisor from time to time, of all development costs incurred by the Franchisee in connection with the Franchised Restaurant on the Premises. Records shall include, without limitation, agreements or instruments entered into in connection with the development of the Premises, invoices, purchase invoices, credit or debit card receipts, delivery slips, bank deposit books, work orders, dockets, timecards, checks, bank statements, time sheets, and tax returns.

9.02 **Development Cost Review:** Within sixty (60) days of the opening of the Franchised Restaurant on the Premises, the Franchisee shall submit to the Franchisor a detailed summary, in the manner and form designated by Franchisor from time to time, of all development costs incurred by the Franchisee in connection with the Franchised Restaurant on the Premises.

9.03 **Review by the Franchisor:** The Franchisee shall submit after each fiscal month-end to the Franchisor a monthly financial statement including, without limitation, a Balance Sheet and a Statement of Income, as they pertain to the Franchised Restaurant, within fifteen (15) days after each fiscal month end. In addition, the Franchisee shall submit to the Franchisor for review such other forms, reports, records and financial statements pertaining to the Franchised Restaurant as the Franchisor may designate in the form and at the times required by the Franchisor, upon request, and as specified from time to time in the Confidential Operating Manual or otherwise in writing.

9.04 **Preservation of Records:** The Franchisee shall preserve for a period of not less than ten (10) years all accounting records and supporting documents relating to the Franchisee's operations under this Agreement, and the development costs incurred by the Franchisee in connection with the Franchised Restaurant on the Premises including, without limitation, the records and documents described in Section 9.01.

9.05 **Sales Reports:** The Franchisee shall submit the sales reports referred to in Sections 4.03 and 4.04 within the time periods set out therein and in the manner and form designated by the Franchisor from time to time. The Franchisee further covenants to submit, within sixty (60) days of the Franchisee's fiscal year-end, an annual audited report of the Gross Sales for each fiscal year of the term of this Agreement certified by an independent chartered accountant in a form prescribed by the Franchisor from time to time in writing.

9.06 **Annual Financial Statement:** The Franchisee shall provide to the Franchisor an annual financial statement prepared by an independent chartered accountant in accordance with generally accepted accounting principles on a review engagement basis and including, without limitation, a balance sheet, a statement of income, and a statement of changes in financial position from the beginning of the fiscal year, within ninety (90) days after its fiscal year-end. If such annual financial statement is not delivered to the Franchisor within the above-mentioned time period, the Franchisor, in addition to its other rights under this Agreement and in law, shall have the right to have the Franchisee's accounts audited and the annual financial statement prepared at the Franchisee's expense.

9.07 **Tax Returns:** The Franchisee covenants to provide at the request of the Franchisor, within seven (7) days after such request, an exact copy of all returns, schedules and reports filed by the Franchisee for income, corporate or Sales Tax purposes and all government receipts thereof.

9.08 **Other Reports:** Without limiting the Franchisor's rights to access the Information Systems and all related data and information in Section 5.11, the Franchisee covenants to provide to the Franchisor such other reports, sales slips, order forms, records, calculations and invoices as the Franchisor may, from time to time, require in the Franchisor's discretion. The Franchisee further covenants to provide from time to time all authorizations and/or consents required by the Franchisor to allow the Franchisor to determine the status of the Franchisee's retail sales tax account, goods and services or harmonized sales tax account, statutory or regulatory taxation source deductions account, or any other information with respect to the Franchised Restaurant which the Franchisor may reasonably require.

9.09 **The Franchisor's Right to Inspect, Investigate and Audit:** The Franchisor or its agent or its representatives shall have the right at any time during normal business hours, without prior written notice to the Franchisee, to, without being guilty of trespass, inspect, investigate or audit or cause to be inspected, investigated or audited the reports, financial statements and tax returns that the Franchisee is required to submit to the Franchisor hereunder and its books and records including, without limitation thereof, all bookkeeping and accounting records, invoices, payroll records, time cards, human resources records, check stubs, cancelled checks, bank deposits, bank statements, receipts, income tax and Sales Tax records and returns, inventory records, personal

income tax returns of the Guarantors as requested by the Franchisor, and any other books and records of the Franchisee that the Franchisor deems necessary to conduct such audit. If the Franchisor should determine that an audit is necessary after the expiration or termination of this Agreement, the Franchisee will, upon notice, deliver to the Franchisor all required records and documents, failing which the Franchisor may enter onto the premises in which the Franchisee is then keeping or directing the keeping of such records and documents and conduct such audit. The Franchisee shall fully cooperate with representatives of the Franchisor conducting any such audit. In the event that any such audit should disclose an understatement of Gross Sales for any period or periods or should disclose a breach of this Agreement or a breach of or non-compliance with any applicable law(s) by the Franchisee or any of the Guarantors, then, in addition to the rights of the Franchisor, as set out in Sections 12.01 and 12.02, the Franchisee shall pay to the Franchisor, within five (5) days after receipt of the audit report, the amount due upon the amount of any such understatement of Gross Sales, together with interest as set out in Section 4.07.

In addition to the foregoing, the Franchisor and/or its representatives shall have the right at all times, without being guilty of trespass, during business hours, without notice, or by remote access through the Information Systems at any time, to inspect the Franchised Restaurant and Premises and the furnishings, equipment and fixtures thereon, the products and services, to take inventory of such products, and otherwise to investigate and examine the manner in which the Franchisee is conducting business including, without limitation, meeting with and/or interviewing the Franchisee's employees and service providers. In the event of any such inspection, investigation or examination, the Franchisee and its staff shall cooperate fully. The Franchisor shall have the right to require that the Franchisee cease to use and immediately remove from the Premises any product, or other item, which the Franchisor determines is not in strict accordance with the applicable standards and specifications, or which has not been duly authorized for use or sale by the Franchisor. In the event the Franchisee fails or refuses to remove such product or other item forthwith following the Franchisor's request, then the Franchisor shall be permitted to do so, at the Franchisee's cost.

During the term of this Agreement, the Franchisee shall, at the option of the Franchisor, reimburse the Franchisor for the cost of one (1) inspection, investigation or audit per year, including, without limitation, the Franchisor's then current charges for inspection, investigation or audits, the charges of any service providers retained for the purposes of the inspection, investigation or audit and the travel expenses, room, board and compensation of their employees or representatives (collectively, the "Audit Costs"). For greater clarity, the Franchisee shall reimburse the Franchisor for such costs notwithstanding that such inspection, investigation or audit was not made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules, as herein required, and notwithstanding that such inspection, investigation or audit did not disclose an understatement of Gross Sales or any other breach of this Agreement or any breach of or non-compliance with any applicable law(s).

In addition to the foregoing, in the event any inspection, investigation or audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules, as herein required, or if an understatement greater than two percent (2%) of Gross Sales for any period is determined by any inspection, investigation or audit, or if any other breach of this Agreement or any breach of or non-compliance with any applicable law(s) is determined by any

inspection, investigation or audit, the Franchisee shall reimburse the Franchisor for the Audit Costs.

9.10 **Fiscal Year:** For accounting purposes, the Franchisee shall use a fiscal year during the term of this Agreement ending on the 31st day of December of each year unless otherwise advised by the Franchisor in writing.

ARTICLE X
INSURANCE AND PROPERTY DAMAGE

10.01 **In General:** The Franchisee, at its expense, shall procure, or cause to be procured, prior to the opening of the Franchised Restaurant, and maintain, or cause to be maintained, in full force and effect from and following the Effective Date and during the term of this Agreement, at the Franchisee's expense, an insurance policy or policies protecting the Franchisee and the Franchisor against any loss, liability or expense. Each policy will name Franchisor, Tim Hortons USA, Inc., and its subsidiaries, its affiliated and parent companies as additional insured, will provide that the policy cannot be cancelled without thirty (30) days prior written notice to Franchisor, will insure against the liability of Franchisor and Franchisee's acts or omissions, and will insure the contractual liability of Franchisee under Article 16.02.

10.02 **Specific Coverage:**

(a) Such policy or policies shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor), the following:

(i) commercial general liability insurance with a primary and excess limit of not less than Five Million Dollars ($5,000,000) per occurrence inclusive of bodily injury, death, personal injury, property damage, non-owned automobile, blanket contractual and products and completed operations liability. Such insurance shall name Franchisor, Tim Hortons USA, Inc., and its subsidiaries, its affiliated and parent companies as additional insured, will provide that the policy cannot be cancelled without thirty (30) days prior written notice to Franchisor, will insure against the liability of Franchisor and Franchisee's acts or omissions, and will insure the contractual liability of Franchisee under Article 16.02. ;

(ii) automobile liability insurance on all owned and/or leased vehicles, with a combination of primary and excess limits of not less than One Million Dollars ($1,000,000.00). Such insurance shall name Franchisor, Tim Hortons USA, Inc., and its subsidiaries, its affiliated and parent companies as additional insured, will provide that the policy cannot be cancelled without thirty (30) days prior written notice to Franchisor, will insure against the liability of Franchisor and Franchisee's acts or omissions, and will insure the contractual liability of Franchisee under Article 16.02. ;

(iii) "all risks" property insurance, (including business interruption coverage with an indemnity period of at least 12 months), on the Premises and property of every description and kind owned by the Franchisee or for which the Franchisee is legally liable, or which is installed by or on behalf of the Franchisee within the Premises including, without limitation, stock in trade, furniture, equipment, partitions, trade fixtures and leasehold improvements, all in an amount not less than the full replacement cost thereof. Such insurance shall name the Franchisor and any other entity that Franchisor acting reasonably requests as a loss payee as its interest may appear and shall include a waiver of subrogation in favor of the Franchisor and any other loss payee. Such insurance shall name Franchisor, Tim Hortons USA, Inc., and its subsidiaries, its affiliated and parent companies as additional insured, will provide that the policy cannot be cancelled without thirty (30) days prior written notice to Franchisor, will insure against the liability of Franchisor and Franchisee's acts or omissions, and will insure the contractual liability of Franchisee under Article 16.02. ;

(iv) broad form Boiler and Machinery insurance covering all boilers, pressure vessels and HVAC equipment within the Premises in an amount not less than the full replacement cost thereof. Such insurance shall name Franchisor, Tim Hortons USA, Inc., and its subsidiaries, its affiliated and parent companies as additional insured, will provide that the policy cannot be cancelled without thirty (30) days prior written notice to Franchisor, will insure against the liability of Franchisor and Franchisee's acts or omissions, and will insure the contractual liability of Franchisee under Article 16.02. Such insurance shall also name any other entity that Franchisor acting reasonably requests as a loss payee as its interest may appear and shall include a waiver of subrogation in favor of the Franchisor and any other loss payee;

(v) worker's compensation as well as such other insurance and in such amounts as may be required by statute or rule of the state in which the Premises is located; and

(vi) such other insurance and in such amounts as reasonably may be required by the Franchisor for its own and the Franchisee's protection.

(b) The Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by the Franchisor, nor shall the Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 16.02. All insurance maintained by the Franchisee shall be primary and shall not call into contribution any insurance maintained by the Franchisor, its subsidiaries, affiliated, or parent companies.

10.03 **Evidence of Insurance:** From and following the Effective Date, at the Franchisor's reasonable request, evidence of insurance in the form of a certificate or certificates of insurance showing compliance with the foregoing requirements shall be furnished by the Franchisee to the Franchisor. The evidence of insurance shall include a statement that the policy or policies will not be cancelled or materially altered without at least thirty (30) days prior written notice to the Franchisor. Original or authenticated copies of all insurance policies shall be submitted promptly to the Franchisor upon the Franchisor's request, together with proof of payment therefor.

10.04 **The Franchisee's Failure to Insure:** At any time upon notice by the Franchisor, the Franchisor may designate a supplier of the insurance mandated for purchase by the Franchisee pursuant to this Agreement, and the Franchisor shall have the right, at its option, to designate such procedures as it considers necessary, procure such insurance, whether as a result of the Franchisee's failure to do so or not and whether before or after notice of cancellation of insurance from the applicable insurer(s), and to charge same to the Franchisee, which charges, together with a reasonable fee for the Franchisor's expenses in so acting, shall be payable by the Franchisee immediately upon notice, and may be payable by way of ETPP. Otherwise, the Franchisee shall directly pay such insurer or broker mandated by the Franchisor. The Franchisee shall pay all insurance premiums and deductibles when they become due, and will not do anything to impair or negatively impact the insurance coverage required to be maintained pursuant to this Article X.

10.05 **The Franchisor Insuring by Consent:** In the event that the Franchisor shall place and/or maintain any of the above required policies of insurance on behalf of the Franchisee, the parties hereto agree that the Franchisor shall not be acting as the agent of the Franchisee and the Franchisee agrees to waive any claim against the Franchisor arising through any and all loss, damage, liability or legal fees and costs, including any claim for loss of business profits incurred by the Franchisee because the amount or extent of such claim or claims is not covered by the said insurance policies provided always that the Franchisor shall comply with the terms of such policy or policies and shall not through its neglect invalidate any such policy or policies. The Franchisee shall be entitled to receive a copy of any policies so placed by the Franchisor.

10.06 **Damage to Franchised Restaurant:** In the event the Franchised Restaurant is damaged or destroyed by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, the Franchisee shall, at its own expense, repair or reconstruct the Franchised Restaurant within a reasonable time under the circumstances. The minimum acceptable appearance for the restored Franchised Restaurant will be that which existed just prior to the casualty; however, every effort should be made to have the restored Franchised Restaurant reflect the then Current Image, design and specifications of Tim Hortons Shops. If the Franchised Restaurant is substantially destroyed by fire, or other casualty, the Franchisee may, with the Franchisor's agreement, terminate this Agreement in lieu of the Franchisee reconstructing the Franchised Restaurant.

ARTICLE XI
TRANSFERABILITY OF INTEREST

11.01 **The Franchisor's Right to Transfer:** This Agreement shall inure to the benefit of the successors and assigns of the Franchisor. The Franchisor shall have the right to transfer or assign

any or all of its interests in this Agreement to any person. Without limiting the foregoing, such assignment may include any or all rights and benefits of the Franchisor herein, as well as any or all obligations of the Franchisor herein. If the Franchisor's assignee assumes the obligations of the Franchisor hereunder and sends to the Franchisee written notice of the assignment so attesting, the Franchisor shall thereupon and without further agreement, be freed and relieved of all liability with respect to such obligations. In addition, and without limitation to the foregoing, the Franchisee expressly affirms and agrees that the Franchisor may sell its assets, the TIM HORTONS TRADEMARKS or the TIM HORTONS SYSTEM; may sell its securities in a public offering or in a private placement; may permit and participate in any transfer or distribution of its securities in connection with a spin-off; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial reorganization or restructuring.

11.02 **Restrictions on the Franchisee's Right to Transfer:** The Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to the Franchisee and that the Franchisor has granted this franchise in reliance on the Franchisee's business skill and financial capacity. The Franchisee therefore covenants with the Franchisor as follows:

(a) Except as explicitly permitted in this Section 11.02, neither the Franchisee, nor any immediate or remote successor to any part of the Franchisee's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly owns any interest in the Franchisee, in this Agreement or in all or substantially all of the assets of the Franchised Restaurant, without the Franchisor's prior written consent, shall, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber to any person, persons, partnership, association or corporation, any interest in the Premises or assets of the Franchised Restaurant, this Agreement, or any interest in the franchise granted hereby, or any interest in any proprietorship, partnership or corporation which owns any interest in the franchise, nor offer, permit or suffer the same. For the purposes of this Article XI, any of the foregoing shall be included in the word "transfer". Any purported transfer not having the written consent of the Franchisor shall be null and void and shall constitute default hereunder allowing the Franchisor to immediately terminate this Agreement without prior notice or opportunity to cure such default.

(b) In the event the Franchisee wishes to transfer the Franchised Restaurant business carried on at the Premises pursuant to this Agreement, the Franchisee shall do so only by first offering to resell the Franchised Restaurant business to the Franchisor at the depreciated value of the furniture, equipment, signs and improvements. For the purposes hereof, "depreciated value" shall be as defined in subparagraph 12.03(i). The Franchisor shall have the option of repurchasing said business in accordance with this subsection within thirty (30) days of receipt of written notice from the Franchisee advising it wishes to sell the business. In the event the Franchisor does not exercise its option to repurchase the business in accordance with this subsection, the Franchisee shall have the right to transfer the business to a third party at the purchase price set out in this subsection and subject to Section

11.03. For greater certainty, notwithstanding that the Franchisor does not exercise its option to repurchase the business in accordance with this subsection, the Franchisor retains the right to grant or withhold its consent to the Franchisee's proposed transfer of the business.

11.03 **The Franchisor's Consent to the Franchisee's Request for Transfer:** Subject to the provisions of subsection 11.03(c), the Franchisor shall exercise its business judgment with respect to the granting or withholding of its consent to any transfer of this Agreement when requested, provided, however:

(a) If the Franchisee is an individual or partnership and desires to assign and transfer his rights to an entity that is wholly-owned by such Franchisee:

(i) said transferee entity shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the Franchised Restaurant franchised under this Agreement or under similar agreements;

(ii) the Franchisee or, if the Franchisee is a partnership, the partners licensed herein to operate the franchised business, shall be the beneficial owner or owners of all of the shares or voting securities of the transferee entity;

(iii) the Franchisee, or, if the Franchisee is a partnership, one of the partners, shall be the principal executive officer of the transferee entity;

(iv) the Franchisee shall have fully paid and satisfied all of the Franchisee's obligations to the Franchisor and TH as at the date of such transfer;

(v) the Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between the Franchisee and the Franchisor or its affiliates;

(vi) the transferee entity and, if required, all directors/governors, officers/managers and owners of the transferee entity shall enter into a written assignment with the Franchisee and Franchisor in a form satisfactory to the Franchisor, assuming all of the Franchisee's obligations hereunder;

(vii) all directors/governors, officers/managers and owners of the transferee entity shall enter into a written agreement, in a form satisfactory to the Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee entity's obligations to the Franchisor incurred during the term of this Agreement;

(viii) each share certificate of the transferee entity shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to all restrictions imposed upon

transfers by this Agreement and all owners of the transferee entity shall execute a shareholders' agreement with the transferee entity as a party thereto, stating the provision of this subsection and furnish the Franchisor with an original copy thereof; and

(ix) no new shares or voting securities in the transferee entity shall be issued to any person, persons, partnership, association or entity without obtaining the Franchisor's prior written consent, which consent shall be granted or withheld in accordance with the provisions of this Section 11.03. The directors/governors of the transferee entity shall furnish a certified copy of a resolution setting out this provision and such resolution shall be ratified by all of the owners of the transferee entity;

(b) If a transfer is desired to someone other than an original signatory of this Agreement:

(i) neither the transferee nor any of the principals of the transferee, nor an affiliate of any of them, shall be, in the discretion of the Franchisor, a competitor of the Franchisor or the "TIM HORTONS SYSTEM", nor involved in any way in a Competing Business (as defined below), and the transferee shall be of good moral character and reputation and shall have a good credit rating, financial capabilities and business qualifications acceptable to the Franchisor. The Franchisee shall provide the Franchisor with such information as the Franchisor may require to make such determination concerning each such proposed transferee;

(ii) the transferee shall have successfully completed the Franchisor's training course then in effect for franchisees;

(iii) the transferee, including all principals of the transferee, shall jointly and severally execute a franchise agreement (and/or any other standard ancillary agreements) with the Franchisor on the standard forms then used by the Franchisor which may provide for the then current TIM HORTONS SYSTEM royalty and advertising contributions (which may differ from those in this Agreement) and/or other charges or levies;

(iv) the Franchisee, or individual proposing to transfer an interest in this Agreement, shall execute a general release of (to the extent permitted by applicable law) all claims against the Franchisor and its affiliates, directors, officers, shareholders and employees in a form prescribed by the Franchisor, but excepting any claims under an applicable franchise law statute (if any) that cannot be released;

(v) the term of the agreements required pursuant to subparagraph 11.03(b)(iii) shall be for the unexpired term of this Agreement;

(vi) if the transferee is an entity:

(A) each share certificate of the transferee entity shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon the transfers by this Agreement; and all owners of the transferee entity shall execute a owners' agreement with the transferee entity as a party thereto, stating the provision of this subsection and furnish the Franchisor with an original copy thereof;

(B) no new shares or voting securities in the transferee entity shall be issued to any person, persons, partnership, association or entity without obtaining the Franchisor's prior written consent, which consent shall be granted or withheld in accordance with the provisions of this Section 11.03. The directors/governors of the transferee entity shall furnish a certified copy of a resolution setting out this provision and such resolution shall be ratified by all of the owners of the transferee entity; and

(C) the proposed transferee shall provide written guarantees from anyone whom the Franchisor may request, in a form prescribed by the Franchisor, jointly and severally guaranteeing the full payment and-performance of the transferee entity's obligations to the Franchisor incurred during the duration of this Agreement;

(vii) the Franchisee shall have fully paid and satisfied all of the Franchisee's obligations to the Franchisor and TH and all other trade creditors of the Franchisee as at the date of such transfer;

(viii) the Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between the Franchisee and the Franchisor or its affiliates;

(ix) the Franchisee, in consideration of such approval and consent by the Franchisor, shall pay to the Franchisor five percent (5%) of such sale or transfer price;

(x) notwithstanding compliance with the aforesaid conditions and the Franchisor's approval of the transfer, the Franchisee and any principals participating in said transfer shall not be relieved of further liability under the terms of this Agreement;

(xi) the transferee making an equity payment of one-third (1/3) of the sale or transfer price in unencumbered funds; and

(xii) the transferee acknowledging that it is bound by the terms of subsection 11.02(a) of this Agreement. If depreciated value is to be calculated for such transferee at any time pursuant to subsection 12.03(i), it shall be calculated on the original sum allocated for the development costs, furniture, fixtures, equipment and signs.

(c) Notwithstanding any other provision in this Agreement to the contrary, the Franchisee acknowledges that it is the policy of the Franchisor that the profitability of the Franchised Restaurant business should be derived from the day to day operations of the business and not from a resale of the business. The Franchisee therefore covenants and agrees that the Franchisor may withhold its consent to any transfer of this Agreement or the Franchised Restaurant, in whole or in part, if it feels that in its business judgment the sale or transfer price to be paid by any proposed transferee is such that the proposed transferee will not be maintaining a cash flow consistent with the pro forma-stated operating results contained in the Confidential Operating Manual, normalized as considered necessary by the Franchisor acting in a commercially reasonable manner, or if such transfer price is not consistent with the then current selling price of a Tim Hortons Shop adjusted for the number of years remaining in this Agreement and for the ratio of its sales level to the preceding calendar year's average store sales level of the "TIM HORTONS SYSTEM".

11.04 **Continuing Liability:** In the event of a transfer by the Franchisee to someone other than an original signatory of this Agreement conducted in accordance with this Article XI, the Franchisee (hereinafter "Transferor") shall remain personally liable for all Royalty, Advertising Contributions and other payments which come due during the periods of time hereinafter described, in accordance with the following criteria:

(a) If Transferor has transferred Transferor's interest pursuant to a contract of sale which provides that installment payments of the purchase price are to be made to the Transferor or the Transferor's designee, the liability of the Transferor will continue for the longer of (i) twelve (12) months from the date of the transfer, or (ii) such time as the payments are to be made, including any extensions; provided, however, that after the first anniversary of such transfer, the liability of the Transferor shall be limited to the total amount of the original installment payments to be made under the contract for sale or other instrument evidencing the debt. If the holder of the note or other evidence of debt deems the obligation satisfied, Transferor will simultaneously be released from liability to the Franchisor under this Agreement for Royalty and Advertising Contributions. Any contract for sale which provides for installment payments shall provide that such payments are subordinate to the payment of Royalty and Advertising Contributions called for in this Agreement and that the note or other evidence of the obligation shall not be assignable by the holder or payee.

(b) If Transferor has transferred Transferor's interest pursuant to a contract of sale which provides for cash payment in full, upon transfer of the entire purchase price,

the Transferor's liability shall continue for a period of twelve (12) months from the date of the transfer, and shall be limited to the amount of Royalty and Advertising Contributions which accrued during such period and are not paid by Transferee. Upon payment of such amount, Transferor shall be automatically released for any continuing liability under this Agreement for Royalty and Advertising Contributions.

(c) Following a transfer of all of the Franchisee's interest in accordance with this Article 11, in the event the Franchisor seeks to enforce continuing liability pursuant to this Section 11.04, the immediately preceding transferor of an interest in the franchise against whom liability is sought, will be afforded an opportunity to cure the default and the right to reassume the position of franchisee under the terms of this Agreement provided all of the following conditions have been met:

(i) at the time of transfer, the transferor must have been in good standing with the Franchisor in accordance with the operational criteria then in effect for franchisee approval;

(ii) at the time of proposed re-entry, the transferor must be in good standing and be able to satisfy the Franchisor's then current franchisee approval criteria and deliver to the Franchisor appropriate application forms and such other documents and agreements as the Franchisor may reasonably require evidencing the assumption by transferor of the rights and obligations under the remaining term of this Agreement;

(iii) at the time of re-entry, the Franchisor shall be paid, in full, all sums past due and owing under this Agreement and any agreement related to the Franchised Restaurant, as well as any past due sums related to products or supplies sold by the Franchisor for use in the Franchised Restaurant, including without limitation, any pre- and post-petition amounts due from any franchisee with regard to the Franchised Restaurant which is the subject of a proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally; and

(iv) Transferor must take possession of and acquire control and dominion over substantially all of the tangible real and personal property associated with the operation of the Franchised Restaurant.

11.05 **Death or Incapacity of the Franchisee:** In the event of the death or permanent incapacity of any person with an interest in this Agreement, in the Franchisee or in all or substantially all of the assets of the Franchised Restaurant, the legal representative, executor or administrator of such person, together with all surviving owners, if any, jointly, shall within three (3) months of such event apply, in writing, for the right to transfer the franchise granted herein or the interest of the deceased person in the franchise granted herein to such person or persons as the legal representative, executor or administrator may specify. Such right shall be granted by the Franchisor upon the fulfilment of all of the conditions set forth in Section 11.03, except that no

transfer payment shall be required if this Agreement is transferred to the Franchisee's immediate family or to the surviving principals. If the legal representative, executor or administrator and all surviving principals, if any, do not comply with the aforesaid provisions of Article XI or do not propose a transferee acceptable to the Franchisor under the standards set forth in Section 11.03(b), this Agreement shall terminate forthwith and the Franchisor shall have the right and option, exercisable upon such termination, to purchase all furniture, fixtures, signs, equipment and improvements at a price no greater than the then current selling price of a Tim Hortons Shop as determined by the Franchisor in a manner consistent with the formula set forth in Section 11.03(c) above. The Franchisor shall give notice of its intent to exercise said option no later than twenty-one (21) days prior to termination.

For the purposes of this Agreement, the Franchisee, or any principal thereof, shall be deemed to be permanently incapacitated in the event that the Franchisee's, or any principal thereof, normal participation in the franchised business is for any reason curtailed by reason of mental or physical disability for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement.

11.06 **No Advertising For Sale:** The Franchisee shall not advertise in any manner or form whatsoever whether privately or through an agent or broker, that its Franchised Restaurant business is for sale.

11.07 **Consent Refusal:** If the Franchisor withholds, delays or refuses to give consent to any request for transfer or assignment of this Agreement, whether or not the Franchisor is entitled to do so, the Franchisor shall not be liable for any direct or indirect losses or damages in any way resulting therefrom and the Franchisee shall not be entitled to terminate this Agreement or exercise any other remedy whatsoever in respect thereof except to seek the order of a court of competent jurisdiction compelling the Franchisor to grant any such consent which the Franchisor is obliged to grant pursuant to the terms of this Agreement.

ARTICLE XII
TERMINATION

12.01 **Events of Default Subject to Cure:** Except as provided in Section 12.02, if and whenever:

(a) the Franchisee shall be in default of, or shall have breached or failed to comply with, any covenant, obligation or agreement, which default, breach or failure provides the Franchisor with a specific termination right, and the Franchisee fails to cure such default, breach or failure within the cure period prescribed in this Agreement for such event;

(b) any monies payable by the Franchisee under this Agreement or any other agreement to the Franchisor or TH, including any instalment thereof, and whether lawfully demanded or not, shall be in arrears and shall not then be paid within three (3) days after written notice thereof;

(c) the Franchisee shall be in default of or shall have breached or failed to comply with: (i) any of its covenants, obligations or agreements relating to health, hygiene, cleanliness, sanitation or safety standards for the Franchised Restaurant franchised in this Agreement, as it may from time to time be supplemented by the Confidential Operating Manual or otherwise in writing by the Franchisor; or (ii) Franchisee's obligation relating inspections, investigations or audits by the Franchisor; or (iii) shall have failed to remedy a breach of either Sections 12.01(c)(i) or 12.01(c)(ii) within 24 hours after written notice thereof given by the Franchisor to the Franchisee;

(d) the Franchisee sells any product which does not conform to the Franchisor's specifications, and fails to cure such default, breach or non-compliance within five (5) days after written notice thereof;

(e) the Franchisee fails to sell products designated by the Franchisor as required to be sold in the Franchised Restaurant, and fails to cure such default, breach or non-compliance within five (5) days after written notice thereof, provided, however, if for reasons beyond the control of the Franchisee, the Franchisee is unable to obtain such products within the cure period, the default cure period shall be extended for a reasonable period of time provided the Franchisee initiates and actively pursues substantial and continuing action within the cure period to cure such default;

(f) the Franchisee sells products not approved by the Franchisor, and fails to cure such default, breach or non-compliance within five (5) days after written notice thereof;

(g) the Franchisee uses equipment, uniforms or decor not approved by the Franchisor, and fails to cure such default, breach or non-compliance within thirty (30) days after written notice thereof;

(h) the Franchisee fails to maintain the Franchised Restaurant in good condition and repair, or fails to make all improvements, alterations or remodelling as may be determined by the Franchisor to be reasonably necessary to reflect the Current Image as provided in Section 5.08, as and when required, and fails to cure such default, breach or non-compliance within thirty (30) days after written notice thereof;

(i) any insurance policy on the premises of which the Premises form part or any part thereof shall be cancelled or shall be threatened to be cancelled or the coverage thereunder reduced in any way by the insurer by reason of non-payment, breach or the use and occupation of the Premises or any part thereof by the Franchisee, provided that such right will not be exercised by the Franchisor unless it has given notice to the Franchisee to remedy the condition giving rise to cancellation, threatened cancellation or reduction of coverage and the Franchisee has failed to remedy such condition within two (2) days after such notice;

(j) failure by the Franchisee to conduct the business of the Franchised Restaurant in compliance with all applicable laws and regulations, and fails to cure such default, breach or non-compliance within five (5) days after written notice thereof;

(k) failure to restore the Franchised Restaurant after damage or destruction as provided in Section 10.06, and fails to cure such default, breach or non-compliance within thirty (30) days after written notice thereof;

(l) the Franchisee makes default in payment of any monies due to third parties, including, without limitation, its lenders and any suppliers, and such default is not corrected by the Franchisee within seven (7) days of the sending of any notice thereof from the Franchisor to the Franchisee; or

(m) subject to subsections (a) through (l) above, the Franchisee shall be in default or shall have breached or failed to comply with any of its other covenants, obligations and agreements contained in this Agreement, as it may from time to time be supplemented by the Confidential Operating Manual or otherwise in writing by the Franchisor, (other than its covenant to pay any monies due under this Agreement) and shall have failed to remedy such default, breach or non-compliance within fifteen (15) days after written notice thereof given by the Franchisor to the Franchisee;

then and in every case it shall be lawful for the Franchisor at any time thereafter at its option and without further notice to the Franchisee to enter into and upon the Premises or any part thereof to take possession of the Premises and to immediately terminate this Agreement and all the rights of the Franchisee hereunder, anything in this Agreement to the contrary notwithstanding. Further, if any default, breach or non-compliance is deemed by the Franchisor, in its reasonable discretion, to be of a nature so serious as to threaten the immediate safety or health of customers or employees of the Franchisee, then, in such case, the Franchisee will, after verbal notice from the Franchisor to the Franchisee, immediately cease operation of the Franchised Restaurant until such time as the serious health or safety default is rectified to the Franchisor's satisfaction, and failure to close the Franchised Restaurant under these circumstances shall be an act of default and the Franchisor shall have the right to immediately terminate this Agreement, such termination to be effective immediately and with no opportunity to cure. The Franchisee hereby acknowledges that Franchisor shall be permitted to collect any monies payable by the Franchisee to TH under this Agreement.

12.02 **Events of Default Not Subject to Cure:** In addition to all other rights of the Franchisor to terminate hereunder, whether or not the term has commenced and whether or not any monies have been prepaid, the Franchisor may, at its sole option, terminate this Agreement and all rights granted hereunder effective immediately, without notice or prior opportunity to cure the default, if any of the following events of default occur:

(a) the Franchisee shall be in default of, or shall have breached or failed to comply with, any covenant, obligation or agreement, which default, breach or failure

provides the Franchisor with a specific termination right without an opportunity for the Franchisee to cure such default, breach or failure;

(b) an order shall be made or an effective resolution passed for the winding up or the liquidation of the Franchisee or the surrender or forfeiture of its charter;

(c) if the Franchisee or any one of the Guarantors shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by the Franchisee or any one of the Guarantors or such a petition is filed against and not opposed by the Franchisee or any one of the Guarantors; if the Franchisee or any one of the Guarantors is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of the Franchisee or other custodian for the Franchisee's business or assets is filed and consented to by the Franchisee; if a receiver or other custodian (permanent or temporary) of the Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against the Franchisee or any one of the Guarantors; if a final judgment against the Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if the Franchisee is dissolved; if execution is levied against the Franchisee's business or property; if suit to foreclose any lien or mortgage against the Franchised Restaurant, the Premises or equipment used therein is instituted against the Franchisee or any one of the Guarantors and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable;

(d) the Franchisee attempts to make any bulk sale or remove any substantial part of the leasehold improvements, fixtures, furnishings or stock-in-trade from the Premises other than in the course of normal sales to customers or pursuant to a permitted assignment or sale transaction as set out in Article XI or when the same are no longer required for the conduct of the Franchisee's business and other leasehold improvements, fixtures, furnishings or stock-in-trade of equal or greater value and utility in the conduct of the Franchisee's business are being substituted therefor;

(e) a receiver, receiver and manager, custodian or any official having similar powers shall be appointed with respect to property on the Premises, the business or affairs of the Franchisee, or any substantial portion thereof or with respect to the franchise granted herein;

(f) the Franchisee transfers any rights or obligations resulting from this Agreement contrary to Article XI;

(g) at any time, any person other than the Franchisee or any other occupant permitted pursuant to Article XI has or exercises the right to manage or control the Premises, any part thereof or any of the business carried on therein, other than subject to the direct and full supervision and control of the Franchisee;

(h) the Franchisee is in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between the Franchisee and Franchisor or its affiliates, including without limitation, any lease/sublease with the Franchisor, and fails to cure such default in accordance with the terms thereof;

(i) the lease/sublease of the Premises is terminated for any reason whatsoever;

(j) the Franchisee has received from the Franchisor two (2) or more prior notices of default pursuant to Article 12 hereof for the same, similar or different defaults during any consecutive twelve (12) month period, then notwithstanding the fact that the default has been cured, a notice of termination pursuant to this Section 12.02 may be sent in lieu of any subsequent notice of default;

(k) the Franchisee has made or makes any material misrepresentation or omission in respect of the Franchisee's application for and acquisition of the Franchised Restaurant franchise or in respect of the Franchisee's operation of the Franchised Restaurant, including, without limitation, by intentionally, or through negligence, understating Gross Sales whether or not such understatement is material or is a single occurrence or part of a pattern;

(l) except in the event that the Premises are damaged or destroyed by fire or other casualty, or are required to be repaired or reconstructed by any governmental authority: the Franchisee, without the consent of the Franchisor, ceases to operate the Franchised Restaurant for two (2) consecutive days, or otherwise abandons or attempts to abandon the Premises, or if the Franchisee or any one of the principals thereof, admits in writing its intention to cease to operate the Franchised Restaurant or abandon the Premises prior to the expiration of this Agreement;

(m) the Franchisee breaches Section 5.06, 13.05, 13.12 or 13.13;

(n) the Franchisee or any officer, director, principal of the Franchisee having committed or permitted the commission of: (i) any criminal offense; (ii) any violation of the "Tim Hortons Harassment Policy"; or (iii) any violation of such of those covenants, obligations, operating standards, including without limitation, the Franchisor's then current "Standards of Business Practices", or agreements of the Franchisee that the Franchisor believes is reasonably likely to have an adverse effect on the "TIM HORTONS SYSTEM", the "TIM HORTONS TRADEMARKS", the goodwill associated therewith, or any interest of the Franchisor therein;

(o) conduct by the Franchisee or any officer, director, principal of the Franchisee which is deleterious to or reflects unfavorably on the Franchisee or the TIM HORTONS SYSTEM by exhibiting a reckless disregard for the physical and mental well-being of employees, customers, the Franchisor representatives or the public at large including, but not limited to, battery, assault, sexual harassment or other forms of threatening, outrageous, willfully discriminatory or unacceptable behavior. An act

of default under this subsection (o) does not require any criminal action to be brought against the Franchisee;

(p) the Franchisee loses, for any reason whatsoever, any license required with respect to the operation of the Franchised Restaurant;

(q) the Franchisee or any officer, director, principal of the Franchisee fails to successfully complete the initial training required by Section 5.03;

(r) if the Franchisee or any officer, director, principal of the Franchisee engages in any dishonest or unethical conduct which, in the Franchisor's sole judgment, is reasonably likely to have an adverse effect on the TIM HORTONS SYSTEM, the TIM HORTONS TRADEMARKS, the goodwill associated therewith, or Franchisor's interest therein;

(s) if the Franchisee takes, withholds, misdirects, or appropriates for the Franchisee's own use any funds withheld from the Franchisee's employees' wages for employees' taxes, insurance or benefits, or generally fails to deal fairly and honestly with the Franchisee's employees or customers; or

(t) the Franchisee (or its principals) breaches Sections 7.02 or 7.05 or if they or one of them otherwise breaches any of its or their respective obligations pursuant to a secrecy and confidentiality agreements executed pursuant to Section 7.05.

12.03 **Rights and Obligations of Parties on Termination or Expiration:** If and whenever the Franchisor exercises its option to terminate this Agreement pursuant to Sections 12.01 and 12.02 or the Agreement otherwise expires:

(a) the Franchisee shall immediately cease to operate the Franchised Restaurant and the Franchisee shall, if requested by the Franchisor, immediately vacate the Premises and surrender possession to the Franchisor and the Franchisor may remove or cause to be removed from the Premises the Franchisee or any other occupant or occupants thereof and cease all access and/or use of the Information Systems and all related data and information, except as required by law;

(b) the Franchisee shall promptly pay all amounts owing or accruing to the Franchisor or TH up to the time of such termination or expiration. In the event of termination for any default of the Franchisee, such amounts shall include all damages, costs and expenses, including all legal fees (which shall include any appellate work), incurred by the Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of the Franchisor against any and all of the furniture, fixtures, equipment and signs owned by the Franchisee and on the Premises at the time of default;

(c) the Franchisee shall pay to the Franchisor all damages, costs and expenses, including all legal fees (including appellate work), incurred by the Franchisor

subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Article XII, including collection actions;

(d) the Franchisee shall immediately thereafter cease to use, by advertising or in any other manner whatsoever the trade name "TIM HORTONS", any or all of the "TIM HORTONS TRADEMARKS", the Confidential Operating Manual, and any other trade secrets, confidential information, methods, video materials, slogans, signs, symbols or devices forming part of the "TIM HORTONS SYSTEM" or otherwise used in connection with the operation of the Franchised Restaurant;

(e) the Franchisee shall immediately cease to use any telephone numbers, listings and service, websites, electronic mail addresses, domain names and any other business listing used by the Franchisee in connection with the Franchised Restaurant business and shall immediately transfer or cause to be transferred all such telephone numbers, listings, services and registrations therefor to the Franchisor, or to its designate (or to discontinue them, if the Franchisor so requests) and shall execute such documents and do such other acts and things as may be necessary to effect the foregoing. If the Franchisee fails or refuses to comply with the requirements of this subsection, the Franchisee hereby irrevocably appoints the Secretary of the Franchisor as its true and lawful attorney to take any action, execute any document or do any other act or thing in order to effect the transfer of such numbers, listings and service in accordance with this subsection at the Franchisee's sole risk and expense, and the Franchisee hereby covenants and agrees for its permitted successors and assigns to allow, ratify and confirm whatsoever the Franchisor and its agents shall do by virtue of the foregoing power of attorney;

(f) the Franchisee shall immediately thereafter return to the Franchisor the Confidential Operating Manual, all video materials, plans, specifications and other materials containing information prepared by the Franchisor and relative to the operation of a Franchised Restaurant;

(g) the Franchisee shall if requested by the Franchisor immediately remove all signs and other distinguishing identification of "TIM HORTONS" from the Premises to the satisfaction of the Franchisor, and upon failure to do so upon request, the Franchisor shall have the right to enter on said Premises, forcibly if necessary, without being guilty of trespass, to make such removals and changes at the Franchisee's expense;

(h) the Franchisee shall comply with the covenants contained in Sections 13.06 and 13.12;

(i) the Franchisor shall have the right to purchase from the Franchisee all or part of the assets, furniture, fixtures, equipment and signs owned by the Franchisee and used in the business by paying to the Franchisee the depreciated value thereof. The depreciated value shall be calculated on a declining balance basis of accounting at

the rate of twenty percent (20%) per annum with respect to the Development Value of the assets, furniture, fixtures, equipment and signs. If the Franchised Restaurant was a renovation (as indicated on the Key Contract Data page), then any depreciation to be calculated with respect to any furniture, fixtures, equipment and signs that were installed before the renovation and are still located within the Premises shall be calculated on its original base cost as supported by invoice or statement and as of the commencement date of the original Franchise Agreement for the Franchised Restaurant. Said assets, furniture, fixtures, equipment and signs shall be free and clear of all mortgages, charges, liens, encumbrances and security interests, and if any such mortgage, charge, lien, encumbrance or security interest exists, the Franchisor shall have the right to pay the amount of such lien or encumbrance directly to the creditor. For the purposes of this Section 12.03(i), "Development Value" means that portion of the Franchisee's development costs that the Franchisor determines, acting reasonably and in accordance with the Franchisor's valuation methodology, should be taken into account for the purposes of valuing the Franchised Restaurant contemplated by this Agreement. In the event that the amount required to purchase said assets, furniture, fixtures, equipment and signs free and clear of all mortgages, charges, liens, encumbrances and security interests exceeds the depreciated value as calculated: (i) the Franchisor shall have the right to pay the amount required to purchase from the party having the benefit of the mortgage, charge, lien, encumbrance or security interest, all or part of the furniture, fixtures, equipment and signs free and clear of mortgages, charges, liens, encumbrances and security interests (the "Purchase Price"); and (ii) the Franchisee shall be liable to the Franchisor and shall pay forthwith to the Franchisor the difference between the depreciated value as calculated and the Purchase Price.

12.04 **The Franchisor Not Precluded from Other Remedies:** Mention in this Agreement of any particular remedy or remedies of the Franchisor in respect of any default, breach or non-compliance by the Franchisee shall not preclude the Franchisor from any other remedy in respect thereof, whether available at law or in equity or by statute or expressly provided for herein. No remedy shall be exclusive or dependent upon any other remedy, but the Franchisor may from time to time exercise any one or more of such remedies generally or in combination, such remedies being cumulative and not alternative. In addition to any other remedies the Franchisor may have hereunder, if the Franchisee makes any default under or is in breach of or non-compliance with this Agreement which is not remedied promptly after notice from the Franchisor, the Franchisor shall have the right to suspend the supply to the Premises of any benefit, service or utility furnished by the Franchisor or TH until the default, breach or non-compliance is cured.

ARTICLE XIII
INDEPENDENT COVENANTS OF FRANCHISEE

13.01 **Managing Director; Devotion to Operation of Franchised Restaurant:** Franchisee acknowledges its understanding of Franchisor's requirement that Franchisee designate an individual as the "Managing Director", who will do the following: (i) faithfully, honestly and diligently perform his or her duties and devote his or her full time, best efforts, labor, skill and attention to the operation of the subject Franchised Restaurant and abide by all covenants

contained in this Agreement; and (ii) reside in the United States at a location no further than 30 miles from the Franchised Restaurant or any other Tim Hortons Shop operated by the Franchisee under a Franchise Agreement with the Franchisor. The Managing Director as of the Effective Date is designated on the Key Contract Data page and in Schedule "A".

13.02 **Ownership of Multiple Tim Hortons Shops:** If the Franchised Restaurant is a standard shop or single or double drive-thru (as indicated on the Key Contract Data page) and, at any time during the term of this Agreement, the Franchisee owns or operates more than one (1) Tim Hortons Shop, then the following provisions shall apply, effective from, and for so long as, the Franchisee owns or operates more than one (1) Tim Hortons Shop:

(a) The Franchisee shall retain a "General Manager", which may be a principal of the Franchisee hereunder. Such General Manager shall be trained in the "TIM HORTONS SYSTEM", and the Franchisee shall grant the General Manager authority to direct any action necessary to ensure that the day-to-day operation of the Franchised Restaurant is in compliance with the Confidential Operating Manual, with this Agreement, and with the terms of any lease and any other agreements relating to the Franchised Restaurant. The General Manager shall devote full time and best efforts to the overall supervision of the Franchised Restaurant and any other Tim Hortons Shops owned or operated by the Franchisee as to which he/she is the General Manager. If the position of General Manager becomes vacant for any reason, the vacancy shall be filled within thirty (30) days by a new General Manager trained in the "TIM HORTONS SYSTEM".

(b) At all times during the term of this Agreement, the Franchisee shall employ at least one (1) individual (the "Restaurant Manager") who is responsible for the direct, personal supervision of the Franchised Restaurant and who, within six (6) months after becoming Restaurant Manager, successfully completes the training program described in Section 5.03.

13.03 **Organization of the Franchisee:**

(a) The Franchisee shall notify the Franchisor of, and at the Franchisor's request provide copies of, any amendments to the articles of incorporation, by-laws, partnership agreement, or other governing documents of the Franchisee. No amendment to such governing documents may be made, nor may any resolution be adopted by the board of directors of the Franchisee, if the Franchisee is a corporation, without the written consent of the Franchisor, if such amendment or resolution would (1) change the description of the Franchisee's purposes or authorized activities; (2) change the designation of, or the procedures for designating, the Managing Owner or the Managing Director; (3) change the authority delegated to the Managing Owner; or (4) materially alter promises or representations contained in the Franchisee application approved by the Franchisor.

(b) The Franchisee shall provide the Franchisor annually with an updated list of all shareholders, members, or general and limited partners of the Franchisee and its parent, if any.

13.04 **Managing Owner:** The individuals listed in Schedule "A" to this Agreement are the "Owners" of the Franchisee for purposes of this Agreement. The Franchisee acknowledges its understanding of the Franchisor's requirement that an individual "Managing Owner" be named and be granted the authority by the Franchisee to bind the Franchisee in any dealings with the Franchisor and its affiliates and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Restaurant. The Franchisee represents and warrants that the Managing Owner designated on the Key Contract Data page and in Schedule "A" presently has and will have, throughout the term of this Agreement, the authority to bind the Franchisee in any dealings with the Franchisor and its affiliates and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Restaurant. The Franchisee has not taken and agrees that it will not hereafter take, whether directly or indirectly, any action to avoid the authority requirement for the Managing Owner through the entry of limiting board resolutions, management agreements, amendment of governing documents or any other similar device or arrangement. The Franchisee agrees to furnish the Franchisor with such evidence as the Franchisor may request from time to time for the purpose of assuring the Franchisor that the Managing Owner's authority remains as represented in this Agreement. No change in the Managing Owner may be made without the prior written consent of the Franchisor. If the Managing Owner dies or becomes incapacitated, then within sixty (60) days thereafter, the Franchisee shall name a new Managing Owner approved by the Franchisor pursuant to the Franchisor's then current criteria for approving Managing Owners.

13.05 **Diversion of Business; Competition with the Franchisor:** The Franchisee covenants that for the duration of this Agreement and any renewal hereof, except as otherwise approved in writing by the Franchisor, as follows:

(a) neither the Franchisee, nor any owner of Franchisee, nor any of such persons' respective immediate family members (i.e., spouse and children) shall either directly or indirectly, individually or in partnership, jointly, or in conjunction with any person or persons, firm, association, syndicated company or corporation as principal, agent, shareholder, employee, or in any other manner whatsoever, own, maintain, engage in, be employed in, participate in, lend money to, guarantee the debts or obligations of, or permit its name to be used, or have any interest in the operation of any business or enterprise which consists primarily, either individually or in the aggregate, of the production, merchandising, sale and/or offer for sale of any one or more of the following products:

(i) (1) hot and cold beverages, including without limitation, coffee, tea, hot chocolate, espresso and espresso based beverages, flavored cappuccinos, iced cappuccinos, iced coffees, juices, lemonades, carbonated soft drinks, smoothies and shakes; (2) packaged coffee, including without limitation, ground and/or whole bean coffee; (3) baked goods and snacks, including, without limitation, donuts, muffins, bagels, cookies, danishes, croissants,

rolls and pastries; (4) breakfast offerings including, without limitation, hot breakfast sandwiches and wraps, oatmeal and yogurt; (5) hot meal offerings, including without limitation, soups, chili, stews and pasta dishes; (6) sandwiches, including without limitation, hot and cold sandwiches, paninis and wraps; and (7) salads, including without limitation, meal and side salads;

(ii) any other menu item(s) produced, merchandised, sold and/or offered for sale, from time to time, at or from a Tim Hortons Shop during the term of this Agreement,

regardless of the manner of delivery used by such business and expressly including quick service restaurants, fast casual restaurants, food courts, kiosks, sit down and/or full service restaurants, restaurants offering take out and/or home delivery or any combination thereof (any such business or enterprise being a "Competing Business"), provided, however, that this prohibition shall not apply to the ownership or operation by the Franchisee of additional Tim Hortons Shops; and

(b) not to divert or attempt to divert any business of, or any customers of, the Franchised Restaurant franchised hereunder to any other person or corporation either directly or indirectly, individually or in partnership, jointly, or in conjunction with any person or persons, firm, association, syndicated company or corporation as principal, agent, shareholder, employee, nor shall the Franchisee, in any other manner whatsoever, own, maintain, engage in, be employed in, participate in, lend money to, guarantee the debts or obligations of, or permit its name to be used, or have any interest in the operation of any enterprise, or do or perform directly or indirectly, any other act injurious or prejudicial to the Franchisor's business (which includes, without limitation, the goodwill associated with the "TIM HORTONS TRADEMARKS" and the "TIM HORTONS SYSTEM") or to the same or any other businesses licensed to others by the Franchisor.

13.06 **Covenant Not to Compete After Termination, Expiration or Transfer:** The Franchisee acknowledges that the Franchisor's name, business reputation associated therewith, the methods and techniques employed by the Franchisor, the training and instruction to be provided hereunder, the knowledge of the services and methods of the Franchisor and the opportunities, associations and experiences established and acquired by the Franchisee hereunder are of considerable value. In consideration thereof, and in the event of termination or expiration of this Agreement for any reason whatsoever or a transfer as defined in Article XI, the Franchisee covenants that, for a period of two (2) years after the expiration, termination or transfer of this Agreement, regardless of the cause of expiration, termination or transfer, the Franchisee shall not:

(a) divert or attempt to divert any business of, or any customers of, the Franchised Restaurant franchised herein to any other person or corporation as set out in subsection 13.05(b); or

(b) directly or indirectly, either individually or in partnership, or jointly, or in conjunction with any person or persons, firm, association, syndicated company or corporation as principal, agent, shareholder, employee, or in any other manner whatsoever, own, maintain, engage in, be employed in, participate in, lend money to, guarantee the debts or obligations of, or permit its name to be used, or have any interest in the operation of any Competing Business:

(i) at or from the Premises identified in Section 1.02;

(ii) within a radius of five (5) miles of the Premises identified in Section 1.02; or

(iii) within a radius of two (2) miles of each and every other Tim Hortons Shop from which the Franchisor or any affiliate or franchisee of the Franchisor is carrying on business as of the date of termination or expiration of this Agreement or transfer as defined in Article XI.

13.07 **Reduction of Scope of Non-Competition Covenants:** The Franchisee understands and acknowledges that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 13.05 or 13.06, or any portion thereof, without the Franchisee's consent, effective immediately upon receipt by the Franchisee of written notice thereof; and the Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 17.04.

13.08 **Other Claims:** The Franchisee expressly agrees that the existence of any claims it may have against the Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Franchisor of the covenants in this Article XIII. The Franchisee agrees to pay all costs and expenses (including attorneys' fees) incurred by the Franchisor in connection with the enforcement of this Article XIII.

13.09 **Covenants From Additional Persons:** The Franchisee shall obtain and furnish to the Franchisor executed covenants similar in substance to those set forth in Sections 13.05 and 13.06 (including covenants applicable upon the termination of a person's relationship with the Franchisee) from any or all of the following persons: (a) all employees of the Franchisee who have attended any training program described in Section 5.03 (including, without limitation, the Managing Director); (b) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of the Franchisee, and of any corporation directly or indirectly controlling the Franchisee, if the Franchisee is a corporation; (c) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls directly or indirectly, any general or limited partner), if the Franchisee is a partnership; and (d) the members of any limited liability company. Every covenant required by this Section 13.09 shall be in a form approved by the Franchisor, including, without limitation, specific identification of the Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

13.10 **Independent Covenants:** The parties agree that each of the covenants or provisions of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any covenant or provision is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Franchisor is a party, the Franchisee expressly agrees to be bound by any lesser covenant or provision subsumed within the terms of such covenant or provision that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

13.11 **Breach of Covenants Causing Irreparable Injury:** The Franchisee acknowledges that the Franchisee's violation of any covenant of this Article XIII would result in irreparable injury to the Franchisor for which no adequate remedy at law may be available, and the Franchisee consents to the issuance of, and agrees to pay all court costs and attorneys' fees incurred by the Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

13.12 **Disclosure of Confidential Information:** Except as otherwise approved in writing by the Franchisor, the Franchisee shall not, for the duration of this Agreement and any renewal hereof, nor at any time thereafter, regardless of the cause of termination or expiration and of the return of any documents as required by subsection 12.03(f), directly or indirectly, communicate, divulge to or use for the benefit of the Franchisee or any other person, corporation or other entity, any trade secrets or information, knowledge or know-how deemed secret or confidential under Article VII, and which may be communicated to the Franchisee, or of which the Franchisee may be apprised, by virtue of the Franchisee's operations under this Agreement, including without limitation, the contents of the Franchisor's electronic franchisee internet portal and the entire Confidential Operating Manual.

13.13 **Contest of Ownership Rights in the "TIM HORTONS SYSTEM":** The Franchisee acknowledges ownership by the Franchisor of the building designs, layouts, menus, specifications, standards, management, methods, operating procedures and other similar operational components and concepts embodied in the "TIM HORTONS SYSTEM" and covenants that for the duration of this Agreement or any renewal hereof or at any time thereafter, regardless of the cause of termination or expiration, the Franchisee shall not, either directly or indirectly, contest or aid others in contesting, the ownership and rights of the Franchisor in any aspect of the "TIM HORTONS SYSTEM" or do anything that will otherwise impair such rights without the Franchisor's prior written consent, including, without limitation, using or reproducing any materials the copyright in which is owned by or licensed to the Franchisor.

13.14 **Franchisee Structure:** The Franchisee hereby represents, warrants and covenants to the Franchisor that, as of the Effective Date and as of the opening date of the Franchised Restaurant, the entity structure of the Franchisee is as set forth in Schedule "A" hereto. The Franchisee shall not be permitted to amend the charter, articles, or other governing documents of the Franchisee without the Franchisor's prior written approval.

13.15 **Validity of This Article:** All restrictions in this Article XIII are reasonable and valid and all defenses to the strict enforcement thereof are hereby waived by the Franchisee.

13.16 **Independent Covenants:** The parties agree that the covenants (including all sections, subsections and paragraphs) contained in this Article shall be construed as severable and independent. The Franchisee further agrees that the existence of any claim it may have against the Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of the foregoing covenants in this Article by the Franchisor.

13.17 **Breach of Section 13.06 by the Franchisee:** In the event the Franchisee breaches the provisions of Section 13.06, the restrictive time period set out therein (two (2) years) shall expire two (2) years from the date of a final court determination (including all appeals).

13.18 **Amendment of Restrictive Covenants:** The Franchisee acknowledges that the provisions of this Article XIII have been inserted for the sole benefit of the Franchisor and that the Franchisor shall have the right, from time to time for the duration of this Agreement, in its discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article XIII or any portion of this Agreement without the Franchisee's consent effective upon the Franchisor giving notice to the Franchisee.

13.19 **Non-Disparagement:** The Franchisee hereby covenants and agrees that for the duration of this Agreement and thereafter, neither the Franchisee (nor any principal thereof) will make any statements that might be construed as derogatory, disparaging or derisive of the Franchisor and TH and their respective officers, employees, agents, directors, shareholders, and controlling persons directly or indirectly, to any person, corporation, partnership, trustee or any unincorporated organization, whether oral, in writing or otherwise.

ARTICLE XIV
CORPORATE, PARTNERSHIP, OR LIMITED LIABILITY COMPANY FRANCHISEES

14.01 **Corporate Franchisee:** Except as otherwise approved in writing by the Franchisor, if the Franchisee is a corporation, it shall (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchised Restaurant and any other Tim Hortons Shops franchised from Franchisor; (ii) furnish the Franchisor with its articles of incorporation and bylaws as well as such other documents that Franchisor may reasonably request, including the Owner's Guaranty, attached as Attachment A, executed by current beneficial owners of any class of voting stock of the Franchisee; (iii) maintain stop transfer instructions on its records against the transfer of any equity securities and only issue securities upon the face of which a legend, in a form satisfactory to the Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any voting securities or securities convertible into voting securities without the Franchisor's prior approval, which approval shall be conditioned on, among other prerequisites, the new shareholder(s)'s execution of a Owner's Guaranty in the form attached as Attachment A; and (v) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of the Franchisee and furnish the list to the Franchisor upon request.

14.02 **Partnership Franchisee:** If the Franchisee is a partnership, it shall: (i) confine its activities exclusively to operating the Franchised Restaurant and any other Tim Hortons Shops

franchised from Franchisor; (ii) furnish the Franchisor with its partnership agreement, as well as such other documents as the Franchisor may reasonably request and any amendments thereto; (iii) furnish to the Franchisor, upon request, a current list of all general and limited partners in the Franchisee; and (iv) each general partner shall execute the Owner's Guaranty attached to this Agreement as Attachment A.

14.03 **Limited Liability Company Franchisee:** If the Franchisee is a limited liability company, it shall: (i) furnish the Franchisor with its articles of organization and operating agreement, as well as such other documents as the Franchisor may reasonably request, and any amendments thereto; (ii) prepare and furnish to the Franchisor, upon request, a current list of all members and managers in the Franchisee; (iii) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities which bear a legend, in a form satisfactory to the Franchisor, which references the transfer restrictions imposed by this Agreement; and (iv) each member shall execute the Owner's Guaranty attached to this Agreement as Attachment A.

ARTICLE XV
TAXES AND LAWS

15.01 **The Franchisee's Liability for Taxes:** The Franchisee agrees to pay all workers' compensation, real estate, local and business taxes or premiums as required from time to time and all other assessments, taxes and license fees as may be required by any governmental authority in connection with the Premises and the operation of the Franchisee's business.

15.02 **Compliance with Laws, Rules, Regulations, Etc.:** The Franchisee shall comply with all provisions of law applicable to the Premises and the operation of the Franchised Restaurant and franchised business related thereto including, without limitation, all federal and state enactments, building by-laws and any other governmental or local regulations with respect to the Franchised Restaurant, taxation statutes and regulations, the equipment, operation, maintenance and use of the Premises and to the making of any repairs, replacements, alterations, changes, substitutions or improvements of or to the Premises. The Franchisee shall further comply with all police, fire, sanitary and environmental regulations imposed by any federal, state or local authorities or made by fire insurance underwriters and to observe and comply with all requirements of all policies of public liability, fire and any other kinds of insurance at the time in force in respect to the Premises or any part thereof and to observe and obey all laws and other requirements governing the conduct of any business conducted in or on the Premises, including, without limitation, all federal and state human rights enactments and privacy laws applicable in the jurisdiction of the Premises. The Franchisee shall forthwith notify the Franchisor in the event that the Franchisee, and/or any of the principals thereof, are charged with or suspected by the relevant authorities of a violation of any applicable law, rule or regulation, or if they are named as a defendant in a civil action with respect to any aspect of the ownership or operation of the Franchised Restaurant and/or the Premises or if they receive a complaint or other administrative action under human rights law or any law intended to govern the workplace or employment or if they are notified that the Internal Revenue Service or other governmental revenue bodies intend to conduct an audit of the Franchisee. The Franchisee hereby covenants to cooperate at the Franchisee's expense with the Franchisor with respect to any and all investigations, which for greater certainty shall include any

audits conducted pursuant to Section 5.14, 6.12 or 9.09 above, conducted by the Franchisor, its authorized representatives and agents or its appointees with respect to the determination of compliance with the foregoing. In the event that any such investigation should disclose a violation of any of the foregoing, the Franchisee shall reimburse the Franchisor for the cost of such investigation.

ARTICLE XVI
INDEPENDENT CONTRACTOR; INDEMNIFICATION

16.01 **The Franchisee as Independent Contractor:**

(a) This Agreement does not create a fiduciary or trust relationship between the parties hereto. The Franchisee is an independent contractor, and nothing in this Agreement is intended to constitute the Franchisee as an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the Franchisor for any purpose whatsoever. The Franchisee is in no way authorized by this Agreement to make any contract agreement, warranty or representation, or to create any obligation, express, implied or collateral, on behalf of the Franchisor, and shall neither represent that it has the right to so act nor do so.

(b) The Franchisee shall hold itself out to the public to be an independent contractor operating the Franchised Restaurant pursuant to a franchise from the Franchisor. The Franchisee agrees to take such actions as shall be necessary to accomplish this, including, but not limited to, exhibiting a notice of the fact in a conspicuous place on the franchised Premises, the contents of which the Franchisor reserves the right to specify and approve.

16.02 **Indemnification and Hold Harmless of the Franchisor:** Franchisee is responsible for all losses or damages and contractual liabilities to third persons arising out of or in connection with possession, ownership or operation of the Franchised Restaurant, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom. Franchisee agrees to defend, indemnify and save Franchisor and its subsidiaries, its affiliated and parent companies harmless of, from and with respect to any such claims, demands, losses, obligations, costs, expenses, liabilities, debts or damages. This obligation to indemnify and defend Franchisor shall apply even in the event of the negligence of or the claim of negligence against Franchisor, its subsidiaries, affiliated and parent companies, regardless of whether the negligence or the claim of negligence is as a result of the acts or omissions of Franchisor or that of the Franchisee. Franchisor's right to indemnity under this Agreement shall arise and be valid notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation or other law. The indemnification of Franchisor for Franchisor's own negligence shall be limited to an amount equal to the amount of insurance set forth in Article X. The indemnification of Franchisor shall not be limited by the amount of insurance required under Article X. This indemnity obligation shall include, but not be limited to, claims related to the employment of Franchisee's employees. This obligation of Franchisee to indemnify and defend Franchisor is separate and distinct from its obligation to maintain insurance under Article X. It is agreed that under no circumstances shall the Franchisor,

its subsidiaries, its affiliated and parent companies, be liable for any act, omission, contract, debt or any other obligation of, or claim or judgment against the Franchisee.

Franchisor shall notify Franchisee of any claims, and Franchisee shall be given the opportunity to assume the defense of the matter; however, Franchisor shall have the right to participate in the defense of any claim or action against it which is assumed by the Franchisee, at Franchisor's own cost and expense. If Franchisee fails to assume the defense, Franchisor may defend the action in the manner it deems appropriate, and Franchisee shall pay to Franchisor all costs, including attorney's fees, incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor. No settlement or claim against Franchisor shall be made by Franchisee which is in excess of the amount of insurance referred to in Article X without prior written consent of Franchisor.

ARTICLE XVII
MISCELLANEOUS

17.01 **Non-Waiver:** No failure of the Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by the Franchisee with any term hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Franchisor's right to demand exact compliance with any of the terms herein. Waiver by the Franchisor of any particular breach or default by the Franchisee shall not affect or impair the Franchisor's rights with respect to any subsequent breach or default of the same, similar or a different nature, nor shall any delay, forbearance, or omission of the Franchisor to exercise any power or right arising out of any breach or default by the Franchisee of any of the terms hereof, affect or impair the Franchisor's right to exercise the same, nor shall such constitute a waiver by the Franchisor 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 the Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by the Franchisor of any preceding breach or default by the Franchisee of any terms of this Agreement.

17.02 **Notices:** Except as may be otherwise specifically provided for elsewhere in this Agreement, any notice, approval and consent required or permitted to be given under this Agreement must be in writing and delivered as hereafter provided. All such notices, approvals and consents shall be delivered by courier and shall be deemed to have been received:

(a) in the case of delivery to the Franchisor, at the time it is delivered to the Franchisor's office at 5707 Blue Lagoon Drive, Miami, Florida, USA, 33126, Attention: Vice President, Legal; with a copy to: 5707 Blue Lagoon Drive, Miami, Florida, USA, 33126, Attention: General Counsel; and

(b) in the case of delivery to the Franchisee, at the time it is delivered (addressed to the Franchisee) to the address set forth in the Key Contract Data page provided that, following the opening of the Franchised Restaurant to the public in accordance with the terms of this Agreement, delivery shall be made to the address of the Premises or to such other address as the Franchisee shall designate in writing. Notice of change of address shall also be governed by this section. In addition, the Franchisor

may deliver any such notice, approval or consent by way of the Franchisor's portal system or such other replacement system as the Franchisor may establish from time to time, including by delivery to the Franchisee's portal email address or such other email address or addresses as may be utilized by the Franchisee, and such notice, approval or consent shall be deemed to be received at the time it is delivered by the Franchisor through such system.

17.03 **Entire Agreement:** This Agreement, the Key Contract Data page to this Agreement, the documents referred to herein, and the Schedules and Attachments attached hereto, if any, constitute the entire, full and complete agreement between the Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions with respect to the subject matter hereof whether written or oral. The Franchisee acknowledges and agrees that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any express, implied or collateral statements, representations, warranties, promises or inducements whatsoever, whether written or oral and whether directly related to the contents hereof or collateral thereto, given or made by the Franchisor, its officers, directors, agents, employees and contractors. 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. Nothing in this Section, however, is intended to disclaim any representations Franchisor made in the Franchise Disclosure Document that it furnished to Franchisee.

17.04 **Severability and Construction:**

(a) Except as expressly provided to the contrary herein, each article, section, paragraph, part, term and/or provision of this Agreement shall be considered severable; and if, for any reason, any article, section, subsection, paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation of any court or governmental authority having valid jurisdiction, such determination shall not impair the operation or affect such other articles, sections, paragraphs, parts, terms and/or provisions of this Agreement and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid articles, sections, paragraphs, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement;

(b) The Franchisee agrees to be bound by any agreement or covenant herein, to the maximum extent permitted by law, which is subsumed within the terms of any provision hereof, as though it were separately articulated in this Agreement, if

(i) any provision hereof is held to be unreasonable and unenforceable in a final decision to which the Franchisor is a party, or

(ii) if such decision reduces the scope of any agreement or covenant.

(c) Notwithstanding the transfer, termination and non-renewal provisions set forth above, in the event that any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties

hereto is inconsistent with such provisions (including, without limitation, with respect to notice and cure periods), this Agreement shall be deemed amended to conform to such laws or regulations. The Franchisor shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action, proceeding, hearing, or dispute relating to this Agreement or the transfer, termination, or non-renewal thereof.

17.05 **Numbers and Genders:** All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and vice versa.

17.06 **Non-Registration of Agreement:** The Franchisee shall not register this Agreement or any Notice thereof against the title to the Premises. In the event that the Franchisee does register this Agreement against the title to the Premises, the Franchisor may at its option, terminate this Agreement and the Franchisee shall forthwith and at its own expense deliver to the Franchisor a Quit Claim Deed in a form acceptable to the Franchisor's legal counsel, failing which the Franchisee does hereby appoint the Franchisor as its attorney to execute in its name and on its behalf such Quit Claim Deed.

17.07 **Captions:** The Article and Section headings herein are for convenience only and shall not affect the construction of the terms of this Agreement.

17.08 **Time of the Essence:** Time is of the essence in this Agreement.

17.09 **Atypical Modifications to System:** The Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, the Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary certain standards for a franchised business, based upon the peculiarities of the franchised business' customer base, location, density of population, business potential, population of trade area, existing business practices or any other condition which the Franchisor deems to be of importance to the successful operation of the specific Tim Hortons Shop. The Franchisee shall not be entitled to require the Franchisor to disclose or grant to the Franchisee a like or similar variation including, without limitation, an ability to participate in any specific promotional, pilot or test program.

17.10 **Atypical Modifications to Agreements:** The Franchisee acknowledges that the Franchisor has the right 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 existing or future franchisees may have different rights and obligations shall not in any manner eliminate, modify, or affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

17.11 **Remedy for Non-Approval:** In no event shall Franchisee be entitled to make, nor shall the Franchisee make, any claim, and the Franchisee hereby waives any claim for money damages, nor shall the Franchisee claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by the Franchisee that the Franchisor has unreasonably

withheld or unreasonably delayed any consent or approval as required by this Agreement. The Franchisee's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

17.12 **The Franchisor's Actions:** The Franchisor and the Franchisee acknowledge and agree that this Agreement (and the relationship of the parties which arises from this Agreement) grants the Franchisor the right to make decisions, exercise discretion, and take actions and/or refrain from taking actions not inconsistent with the Franchisee's explicit rights and obligations hereunder that may have a favorable or adverse effect on the Franchisee's interests. The Franchisee understands and agrees that the Franchisor may operate and change the "TIM HORTONS SYSTEM" and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever the Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant the Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, the Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its own best interests, and/or what is in the best interests of the "TIM HORTONS SYSTEM", at the time the decision is made, without regard to: (a) whether the Franchisor could have made or taken other reasonable or even arguably preferable alternative decisions or actions; (b) whether Franchisor's decision or action promotes its financial or other interest rather than the "TIM HORTONS SYSTEM's" and/or the Franchisee's interest; (c) whether the Franchisor's decision or action applies differently to the Franchisee from other franchisees; or (d) whether the Franchisor's decision or action is adverse to the Franchisee's individual interests or the individual interests of any other franchisees. The Franchisor shall have no liability to the Franchisee for any such decision or exercise of its rights.

17.13 **Counterparts:** This instrument may be executed in any number of counterparts and any party hereto may execute any such counterpart, each of which when so executed shall be deemed to be an original and all of which counterparts taken together shall constitute the same instrument. Each of said counterparts and this instrument may be executed and delivered electronically, including by facsimile and by .pdf or other common format by email. Either party shall be entitled to call upon the other(s) to circulate and execute "blue pen originals" of said counterparts and/or this instrument at any time and from time to time; provided that neither the circulation nor execution of such "blue pen originals" shall derogate from the binding nature of the document delivered electronically.

17.14 **Applicable Law:** This Agreement takes effect upon its acceptance and execution by Franchisor in Florida, and Florida law shall apply to any claim or controversy regarding the making, entering into, performance, interpretation, breach or termination of this Agreement. In the event of any conflict of law, the laws of Florida shall prevail, without regard to the application of Florida conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the Franchised Restaurant is located outside of Florida and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Article XVII is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Florida to which it would not otherwise be subject.

17.15 **Waiver of Jury Trial and Punitive Damages:** THE FRANCHISOR AND THE FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. THE FRANCHISOR AND THE FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

17.16 **Reduction of Statute of Limitations:** ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF THE FRANCHISOR AND THE FRANCHISEE, OR THE FRANCHISEE'S OPERATION OF THE FRANCHISED RESTAURANT, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN TWO (2) YEARS FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED.

17.17 **Non-Exclusive Rights and Remedies:** No right or remedy conferred upon or reserved to the Franchisor or the 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.

17.18 **Choice of Venue:** Any litigation brought by the Franchisee against the Franchisor shall be brought exclusively, and any action brought by the Franchisor against the Franchisee may be brought, in the federal district court covering the location at which the Franchisor has its principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by the Franchisee) and may (with respect to actions commenced by the Franchisor) be brought in the state court within the judicial district in which the Franchisor has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. In any litigation to enforce the terms of this Agreement, all costs and all attorney's fees (including those incurred on appeal) incurred as a result of the legal action shall be paid to the prevailing party by the other party.

17.19 **Binding Upon Successors:** Each and every provision hereof shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permitted assigns of the respective parties hereto except to the extent explicitly provided to the contrary herein.

17.20 **Further Assurances:** Each of the parties hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other

acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

17.21 **The Franchisee's Acknowledgements:**

(a) The Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee (or, if the Franchisee is a corporation or partnership, the ability of its principals) as an independent businessman and the general economic conditions, both of which are beyond the Franchisor's control. The Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received any written or oral representation, express or implied, as to the potential sales, income, profits, or success of the business venture contemplated by this Agreement, or the past, current, or potential sales, income, profits, or success of any other Franchisee or Franchisor-owned or Franchisor-affiliate-owned Tim Hortons Shop, except for any such information (i) that might appear in the Franchisor's Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" ("FDD") and (ii) appearing in the actual books and records of an existing Franchisor-owned or Franchisor-affiliate-owned Tim Hortons Shop being acquired by the Franchisee simultaneously with the execution of this Agreement. The Franchisee further acknowledges that it has no knowledge of any representations by the Franchisor or its directors, shareholders, employees, or agents that are contrary to the terms of this Agreement and further represents to Franchisor as an inducement to its entry into this Agreement, that the Franchisee has made no misrepresentations in obtaining this Agreement;

(b) The Franchisee acknowledges that it has received a copy of the FDD, together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 calendar days prior to the date on which this Agreement was executed by Franchisee or any money paid to the Franchisor or any affiliate, and, in addition, that the Franchisor has not made any unilateral, material change to this Agreement within the seven calendar days prior to the date on which this Agreement was executed by the Franchisee.

(c) The Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that the Franchisee has been advised and given the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, the terms and provisions of this Agreement and the prospects for the Franchised Restaurant, using the services of legal counsel, accountants or other advisers of its own choosing. The Franchisee has either consulted with these advisors or has deliberately declined to do so.

(d) The Franchisee has been advised and given the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, the terms and provisions of this Agreement and the prospects for the franchised business, using the services of legal counsel, accountants or other advisers of your own choosing. The Franchisee has either consulted with these advisors or has deliberately declined to do so.

(e) The Franchisee has carefully considered the nature and extent of the restrictions upon it set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon the Franchisor and the Franchisee under this Agreement. The Franchisee acknowledges that such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to the Franchisor; (c) are fully required to protect the Franchisor's legitimate business interests; and, (d) do not confer benefits upon the Franchisor that are disproportionate to the Franchisee's detriment.

(f) The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on the Franchisee, since the Franchisee has other considerable skills, experience and education which afford the Franchisee the opportunity to derive income from other endeavors.

17.22 **Consent to Disclosure of Information:** The Franchisee hereby expressly permits the Franchisor to use and disclose to third parties (including, without limitation, prospective franchisees in a franchise disclosure document or otherwise, financial institutions, legal and financial advisors, in public filings), for any purpose or as may be required by law, any personal, financial or other information contained in or resulting from information, data, materials, statements and reports received by the Franchisor or disclosed to the Franchisor in accordance with this Agreement, including without limitation, personal information related to the principals of the Franchisee and any partners, directors and shareholders of the Franchisee, including their names, addresses, telephone numbers, email addresses and facsimile numbers, and sales, revenues, expenses, costs, results of operations, and similar information regarding the Franchised Restaurant franchised under this Agreement, and any information regarding the non-renewal, closure, expiration or termination of this Agreement. The Franchisee shall obtain the consent of any partners, directors and shareholders of the Franchisee necessary to permit the disclosure of their personal information as contemplated under this Section 17.22.

17.23 **Survival:** All obligations of the Franchisor and the Franchisee which expressly or by their nature survive termination or expiration or transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

17.24 **Right of Set-off:** Notwithstanding any other provision of this Agreement, upon the failure of the Franchisee to pay the Franchisor as and when due any sums of money under this

Agreement, the Franchisor may, at its election, deduct any and all such sums remaining unpaid from any monies or credit held by the Franchisor for the account of the Franchisee.

17.25 **Not Withhold Payment:** The Franchisee agrees that it will not, on the grounds of the alleged non-performance by the Franchisor of any of its obligations hereunder, withhold payment of any amounts due to the Franchisor whether on account of equipment purchased by the Franchisee or otherwise.

17.26 **TimCard:** The Franchisee acknowledges and agrees to be bound by the terms and conditions set forth in the TimCard Addendum and such terms and conditions shall constitute provisions of this Agreement as if fully set out herein.

17.27 **Business Day:** For the purposes of this Agreement, "business day" means any day, other than a Saturday, Sunday or U.S. federal bank holiday.

17.28 **Development Costs:** For the purposes of this Agreement, "development costs" means any and all costs and expenses associated with the acquisition, development and construction of the Premises, whether incurred prior to, or following, the acquisition or lease of the Premises, and shall include, without limitation all costs of surveying, zoning, traffic studies, payments to obtain an option on the Premises, land acquisition, building materials, project plans, construction, construction administration, accounting, design, expenses of legal and financial advisors and service providers.

ARTICLE XVIII
CROSS DEFAULT

18.01 **Cross Default:** In the event that the Franchisee or any of the principals thereof, either directly or through another franchisee owned in whole or in part, directly or indirectly, by the Franchisee or any of the principals thereof, has acquired or does acquire the right and license to operate another or other businesses using the "TIM HORTONS SYSTEM" or any other brand or system owned or licensed by the Franchisor or TH, any event of default or termination by the Franchisee, or any of the principals thereof, or other franchisee owned in whole or in part, directly or indirectly, by the Franchisee or any of the principals thereof, arising from the performance or observance of any of the terms and conditions under any one agreement governing the aforesaid right and license shall be deemed to be an event of default or termination under all agreements pursuant to which the Franchisee, any of the principals thereof, or other aforesaid franchisee, operates such a business or businesses using the "TIM HORTONS SYSTEM" or any other brand or system owned or licensed by the Franchisor or TH.

ARTICLE XIX
SPECIAL CLAUSES

19.01 **Satellite Stores:** The Franchisee further covenants and agrees that certain Tim Hortons Shops have baking and other food preparation facilities and are identified as production stores, while others without such facilities are identified as satellite stores that rely on production stores for the products they sell. Accordingly, if the Franchised Restaurant herein, or another Tim

Hortons Shop owned by the Franchisee or any of the principals thereof, either directly or through another franchisee owned in whole or in part, directly or indirectly, by the Franchisee or any of the principals thereof, is a satellite store, or later becomes a satellite store as identified by the Franchisor, the Franchisee agrees that the ownership of any such satellite store or stores can only transferred together with one or more production stores, or to another Tim Hortons franchisee who owns a production store or stores capable of adequately supplying the satellite Tim Hortons store or stores.

ARTICLE XX
PREVIOUS FRANCHISE AGREEMENT

20.01 **Termination of Previous Franchise Agreement:** The parties hereby agree that the Franchise Agreement previously entered into between the parties for the Tim Hortons restaurant located at or about the Premises is hereby terminated effective midnight the day prior to the reopening of the Premises after completion of the renovation. The parties shall in accordance with the Franchise Agreement, adjust and settle all outstanding accounts between them as of the effective date of the termination of the previous Franchise Agreement. This Article XX shall only apply if the Tim Horton Shop is a renovation or renewal/extension (as indicated on the Key Contract Data page).

ARTICLE XXI
SPECIAL CONDITION

21.01 **Early Renovation Date:** The Franchisee covenants and agrees that, it will complete a renovation of the Premises by no later than the Early Renovation Date, if applicable (as indicated as the "Early Renovation Date" on the Key Contract Data page). The cost and extent of such renovation shall be mutually agreed upon between the Franchisor and Franchisee prior to the commencement of same. The Franchisee agrees that it shall be responsible for the cost of all construction and equipment associated with such renovation, plus all applicable taxes, installation costs and freight charges.

ARTICLE XXII
WATER MONITORING

22.01 **Water Monitoring:** If the Franchised Restaurant does not have access to and use a municipal water supply, then:

(a) The Franchisee covenants and agrees that it will participate in the Franchisor's remote monitoring of the Premises' water treatment system, which monitoring shall include daily checks of the systems and troubleshooting in the event of any abnormal findings. If the treatment system belongs to the landlord of the Premises, Franchisor will request access and facilitate the monitoring. The Franchisee shall be responsible for all costs associated with such monitoring. The Franchisee acknowledges and agrees that the costs associated with such monitoring will be automatically withdrawn from the Franchisee's account, on a monthly basis.

(b) On a monthly basis, the Franchisor will conduct, or have conducted, monthly bacterial sampling of the Premises' drinking water. The Franchisee shall be responsible for all costs associated with such sampling.

(c) If the Franchisor, in its sole discretion, determines that the Premises should have treatment equipment, then Franchisee shall be responsible for all costs associated with such equipment, including monthly maintenance by the Franchisor's approved supplier(s).

(d) If the Premises are on private on-site wastewater treatment systems (i.e. septic systems), then the Franchisee covenants and agrees that it may be responsible for additional operational costs, depending on the ownership and responsibility of the septic system. These operational costs may include monthly costs for pump outs of the grease interceptor and septic system. In the event that the Franchisor is responsible for the septic system maintenance under the prime lease, the Franchisee covenants and agrees that it will be responsible for such costs, and shall pay for such costs directly to the landlord and/or supplier and, if applicable, reimburse The Franchisor for any such costs. Some wastewater treatment systems may require remote monitoring if they have been identified as having a higher risk of failure.

[*No further text on this page; signature page follows.*]

By entering into this Franchise Agreement, you expressly consent to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Franchise Agreement may be executed by electronic signatures. The parties to this Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, this Franchise Agreement has been duly executed in the United States of America by the authorized representatives of each party as of the Effective Date.

TIM HORTONS USA INC.

By: _____
Name: _____
Title: _____

FRANCHISEE

By: _____
_____, Managing Owner

SCHEDULE "A"
FRANCHISEE STRUCTURE

Franchisee represents, warrants, and covenants that the following information is true, correct, and complete at all times during the term of this Agreement:

1. The Managing Owner, who is authorized to sign this Agreement any other agreements between Franchisee and Franchisor, is as follows:

MANAGING OWNER	PHONE NUMBER AND ADDRESS

2. All of the registered owners of all issued and outstanding shares, membership interests, or other equity of Franchisee are set forth below (including the number and type of shares, membership interests, or equity held by such owner):

OWNERS	NUMBER AND CATEGORY

3. The Managing Director is as follows:

MANAGING DIRECTOR	PHONE NUMBER AND ADDRESS

ATTACHMENT A

TO FRANCHISE AGREEMENT

BETWEEN TIM HORTONS USA INC. AND

_____

Dated _____

OWNER'S GUARANTY

This Owner's Guaranty (this "Guaranty") is made and executed by the undersigned as of the ____ day of _____, 20____. You, the undersigned (and each of you, if more than one) (hereinafter referred to as "you" or as "GUARANTOR") have an interest in _____, a _____ [corporation/limited partnership/limited liability company] (hereinafter referred to as "FRANCHISEE"). FRANCHISEE is the franchisee under that certain Tim Hortons Franchise Agreement (USA) dated as of _____, 20___ (the "Franchise Agreement") with Tim Hortons USA Inc., a Florida corporation ("THUSA") with respect to Tim Hortons Restaurant #_____ (the "Restaurant") and, if applicable, that certain Lease or Sublease for the Restaurant premises (the "Lease") with Tim Donut U.S. Limited, Inc., a Florida corporation ("TDUSL", and together with THUSA, collectively, "TIM HORTONS"). This Guaranty is incorporated in and made a part of the Franchise Agreement and Lease and may be attached thereto.

1. Acknowledgments. You acknowledge and agree that THUSA and TDUSL, respectively, have entered into the Franchise Agreement and Lease with FRANCHISEE solely on the condition that each GUARANTOR be personally obligated and jointly and severally liable with FRANCHISEE (and with each other GUARANTOR of FRANCHISEE) for the performance of each and every obligation of FRANCHISEE (and each GUARANTOR) under the Franchise Agreement, Lease, any amendments or modifications to the Franchise Agreement or Lease, any extensions or renewals of the Franchise Agreement or Lease, and under each and every agreement ancillary to the Franchise Agreement or Lease that has been, or hereafter may be, entered into by FRANCHISEE with THUSA and/or TDUSL (all such agreements are collectively referred to as the "TIM HORTONS Agreements").

2. GUARANTOR'S Covenants, Representations and Guaranty. In consideration of and as an inducement to the execution of the Franchise Agreement and Lease by THUSA and TDUSL, respectively, you hereby personally, irrevocably and unconditionally:

(a) represent and warrant to TIM HORTONS, that Schedule "A" to the Franchise Agreement is accurate and complete;

(b) agree to guarantee the prompt payment and performance of all Obligations (as hereinafter defined) of FRANCHISEE to TIM HORTONS, its affiliates, and their successors and assigns;

(c) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement and each and every provision in any other TIM HORTONS Agreement, as if you were the FRANCHISEE, including, without limitation, the provisions of Article VI (Tim Hortons Trademarks), Article XI (Transferability of Interest) and Article XIII (Independent Covenants of Franchisee) of the Franchise Agreement; and

(d) agree to indemnify and save harmless TIM HORTONS and its affiliates against and from all losses, damages, costs, and expenses which TIM HORTONS and/or its affiliates may sustain, incur, or become liable for by reason of (i) the failure for any reason whatsoever of FRANCHISEE to pay or perform the Obligations of FRANCHISEE to TIM HORTONS, its affiliates, and their successors and assigns, or (ii) any act, action, or proceeding of or by TIM HORTONS for or in connection with the recovery of monies or the obtaining of performance by FRANCHISEE of any other act, matter or thing pursuant to the provisions of the TIM HORTONS Agreements.

The term "Obligations" means the payment of all debts, liabilities and obligations of FRANCHISEE to TIM HORTONS arising under the TIM HORTONS Agreements, whether direct, indirect, absolute, contingent, matured or unmatured, extended or renewed, wherever and however incurred, together with all costs of collection, compromise and enforcement, including reasonable attorneys' fees, and the prompt performance of each and every covenant, agreement and condition set forth in any of the TIM HORTONS Agreements. The guarantee by the GUARANTOR hereunder is an absolute, continuing, primary and unconditional guarantee of payment and performance and not of collection.

3. Waivers by GUARANTOR. You hereby waive:

(a) acceptance and notice of acceptance by TIM HORTONS of the foregoing guaranty;

(b) notice of demand for payment of any indebtedness or nonperformance by FRANCHISEE of any of the Obligations;

(c) presentment or protest of any instrument and notice thereof; and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of the Obligations;

(d) any right you may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;

(e) the defenses of the statute of limitations or laches in any action hereunder or for the collection or performance of any Obligation;

(f) any and all rights to payments, indemnities and claims for reimbursement or subrogation that you may have against FRANCHISEE arising from your execution of and performance under this Guaranty;

(g) any defense based on any irregularity or defect in the creation of any of the Obligations or modification of the terms and conditions of performance thereof;

(h) any defense based on the failure of TIM HORTONS or any other party to take, protect, perfect or preserve any right against and/or security granted by FRANCHISEE or any other party;

(i) notice of any and all indebtedness or obligations of FRANCHISEE to TIM HORTONS, now existing or which may hereafter exist;

(j) notice of amendment of any of the TIM HORTONS Agreements;

(k) notices of dishonor, payment, presentation, and diligence;

(l) any and all other notices and legal or equitable defenses to which you may be entitled; and

(m) the right to trial by jury in respect of any litigation based on, or arising out of, under or in connection with this Guaranty.

4. Further Agreements and Understandings. You hereby consent and agree that:

(a) Your direct and immediate liability under this Guaranty will be joint and several with FRANCHISEE and each other GUARANTOR of FRANCHISEE;

(b) The death or incapacity of any GUARANTOR will not modify, amend or terminate this Guaranty, and upon such a death, the estate of such GUARANTOR shall be bound by this Guaranty;

(c) If you should die, become incapacitated, become insolvent or make a general assignment for the benefit of creditors, or if a proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally shall be filed or commenced by, against or in respect of

you or any other GUARANTOR hereunder, any and all obligations of the GUARANTOR shall, at TIM HORTONS's option, immediately become due and payable without notice;

(d) If any payment or transfer to TIM HORTONS which has been credited against any Obligation is voided or rescinded or required to be returned by TIM HORTONS, whether or not in connection with any event or proceeding described in Section 4(c), this Guaranty will continue in effect or be reinstated as though such payment, transfer or recovery had not been made;

(e) You will render any payment or performance required under the Franchise Agreement or any other TIM HORTONS Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;

(f) Your liability hereunder will be construed as an absolute, unconditional, continuing and unlimited obligation without regard to the regularity, validity or enforceability of any of the Obligations, and without regard to whether any Obligation is limited, modified, voided, released or discharged in any proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally, or any subsequent reorganization, merger, or consolidation of FRANCHISEE, or any other change in its composition, nature, personnel, or location;

(g) Your liability hereunder will not be contingent or conditioned upon TIM HORTONS's pursuit of any remedies against FRANCHISEE or any other person;

(h) This Guaranty will continue in full force and effect for and as to any extension of or modification or amendment to the Franchise Agreement or any other TIM HORTONS Agreement and you waive notice of any and all such extensions, modifications or amendments;

(i) This Guaranty is irrevocable and is independent of any and all other guarantees that may be made by any other parties with respect to the Obligations. All rights of TIM HORTONS hereunder or otherwise arising under the TIM HORTONS Agreements are separate and cumulative and may be pursued separately, successively, or concurrently, or not pursued, without affecting or limiting any other right of TIM HORTONS and without affecting or impairing the liability of the GUARANTORS;

(j) Your liability hereunder will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence, or any waiver that TIM HORTONS 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 (including the release of other GUARANTORS), or the taking of any action by TIM HORTONS which may have the effect of increasing your obligations, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Franchise Agreement and so long as any performance is or may be owed under any of the TIM HORTONS Agreements by FRANCHISEE or GUARANTOR and so long as TIM HORTONS may have any cause of action against FRANCHISEE or GUARANTOR, subject to paragraph (m) below;

(k) ***Your liability hereunder will not be diminished, relieved or otherwise affected*** by any other agreements or other dealings between TIM HORTONS and FRANCHISEE having the effect of amending or altering the TIM HORTONS Agreements or FRANCHISEE's obligations thereunder, or by any want of notice by TIM HORTONS to FRANCHISEE of any default of FRANCHISEE or by any other matter, thing, act, or omission of TIM HORTONS whatsoever;

(l) Any and all present and future debts and obligations of the FRANCHISEE to you or any other GUARANTORS are hereby subordinated to the full payment and performance of the Obligations;

(m) Your liability under this Guaranty shall terminate upon the termination or expiration of all of the TIM HORTONS Agreements, except that all Obligations which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged, and all covenants which by their terms continue in force after the expiration or termination of the TIM HORTONS Agreements shall remain in force according to their terms;

(n) The written acknowledgement of FRANCHISEE or the judgment of any court establishing the amount due from FRANCHISEE shall be conclusive and binding on you and your heirs, representatives, successors and assigns. TIM HORTONS's books and records showing the account between TIM HORTONS and FRANCHISEE shall be admissible in evidence in any action or proceeding, shall be binding upon you for the purpose of establishing the items therein set forth, and shall constitute prima facie proof thereof; and

(o) Except to the extent the provisions of this Guaranty give TIM HORTONS additional rights, this Guaranty shall not be deemed to supersede or replace any other guarantees given to TIM HORTONS by you; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed

by you pursuant to any other agreement of guarantee given to TIM HORTONS and other guarantees of the Obligations.

5. Assignment by TIM HORTONS. This Guaranty is for the benefit of TIM HORTONS, which may, without any notice, sell, assign or transfer any part of the Obligations guaranteed herein. Each and every successive assignee, transferee or holder of all or any part of the Obligations shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as though such assignee, transferee or holder were herein by name given such rights, powers and benefits; but TIM HORTONS shall have an unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this Guaranty for its benefit as to so much of said Obligations that it has not sold, assigned or transferred.

6. Choice of Law; Jurisdiction and Venue. This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida. You hereby irrevocably submit to the jurisdiction of the U.S. District Court for the Southern District of Florida, or if such court lacks jurisdiction, the 11th Judicial Court (or its successor) in and for Miami-Dade County, Florida, and any appellate court thereof in any action or proceeding arising out of or relating to the Guaranty. You hereby irrevocably waive, to the fullest extent you may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right to jurisdiction on account of your place of residence or domicile. You agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

7. Severability. If one or more provisions contained in this Guaranty shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

8. Counterparts. This Guaranty may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

By entering into this Guaranty, you expressly consent to transact business with TIM HORTONS electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Guaranty may be executed by electronic signatures. The parties to this Guaranty agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Guaranty shall constitute an original for all purposes.

You now execute this Guaranty on the date shown above.

WITNESSES:

_____
Print Name:_____

_____
Print Name: _____

_____
Print Name: _____

_____
Print Name:_____

GUARANTOR(S):

_____
Print Name:_____

_____
Print Name:_____

ATTACHMENT B

TO FRANCHISE AGREEMENT

BETWEEN TIM HORTONS USA INC. AND

_____

Dated _____, 20___

LEASE RIDER

This Lease Rider is attached to and forms a part of the lease or sublease dated _____, 20___ , as amended or extended from time to time (the "**Lease**"), between _____, as "**Landlord**", and _____, as "**Tenant**", covering certain premises known as _____ ("**Leased Premises**").

Tenant has executed or intends to execute a Franchise Agreement with Tim Hortons USA Inc., a Florida corporation ("**Franchisor**") for the operation of a Tim Hortons restaurant at the Leased Premises. As a requirement of the Franchise Agreement, the Lease must include the terms set forth in this Lease Rider.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Franchisor's Notice & Cure Rights. Landlord shall send to Franchisor a copy of any default notice given to Tenant under the Lease (concurrently with the default notice given to Tenant) as a prerequisite to exercising any remedy against Tenant to terminate the Lease or Tenant's right to possession of the Leased Premises. Franchisor shall have the right (but not the obligation) to cure any default specified in such notice, and Landlord shall not terminate the Lease or Tenant's right to possession of the Leased Premises if Franchisor cures the default within thirty (30) days after receipt of notice from Landlord of Tenant's default (the "**Cure Period**"); provided, however, that if the default cannot with diligence be cured by Franchisor within the Cure Period, the commencement of action by Franchisor to remedy the default within the Cure Period shall extend the Cure Period for an amount of time reasonable under the circumstances to effectuate the cure. Landlord acknowledges and agrees that by curing Tenant's default, Franchisor does not assume, and Landlord shall not hold it responsible for, any liabilities of Tenant unless Franchisor assumes the Lease as provided in Section 4(A) below.

Landlord further agrees to (i) send to Franchisor copies of all other letters or notices sent to Tenant with respect to the Lease at the same time the letters or notices are sent to Tenant and (ii) promptly notify Franchisor if Tenant does not exercise a renewal option granted under the Lease.

2. Franchisor's Right Upon Termination of Franchise Agreement. If the Franchise Agreement expires or is terminated, Franchisor and its agents shall have the right to (i) enter the Leased Premises to make reasonable alterations and modifications to de-identify the Leased Premises as

a Tim Hortons restaurant, including, without limitation, changing the color scheme and other distinctive design features, (ii) remove personal property from the Leased Premises that Franchisor or its affiliates owns or has a security interest in, and (iii) take any other steps reasonably necessary to protect Franchisor's rights to its trademarks, proprietary marks, trade secrets, confidential information, and distinctive forms, slogans, signs, symbols, or devices associated with the Tim Hortons system, provided, however, that Franchisor shall repair any damage to the Leased Premises resulting therefrom at its sole cost.

3. No Amendments. The Lease (including this Lease Rider) will not be amended, modified, or extended without Franchisor's prior written consent, which shall not be unreasonably withheld.

4. Assignment.

A. Upon (i) expiration or termination of the Franchise Agreement or cessation of the operation of a Tim Hortons on the Leased Premises, (ii) commencement of eviction or termination proceedings by the Landlord against the Tenant, or (iii) Tenant's failure to exercise a renewal option granted under the Lease, Franchisor (or its affiliate or assignee) shall have the right to assume Tenant's rights and obligations under the Lease by providing Landlord and Tenant with notice of such assumption. After receiving possession of the Leased Premises, the assuming party will immediately pay any delinquent rent or other sums owed under the Lease and begin to cure any other defaults susceptible to cure by assuming party under the Lease. Landlord hereby irrevocably and unconditionally consents to such assumption for operation of a Tim Hortons restaurant at the Leased Premises.

B. If the Lease is assumed as set forth in Section 4(A) above, the assuming party shall have the right to assign the Lease or sublet the Leased Premises for operation of a Tim Hortons restaurant to a franchisee or franchisee duly approved by Franchisor and meeting the franchise requirements of Franchisor as of the date thereof, without first obtaining Landlord's consent and without the imposition of an assignment fee or similar charge. The assuming party shall remain liable under the Lease notwithstanding such assignment unless Landlord's prior written consent to the assignment is received. Notwithstanding anything in the Lease to the contrary, the assuming party shall have the right to retain all rent or other consideration payable under a sublease even if such rent or other consideration is in excess of the rent payable under the Lease.

C. If the Lease is assumed as set forth in Section 4(A) above, (i) any provision in the Lease restricting Tenant from locating Tim Hortons restaurants within a certain distance from the Leased Premises (i.e., a radius restriction) shall not be operative and shall be deemed deleted from the Lease; and (ii) any provision in the Lease requiring Tenant to continuously operate a business at the Leased Premises shall not be operative and shall be deemed deleted from the Lease.

5. Tenant Financing. Tenant shall have the right from time to time to grant a security interest in all or part of Tenant's equipment, furniture and trade fixtures located at the Leased Premises ("**Personal Property**") to third-party lenders and Franchisor. Landlord consents to all such

security interest and waives any lien of Landlord against Tenant's Personal Property (whether by statute, common law, or under the terms of the Lease). Upon request, Landlord shall execute such instruments as Tenant's lender or Franchisor may reasonably request in connection with such waiver.

6. No Relocation Clauses. Any provision in the Lease granting Landlord the right to relocate the Leased Premises is deleted.

7. Confidentiality; Use of Franchisor's Name. Landlord acknowledges that all information obtained by Landlord or Landlord's agents, officers, employees or directors (collectively, "**Landlord Parties**") relating to the unique and distinctive features of Tenant's or Franchisor's plans and specifications, business and operating methods, and any financial data relating to Tenant or Franchisor (collectively, "**Confidential Information**") are of a confidential nature. Landlord shall ensure that no Confidential Information is used or disclosed by any of the Landlord Parties except as may be required by a court of law. Landlord shall not issue any press release or other public disclosure using the name, logo, or otherwise referring to Franchisor or any of its affiliates, and shall not permit any of the Landlord Parties or Landlord's broker, press agent or other party to do so, without the prior written consent of Franchisor, to be given or withheld in Franchisor's sole and absolute discretion. Landlord acknowledges that any unauthorized use or disclosure of Confidential Information or the issuance of any such press release or other public disclosure will cause immediate and irreparable injury to Franchisor, and that Franchisor shall be entitled to an immediate court injunction to enjoin and to restrain any unauthorized use of Franchisor's name or logo or disclosure of Confidential Information in addition to any other remedies to which Franchisor may be entitled to at law or in equity.

8. Conflict Between Lease and Lease Rider. In the event of a conflict or inconsistency between the provisions of this Lease Rider and any other provision of the Lease or any of the exhibits or other attachments to the Lease, the provisions of this Lease Rider shall prevail and be interpreted in such a manner as to override any provision of the Lease, exhibits or attachments that would prevent the spirit and letter of this Lease Rider from being given full force and effect.

9. Notices. All notices and other communications required to be sent to Franchisor by this Lease Rider shall be in writing and sent to: Tim Hortons USA Inc., 5707 Blue Lagoon Drive, Miami, Florida U.S.A. 33126, Attention: Development Department with a copy to Tim Hortons USA Inc., 5707 Blue Lagoon Drive, Miami, Florida U.S.A. 33126, Attention: Legal Department. Notices and other communications shall be deemed to have been given, delivered, received, and effective as follows: by personal delivery – at the time of delivery; by recognized overnight delivery service – on the next business day following the date on which the notice or other communication was deposited with the overnight delivery service for next business day service.

10. Third Party Beneficiary. Franchisor is an intended third party beneficiary of this Lease Rider and as such is entitled to enforce the provisions of this Lease Rider.

11. Counterparts. This Lease Rider may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

[*No further text on this page; signature pages follow*.]

WITNESS:

_____

LANDLORD:

_____

By:_____
Name:_____
Title:_____

[Insert appropriate notary acknowledgement]

WITNESS:

TENANT:

_____

_____

By:_____
Name:_____
Title:_____

_____

[Insert appropriate notary acknowledgement]

EXHIBIT E

LEASE/SUBLEASE

KEY CONTRACT DATA PAGE

This Key Contract Data Page forms a part of the Lease and is incorporated by reference into the Lease.

Lease Date:	_____
Lessee:	_____
Guarantor(s):	
Premises (Section 1.1):	**TIM HORTONS® Restaurant #** _____, located at _____ _____, as more particularly described on Exhibit A
Commencement Date (Section 2.1):	Upon the earlier of (i) _____, and (ii) the earliest of the following dates: (a) The date ten (10) days following the date of the issuance of a Certificate of Occupancy for the Premises by appropriate governmental authorities; and (b) The date ten (10) days following date of certification of Lessor's architect that the Land has been improved and the Building constructed is substantially in conformance with the plans and specifications; or (c) The date Lessee opens for business.
Term (Section 2.1):	Twenty (20) years
Original Term Expiration Date (Section 2.1):	_____
Percentage Rental Data Schedule (Section 3.1):	☐ seven percent (7%) of monthly Gross Sales. ☐ eight and one-half percent (8½%) of monthly Gross Sales.
Address for Notices (Section 17.2):	Lessor: TIM DONUT U.S. LIMITED, INC. 5707 Blue Lagoon Drive Miami, Florida 33126 Attn: General Counsel With a copy to: P. 0. Box 020783, General Mail Facility Miami, Florida 33102-0783 Attn: General Counsel Lessee: **[Insert Franchisee Name/Corporation]** **[Insert Address]** **Attn:**

LEASE/SUBLEASE

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LEASE/SUBLEASE AGREEMENT

THIS AGREEMENT (the "Lease"), is made as of the Lease Date set forth on the Key Contract Data Page, by and between **TIM DONUT U.S. LIMITED, INC.**, a Florida corporation, (the "Lessor") and the Lessee set forth on the Key Contract Data Page. The terms "Lessor" and "Lessee" shall mean respectively "Sublessor" and "Sublessee" whenever the context requires or permits it.

In consideration of the covenants contained in this Lease, the parties agree as follows:

I.
PROPERTY LEASED

§1.1 DEMISE. Lessor leases to Lessee and Lessee leases from Lessor the property set forth on the Key Contract Data Page (the "Land") along with the TIM HORTONS® restaurant (the "Building") and other improvements to be constructed on it (collectively called the "Premises"). Subject to any and all reservations, restrictions, easements, rights of way, limitations and conditions of record, if any.

§1.2 ERECTION OF BUILDING. Commencement of this Lease is conditioned on the completion of the Building in accordance with plans and specifications prepared by Lessor's architect. Lessor has agreed to construct or contract for the construction of the Building promptly and to complete or contract to complete it as promptly as conditions will permit.

§1.3 COVENANT OF QUIET ENJOYMENT. The Lessor promises, subject to Lessee's performance of all of the terms and conditions of the Lease, that Lessee shall be entitled to the quiet and peaceful enjoyment and undisturbed possession of the Premises for the term of this Lease.

II.
TERM

§2.1 TERM. The term of this Lease (the "Term") shall commence upon the Commencement Date set forth on the Key Contract Data Page and expire at midnight the Original Term Expiration Date set forth on the Key Contract Data Page unless sooner terminated as provided in this Lease. The Commencement Date shall be designated by the parties in a form capable of being recorded among the public records of the county where the Premises are located.

§2.2 POSSESSION. Possession of the Premises shall be delivered to the Lessee on the Commencement Date.

§2.3 HOLDOVER. Any holdover at the expiration of the Term with the written consent of Lessor shall be on a month to month basis, which tenancy may be terminated by Lessor giving Lessee not less than fifteen (15) days' notice. During such holdover tenancy, Lessee agrees to pay Lessor on a monthly basis all increased rentals and other charges that would have been due under this Lease and agrees to continue to be bound by all of the terms of this Lease which are applicable at that time. In the event Lessee holds over without consent of Lessor, the rent during any holdover period shall be double the average rent that was due during the last year of the Lease Term.

§2.4 END OF TERM.

(a) Fixtures and Personalty. At the expiration or earlier termination of this Lease, any fixtures, as defined in Section 17.14(e) of this Lease, located on the Premises and not already owned by Lessor shall become the property of the Lessor. If, at that time, Lessee has fully complied with Lease terms and conditions, Lessor hereby waives any right to claim any personalty owned or leased by Lessee and located on the Premises. The personalty may then be removed by Lessee or the lessor of such personalty provided that the Premises

are restored to their original condition. Any such personalty not removed within fifteen (15) days after the Lease expiration or termination shall be deemed abandoned and become the property of Lessor.

(b) Joint Inspection. During a period no earlier than three (3) weeks and no later than one (1) week prior to the end of the Term, Lessor and Lessee shall conduct a joint inspection of the Premises and Lessor shall make a list of any items of repair and maintenance which may be needed to put the Premises in good condition and repair. If the items on such list cannot be completed by Lessee by the end of the Term, then Lessee shall pay to Lessor by the end of the Term the reasonable cost of such repairs as estimated by Lessor. Lessee's obligation to make such payment shall survive the termination of this Lease. Any failure by the parties to conduct the joint inspection shall not constitute a waiver of Lessee's obligations under this Section 2.4, and Section 5.2 of this Lease.

III.
CONSIDERATION

§3.1 PERCENTAGE RENTAL.

(a) Percentage Rental. Lessee covenants and agrees to pay to Lessor as percentage rental ("Percentage Rental"), a sum equal to a percentage (as set forth as the Percentage Rental Data Schedule on the Key Contract Data Page) of the "Gross Sales" (defined in Section 3.1 (b) below) for each month of each Lease Year. The Percentage Rental shall be payable in monthly installments within ten (10) days following the last day of each calendar month and shall be computed in accordance with the terms and conditions of Section 3.1 (a) (i) below.

PERCENTAGE RENTAL DATA SCHEDULE

Select one: ☐ seven percent (7%) of monthly Gross Sales.
☐ eight and one-half percent (8½%) of monthly Gross Sales.

(i) Monthly Accounting and Payment. Beginning with the tenth (10th) day of the month following the calendar month in which the Term commences and continuing monthly thereafter, Lessee shall deliver to Lessor a statement in writing on a form furnished by the Lessor, setting forth all of the Gross Sales for the preceding calendar month, and simultaneously upon submission of such statement, Lessee shall pay to the Lessor the Percentage Rental due.

(ii) Annual Accounting. Within thirty (30) days following each Lease Year, the Lessee agrees to deliver to Lessor a statement prepared by a Certified Public Accountant and sworn to by Lessee setting forth Gross Sales for the preceding Lease Year.

(b) Gross Sales. The term "Gross Sales" as set forth in Section 4.07 of the Franchise Agreement executed between Lessor's affiliate and Lessee shall be incorporated mutatis mutandis into this Lease.

(c) Lease Year. The term "Lease Year" shall mean and refer to the first consecutive twelve (12) month period beginning on the Commencement Date of the Lease and each succeeding twelve (12) month period thereafter, whether fiscal or annual.

The Percentage Rental and any other sums payable to the Lessor by Lessee hereunder shall sometimes hereinafter be referred to collectively as the "Rent."

§3.2 FINANCIAL REPORTS

(a) Financial Statements. During the Term of this Lease, Lessee and any other persons or entities who are guarantors, who have personal liability, or who have joint and several liability under this Lease ("Guarantors") shall deliver to Lessor the financial statements, tax returns, and any other records required pursuant to Article IX of the Franchise Agreement and within the timeframes specified in Article IX of the Franchise Agreement.

(b) Release of Financial Information. Lessee and Guarantors give permission to Lessor to release to Lessor's landlord, lenders or prospective landlord or lenders and/or any prospective purchaser of all or part of Lessor's interest in the Premises and/or the Lease, any financial and operational information relating to Lessee, Guarantors and/or the business operated at the Premises.

(c) Records and Audit. Lessee agrees to keep true, accurate and complete records of the business conducted at the Premises in such form as Lessor now or hereafter may require. Lessee shall retain for a period of at least twenty-four (24) months and upon request submit to Lessor copies of all state sales tax returns and all supporting data and records relating to sales made from the business operated at the Premises and such other records as Lessor may reasonably request from time to time. Lessee agrees that Lessor or its representatives, at Lessor's expense, shall at all reasonable times have the right to examine or audit the books, records, state sales tax returns or accounts of Lessee. Lessor shall similarly have the right to examine or audit the books, records, state sales tax returns or accounts of any and all Guarantors. In the event the audit discloses an understatement of Gross Sales for any period or periods, Lessee shall, within fifteen (15) days after the receipt of the audit report, pay Lessor the Percentage Rental of the amount of each understatement plus the late charge identified in Section 3.5 of this Lease from the date such payments were originally due. Additionally, if this audit discloses an understatement of Gross Sales which exceeds two percent (2%) for any period or periods, Lessee shall, within fifteen (15) days after receipt of the audit report, reimburse Lessor for all costs of the audit including travel, lodging and wages, reasonably incurred, and Lessor may terminate this Lease upon five (5) days' notice to Lessee unless the understatement was due to inadvertent clerical error. In the event the audit discloses an overstatement of Gross Sales for any period or periods, any excess payment paid shall be allowed as a credit to Lessee on the rental payment next accruing under the Lease. The acceptance by the Lessor of payment of any Percentage Rental is without prejudice to Lessor's right to audit the books and records of Gross Sales and other papers required to be kept hereunder.

§3.3 ADDITIONAL CHARGES. Lessee and Lessor agree that the Rent accruing under this Lease shall be net to Lessor and that all Charges (as hereinafter defined), taxes, costs, common area maintenance fees, expenses and charges of every kind and nature ("Additional Charges") relating to the Premises (except the taxes of Lessor referred to in Section 7.2 and any payments for interest or principal under any mortgage relating to the Premises) which may arise or become due during the Term or any extension of this Lease, shall be paid by Lessee, and that Lessee shall indemnify and save harmless Lessor from and against them. All Additional Charges which Lessee assumes or agrees to pay under any provisions of this Lease, together with all interest and penalties that may accrue on these Additional Charges in the event Lessee fails to pay them, as well as all other damages, costs and expenses, including, without limitation, reasonable attorneys' fees and other legal and court costs which Lessor may incur in enforcing this Lease, and any and all other sums which may become due by reason of Lessee's default or failure to comply with its obligations under this Lease, shall be deemed to be "Additional Rent." In the event of non-payment, Lessor shall have all the rights and remedies as provided in the case of non-payment of Rent.

§3.4 METHOD OF PAYMENT. Lessor or its assigns, mortgagee or designated agent, may, at its/their option, require payment by Lessee of (i) the Rent and/or (ii) if applicable, any common area maintenance

or similar charge assessed pursuant to the Lease and/or (iii) any Additional Charges due pursuant to Section 3.3 of this Lease by making direct monthly withdrawals in the appropriate amount(s) from Lessee's bank account. Lessee agrees to execute and deliver to its bank and to Lessor those documents necessary to authorize such withdrawals and to make payment or deposit as directed by Lessor. Lessee further agrees that it will not thereafter terminate such authorization so long as this Lease is in effect. Lessee also agrees that in the event that a direct monthly withdrawal program is not available at the bank at which Lessee then does its business, it will take all reasonable and necessary steps to establish an account at a bank which does have such a program.

§3.5 LATE CHARGES. All Rent, Additional Charges and any other charges shall be paid to Lessor without notice or demand and without abatement, deduction or set-off, except as otherwise expressly provided in this Lease. All payments not paid when due shall bear interest at the maximum rate allowed by Florida law. In the event such interest rate shall be void or unenforceable under the laws of the jurisdiction where the Premises are located, the highest rate of interest permitted within such jurisdiction shall be charged.

§3.6 LESSOR'S LIEN. To secure the payment of all Rent, Additional Charges, Charges or any other sums due and to become due under this Lease, the faithful performance of this Lease by Lessee and to secure all other indebtedness and liabilities of Lessee to Lessor now existing or hereafter incurred, Lessee hereby grants to Lessor a lien and security interest on all furniture, furnishings, trade fixtures, equipment and other personal property ("collectively, "Personal Property") to which Lessee has legal title and which is placed in the Premises. Lessee further agrees that if Lessee vacates the Premises while any Rent or Additional Charges owing under this Lease is unpaid, Lessor, in addition to any remedy otherwise provided by law or in this Lease, may seize and sell the Personal Property at any place to which Lessee or any other person may have removed them in the same manner as if the Personal Property had remained at the Premises. If requested by Lessor, Lessee shall execute and deliver to Lessor any and all documentation necessary to evidence Lessor's lien on the Personal Property.

IV.
INSURANCE

§4.1 COVERAGE. During the Term, Lessee, at its own cost and expense, shall:

(a) Keep the Premises and the fixtures and personalty on it insured with an all risk property insurance policy (including business interruption coverage with an indemnity period of at least 12 months) in an amount sufficient to cover the cost of replacement (without deduction for depreciation). Such replacement cost shall be determined from time to time at the request of Lessor, but not more frequently than once in any twelve (12) consecutive calendar months. Replacement cost shall be determined by one of the insurers or, at the option of Lessor, by an appraiser, architect or contractor who is mutually and reasonably acceptable to Lessor and Lessee, and whom shall be retained and paid by Lessee. Such insurance shall name Lessor and any other entity that Lessor acting reasonably requests as a loss payee as its interest may appear and shall include a waiver of subrogation in favor of Lessor and any other loss payee.

(b) Provide and keep in force:

(i) commercial general liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Premises or the adjoining streets and property, in a primary and excess limit of not less than $5,000,000 per occurrence for bodily injury, death, personal injury, property damage, non-owned automobile, blanket contractual and products and completed operations liability, with the annual aggregate liability limit to be maintained on the commercial general liability insurance (which can be achieved through a combination of primary and excess annual aggregate liability limits) based on the number of TIM HORTONS

restaurants owned by Lessee and certain of its affiliates as follows: (1) for 1-10 restaurants, an annual aggregate liability limit of not less than $5,000,000 per year, (2) for 11-50 restaurants, an annual aggregate liability limit of not less than $10,000,000 per year, and (3) for more than 50 restaurants, an annual aggregate liability limit of not less than $20,000,000 per year;

(ii) automobile liability insurance on all owned and/or leased vehicles, with a combination of primary and excess limits of not less than $1,000,000.00;

(iii) broad form Boiler and Machinery insurance covering all boilers, pressure vessels and HVAC equipment within the Premises in an amount not less than the full replacement cost thereof; and

(iv) such other insurance and in such amounts as reasonably may be required by Lessor for its own and Lessee's protection.

The foregoing policies shall name Lessor and any other entity that Lessor acting reasonably requests as an additional insured and shall include a waiver of subrogation in favor of Lessor and any other loss payee.

(c) Provide and keep in force plate glass insurance covering the glass in the Premises, unless waived by Lessor.

(d) If requested by Lessor, provide and keep in force rent insurance (and/or, as the case may require, use and occupancy insurance) in an amount not less than the then current Guaranteed Minimum Annual Rental plus the estimated annual taxes, water charges, sewer rents, common area maintenance and other assessments and the annual premiums for the insurance required by this Article.

(e) If requested by Lessor or any mortgagee, provide and keep in force insurance for such other insurable hazards in such amounts as similarly situated Premises are then commonly insured.

§4.2 POLICIES. Lessee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Lessor. All insurance maintained by Lessee shall be primary and shall not call into contribution any insurance maintained by Lessor. All insurance required by Lessor and provided by Lessee shall be carried in favor of Lessor and Lessee, as their respective interests may appear, and any underlying lessor, fee owner, affiliate corporation, trustee, mortgagee or other person designated by Lessor. If requested by Lessor, insurance against fire or other casualty shall provide that the proceeds of any loss shall be payable to the mortgagee under a standard mortgagee clause. Any rent insurance or use and occupancy insurance carried by Lessee shall provide that, in the event of loss or damage to the Premises, the proceeds shall be payable to Lessor to be held by Lessor as security for the payment of the Rent and Additional Charges due under this Lease until the Premises are restored. All insurance shall be obtained from companies licensed to do business in the state in which the Premises are located and be with insurers with a minimum A. M. Best A(X) rating or Standard & Poor's Rating of A. Lessee shall procure policies for all insurance for periods of not less than one year and shall deliver to Lessor all policies or certificates of insurance with evidence of payment of all premiums. Lessee shall procure renewals of these policies from time to time before their respective expiration dates. All insurance policies shall be non-assessable and shall require thirty (30) days' notice by registered mail to Lessor of any cancellation or change affecting Lessor's coverage under the policies. All property damage and business interruption policies of Lessee shall contain a waiver of any subrogation rights which Lessee's insurers may have against Lessor, even if the loss suffered is caused by the act, omission or negligence of Lessor.

§4.3 ADJUSTING: PROCEEDS. Claims for loss due to damage to the Premises under any policies provided for in this Lease shall be adjusted with the insurance companies:

(a) by Lessee in the case of any particular casualty resulting in damage or destruction not exceeding $25,000, or

(b) by Lessor and Lessee, in the case of any particular casualty resulting in damage or destruction exceeding $25,000 in the aggregate. Subject to the rights of any mortgagee, the proceeds of any insurance shall be payable as follows:

(1) With respect to any loss not exceeding $25,000 in the aggregate, proceeds shall be paid to Lessee, who shall hold them in trust for the purpose of paying the costs of repair and restoration; and

(2) With respect to losses exceeding $25,000 in the aggregate, the proceeds shall be paid to Lessor and shall be applied to pay the costs of repair and restoration.

§4.4 JOINT EFFORTS. Lessee and Lessor shall cooperate in attempts to collect any insurance proceeds that may be due in the event of loss, and Lessee shall execute and deliver to Lessor such proofs of loss and other instruments which may be required for the purpose of recovering these proceeds.

§4.5 WAIVER OF SUBROGATION. Lessee agrees to look solely to the proceeds of his own insurer for indemnity against exposure for loss of property or business interruption. Lessee warrants that its property and business interruption insurers shall have no rights against Lessor by virtue of assignment, subrogation, loan agreement or otherwise.

§4.6 CANCELLATION OF INSURANCE. If any insurance policy covering the Premises or any part of it is canceled or is threatened by the insurer to be canceled, or if the coverage thereunder is reduced in any way by the insurer for any reason, and if Lessee fails to remedy the condition giving rise to cancellation, threatened cancellation, or reduction of coverage within forty-eight (48) hours after notice thereof by Lessor, Lessor may, at its option, either (i) reenter the Premises forthwith by leaving upon the Premises a notice in writing of its intention to do so (in which case the provisions of Article IX shall apply) or (ii) enter the Premises and remedy the condition giving rise to such cancellation, threatened cancellation or reduction, and Lessee shall forthwith pay the cost thereof to Lessor (which cost may be collected by Lessor as Additional Rent) and Lessor shall not be liable for any damage or injury caused to any property of Lessee or of others located on the Premises as a result of any such entry.

§4.7 LOSS AND DAMAGE. Lessor shall not be liable for any death or injury occurring on the Premises, nor for the loss of or damage to any of the personalty or other property of Lessee or of others by theft or otherwise, from any cause whatsoever. Without limiting the generality of the foregoing, Lessor shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, dampness, gas, electricity, water, rain, snow, or leaks from any part of the Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place by any other cause whatsoever. Lessor shall not be liable for any such damage caused by other persons or occupants of adjacent property, or the public, or caused by operations in construction of any private, public or quasi-public work. All of the personalty or any other property of Lessee kept or stored on the Premises shall be kept or stored at the risk of Lessee.

V.
THE PREMISES

§5.1 USE AND SERVICES. During the Term of this Lease, Lessee shall continuously operate a TIM HORTONS restaurant on the Premises in accordance with the terms of the TIM HORTONS Franchise Agreement entered into by Lessee contemporaneously with this Lease (the "Franchise Agreement"), unless

Lessee is prevented from doing so due to acts of God or other causes beyond Lessee's control. Lessee agrees to carry on the business only under the name of "Tim Hortons" or "Tim Hortons Café & Bake Shop." The Premises shall not be used for any other purpose. Lessee shall not use in connection with the operation of or as additional parking for its business on the Premises any property other than the Premises, except in accordance with the provisions of Article XIV of this Lease.

Except as may be otherwise specifically provided by the terms of this Lease or the Franchise Agreement, Lessor shall not be required to furnish to Lessee any facilities or services of any kind whatsoever, such as, but not limited to water, sewer, steam, heat, gas, hot water, electricity, light and power.

§5.2 REPAIRS AND MAINTENANCE. Lessee shall, at all times during the Term, at its own cost and expense, put, keep and maintain the Premises and all fixtures and personalty located on it in first-class order and condition, and subject to all applicable terms of Section 5.3 and Section 5.8, shall make all necessary and desirable repairs, restorations and replacements thereof, structural and nonstructural, foreseen or unforeseen (hereinafter collectively called "Repairs"), and shall use all reasonable precaution to prevent waste, damage or injury. Lessee shall also put, keep and maintain in good repair and free from dirt, snow, ice, rubbish and other obstructions or encumbrances, the sidewalks, parking areas, yards, plantings, gutters and curbs in front of and adjacent to the Building.

In the event that Lessee fails or neglects to make all necessary Repairs or fulfill its other obligations as set forth above, Lessor or its agents may enter the Premises for the purpose of making such Repairs or fulfilling those obligations. All costs and expenses incurred as a consequence of Lessor's action together with a service charge of fifteen percent (15%) thereof shall be repaid by Lessee to Lessor within fifteen (15) days after Lessee receives copies of receipts showing payment by Lessor for such Repairs or other obligations. These receipts shall be prima facie evidence of the payment of the charges paid by Lessor. Except in the case of emergency, Lessor shall give Lessee ten (10) days' notice before taking any such action. If Lessee fails to pay any such amounts due to Lessor under this Section 5.2, Lessor may add the same to Lessee's "Rent" and recover the same by all remedies available to Lessor for recovery of Rent in arrears.

§5.3 ALTERATIONS. Lessee agrees that it will at its own cost and expense make such reasonable alterations to the interior or exterior of the Premises as may reasonably be requested by Lessor from time to time in order to modify the appearance of the Building to reflect the then current image of TIM HORTONS® restaurants.

Lessee shall not at any time make any alteration, change, addition or improvement (hereinafter collectively called "Alterations") in or to the interior or exterior of the Premises without the prior written consent of Lessor. In the event consent is given:

(a) the Alterations shall be performed in a first class workmanlike manner at Lessee's sole expense, and shall not weaken or impair the structural strength or lessen the value of the Premises, or change the purpose for which the Premises may be used;

(b) the Alterations shall be made according to plans and specifications therefor, which shall be first submitted to and approved in writing by Lessor;

(c) before the commencement of work on any Alterations, such plans and specifications shall be approved by all governmental authorities having jurisdiction and any public utility company having an interest in the Alterations;

(d) before the commencement of any Alterations, Lessee shall pay the amount of any increase in premiums on insurance policies for endorsements covering the risk during work on the Alterations and workmen's compensation insurance covering all persons employed in connection with that work;

(e) if the estimated cost of the Alteration exceeds $50,000.00, Lessee shall furnish to Lessor a surety bond of a company acceptable to Lessor, in an amount equal to the estimated cost of such work, or other security satisfactory to Lessor, guaranteeing the completion of such work, free and clear of all liens and encumbrances;

(f) the Alterations shall comply with (i) the requirements of Title III of the Americans With Disabilities Act of 1990 ("ADA") as same may be amended from time to time; (ii) the Americans With Disabilities Act Accessibility Guidelines 1991 ("ADAAG") as same may be amended from time to time which is a part of the ADA; (iii) the 2010 ADA Standards; and (iv) all state and local building codes including any disabilities related statutes or codes (collectively, the "Codes") in the applicable jurisdiction where the Premises are located; and

(g) [upon completion of the Alterations, an architect shall inspect the Alterations and complete a certificate of inspection, on a form to be provided by Lessor, certifying that the Alterations are in compliance with Title III of the ADA, the ADAAG, the 2010 ADA Standards and the Codes, as same may be amended from time to time.

All buildings, additions, improvements, fixtures and appurtenances in or on the Premises at the Commencement Date and those which may be erected, affixed or installed in or on the Premises during the Term may, at the sole option of Lessor, be deemed to be and shall immediately become part of the Premises and the sole property of Lessor. All personalty installed by Lessee (except signs, trademarks and other insignia of Lessor) shall remain the property of Lessee.

Notwithstanding the foregoing, if requested by Lessor, the Lessee will remove from the Premises any or all alterations, additions, and improvements brought upon or affixed to the Premises and make good any damage caused thereby.

§5.4 LIENS. Should Lessee cause any Alterations or Repairs to be made to the Premises, or cause any labor to be performed or material to be furnished, neither Lessor nor the Premises shall under any circumstances be liable for the payment of any expense incurred, and all such Alterations and Repairs shall be made and performed at Lessee's expense. If, because of any act or omission of Lessee, any mechanic's or other lien, charge, claim or order for the payment of money shall be filed against the Premises or against Lessor, Lessee shall, at its own cost and expense, cause it to be canceled and discharged of record or bonded within fifteen (15) days after filing or notice of filing thereof. In the event that the Lessee fails to cause any such mechanics' or other lien, charge or order to be canceled and discharged or bonded, then, in addition, to any other right or remedy of the Lessor, the Lessor may, at its option, cancel or discharge such lien, charge or order by paying the amount claimed to be due into court or directly to any claimant, without inquiring into the validity or merits of such lien, charge or order, and the amount so paid by Lessor and all costs and expenses including attorneys' fees incurred for the cancellation or discharge of such lien shall be due from the Lessee to the Lessor as an additional charge payable on demand.

§5.5 SIGNS. Lessee shall not place any signs or symbols on any portion of the Premises without the prior written approval of Lessor.

§5.6 INSPECTION. Fee owner, Lessor or their representatives shall have the right to enter the Premises at reasonable hours of any business day to ascertain if the Premises are in proper repair and condition.

§5.7 LICENSE AND LAWS. The Lessee shall, at its own cost and expense, obtain all necessary licenses and/or permits which may be required for the conduct of its business; and Lessee shall, at its own cost and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directions, rules and regulations (referred to generally as "Regulations") of governmental authorities having or claiming jurisdiction over the Premises or the conduct of Lessee's business. By way of example, and not limitation, compliance with governmental Regulations shall include, but not be limited to, the following:

(i) alterations and/or additions to the Premises if required under the Americans with Disabilities Act of 1990 and (ii) testing, remediation or abatement of environmental conditions (defined as conditions affecting the air, soil, ground water and improvements) affecting the Premises or property adjacent to or near the Premises, if so required by governmental authority. Lessee may contest in good faith, after notice to Lessor, by appropriate proceedings conducted promptly at Lessee's own expense, in Lessee's name (and/or whenever necessary and with Lessor's consent, in Lessor's name), the validity or enforcement of any such regulation; provided that (i) such contest or any associated deferment of payment does not subject Lessor to a fine or other criminal liability, or subject the Premises to any encumbrance, (ii) Lessee diligently prosecutes such contest to a final determination by the governing authority, and (iii) Lessee furnishes Lessor with any security that Lessor may reasonably request in connection with such contest.

§5.8 DAMAGE OR DESTRUCTION. If, during the Term, the Premises or the personalty or fixtures on it are destroyed or damaged in whole or in part by fire or other cause, Lessee shall give Lessor immediate notice, and Lessee, at its own cost and expense, shall cause the prompt repair, replacement and rebuilding of same ("Restoration"), subject to Section 5.2 and Section 5.3 of this Lease. The restored building, personalty or fixtures shall reflect the then current image of TIM HORTONS restaurants and conform to the then current design and specifications of Lessor. Lessor shall in no event be called upon to repair, replace or rebuild any such buildings, fixtures or personalty, nor to pay any of the costs or expenses thereof beyond or in excess of any insurance proceeds, as provided in this Lease.

All insurance proceeds received by Lessor or by any insurance trustee on account of such damage or destruction, less the actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, shall be applied by Lessor to pay or reimburse Lessee for the payment of the cost of the Restoration, including the cost of temporary repairs or for the protection of property pending the completion of permanent Restoration, and shall be paid out from time to time as Restoration progresses upon the written request of Lessee, accompanied by evidence satisfactory to Lessor that:

(a) (1) the sum then requested either has been paid by Lessee or is justly due to contractors, subcontractors, materialmen, or other persons who have rendered services or furnished materials for the Restoration pursuant to a certificate or claim for payment ("Certificate"), and that the sum then requested does not exceed the amount of the services and materials described in the Certificate;

(2) except for the amount, if any, stated in the Certificate to be due for services or materials, there is no outstanding indebtedness known to the persons signing such Certificate, after due inquiry, which is then due for labor, wages, materials, supplies, or services in connection with the Restoration;

(3) the cost of the Restoration required to be done does not exceed the insurance proceeds, and

(b) that there have not been filed against the Premises any vendors, contractor's, mechanic's, laborers or materialman's statutory or similar lien ("Liens") which has not been discharged of record, except those that will be discharged upon payment of the sum requested in the Certificate, or bonded or contested in accordance with Section 5.4.

Upon compliance with the above provisions, Lessor or the insurance trustee shall, out of such insurance proceeds and such other funds as may have been made available, pay or cause to be paid to Lessee or its designee, the respective amounts due.

If the insurance proceeds and other funds deposited with Lessor or the insurance trustee, less the actual cost, fees and expenses, if any, incurred in connection with the adjustment of the loss, are insufficient to pay the entire cost of the Restoration, Lessee will pay the deficiency.

At least ten (10) days before the commencement of Restoration, Lessee shall notify Lessor of its intention to restore the Premises. During Restoration, this Lease shall not terminate, nor shall the Rent and the Additional Charges payable under this Lease be abated or be affected in any manner.

§5.9 WARRANTIES: DISCLAIMER. Lessor shall provide Lessee with the benefit of any warranties provided by the building contractor. Lessor expressly disclaims any other warranty, either express or implied, and Lessee acknowledges that neither Lessor nor its agents have made any representations or promises with respect to the Premises except as expressly set forth in this Lease, and no rights, easements or licenses are acquired by Lessee by implication or otherwise except as expressly set forth herein. The taking of possession of the Premises by Lessee shall be conclusive evidence that the Lessee has accepted the Premises "AS IS," including any latent or patent defects. Lessee acknowledges that Lessee is relying on its own independent inspection. Lessor agrees to cooperate with and assist Lessee in asserting claims against contractors or others providing work and/or services to the Premises.

§5.10 CONTRACTS. Lessee shall not without Lessor's consent enter into any service contract or agreement relating to the furnishing of any services to the Premises or the occupants of it unless such contract or agreement shall by its terms be terminable on no more than thirty (30) days' notice or shall expressly provide that it shall not become binding on Lessor in the event that this Lease is terminated or expires. Lessee shall furnish Lessor with copies of all service contracts or agreements affecting the Premises that are now in existence or that are subsequently entered into.

§5.11 REFUSE. Lessee shall not allow any refuse, garbage or other loose or objectionable materials to accumulate on or about the Premises, will at all times keep the Premises in a clean and wholesome condition, and shall be responsible for the removal of all garbage or loose or objectionable materials emanating from the Premises. Lessee shall not dispose of any trash or garbage in or about the Premises except for in areas provided therefor by Lessor.

§5.12 LOADING AND UNLOADING. Lessee shall take all reasonable precautions to ensure that loading and unloading of merchandise, supplies, materials or chattels shall be made only through or by means of doorways and openings designated by Lessor.

§5.13 CONDUCT AND HOURS OF OPERATION. Lessee covenants to operate and conduct its business in a high-class and reputable manner and to conduct its business in the Premises during such hours as set out in the Franchise Agreement.

§5.14 HEAT. Lessee covenants to heat the Premises so as, at all times, to protect the Premises and all of its contents from damage by cold or frost.

VI.
INTENTIONALLY OMITTED

VII.
TAXES AND OTHER CHARGES

§7.1 PAYMENT.

(a) In the event Lessor elects, at its sole option, to pay any real estate taxes and assessments (both general and special), goods and service taxes, sales taxes, value added taxes, business transfer taxes, any other taxes imposed on Lessor with respect to rent payable by Lessee to Lessor or in respect of the rental of space under this Lease, assessments, charges for public utilities, excises, levies, licenses, permit fees or other governmental

impositions and charges of any kind and nature whatsoever (collectively, the "Charges") which are payable in connection with the ownership, occupancy or possession of the Premises, Lessee shall reimburse Lessor within fifteen (15) days after Lessee receives an invoice for the payment of such Charges.

(b) In the event Lessor elects not to pay the Charges as set forth in the preceding paragraph, Lessee shall pay on or before the last day on which payment may be made without penalty or interest, all Charges which may be assessed, imposed, or become due and payable in connection with the ownership, occupancy or possession of the Premises or the fixtures or personalty on it, or any Charges which may be imposed in lieu of, or as a substitution for, any such Charges. At any time after the time for payment of each Charge, upon Lessor's request, Lessee shall exhibit to Lessor satisfactory evidence of payment. All Charges assessed or imposed for the fiscal periods in which the Term of this Lease commences and terminates shall be apportioned.

§7.2 LIMITATION: SUBSTITUTION. Nothing contained in this Lease shall be construed to require Lessee to pay any inheritance, estate, succession, transfer, gift, franchise, corporation, income or profit tax, or capital levy that is or may be imposed upon Lessor, its successors or assigns; provided, however, that if at any time during the Term of this Lease the methods of taxation prevailing at the Commencement Date are altered so that in lieu of or as a substitute for the whole or any part of the taxes, assessments, levies, impositions or charges (collectively "Assessments") now levied, assessed or imposed ("Imposed") on real estate and improvements thereon, there is Imposed

(1) an Assessment made wholly or partially as a capital levy, or

(2) an Assessment measured by or based in whole or in part on the Premises, or

(3) a license fee measured by the Rent payable by Lessee under this Lease,

then to the extent that such Assessments or portion thereof would be payable if the Premises were the only asset of Lessor subject to the Assessments, Lessee shall pay these Assessments in the same manner as provided in this Lease for payment of real estate taxes.

VIII.
INDEMNIFICATION

Lessee shall indemnify, defend with counsel reasonably acceptable to Lessor and save Lessor harmless from and against all costs, expenses, liabilities, losses, damages, injunctions, suits, actions, fines, penalties, claims and demands of every kind or nature, including reasonable attorneys' fees, by or on behalf of any person, party or governmental authority whatsoever arising out of (a) any failure or alleged failure by Lessee to perform any of its obligations under this Lease, (b) any accident, injury or damage which occurs in or about the Premises, however occurring, (c) any matter arising out of the condition, occupation, maintenance, alteration, repair, use or operation of the Premises or any part of it, (d) the contest or challenge by Lessee of any imposed tax, Assessment, or other Charges, or (e) any other matter arising from or relating to Lessee's occupation of the Premises.

IX.
ENFORCEMENT

§9.1 DEFAULT. Each of the following events is a default and a breach of this Lease by Lessee:

(a) If Lessee files any proceeding under the United States Bankruptcy Code, any other federal or state bankruptcy, reorganization, receivership, insolvency. or other similar law affecting the rights of creditors generally, or for dissolution under the laws of the United States or of

any state, or voluntarily takes advantage of any such law or act or is dissolved or makes an assignment for the benefit of creditors;

(b) If involuntary Proceedings under the United States Bankruptcy Code, any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law or for the dissolution of a corporation are instituted against Lessee or if a receiver or trustee is appointed of all or substantially all of the property of Lessee and such Proceedings are not dismissed or such receivership or trusteeship vacated within ninety (90) days after such institution or appointment;

(c) If Lessee vacates, abandons or ceases doing business on the Premises or indicates its intention to do so;

(d) If this Lease or the estate of Lessee hereunder is transferred to any other person or party, except in a manner permitted by the terms of this Lease;

(e) If Lessee fails to pay Lessor any installment of the Rent or Additional Charges when it becomes due and payable and fails to make such payment within ten (10) days after notice thereof by Lessor to Lessee;

(f) If Lessee fails to perform any of its nonmonetary obligations under this Lease and such non-performance continues for a period within which performance is required to be made by specific provision of this Lease or, if no such period is provided, for a period of thirty (30) days after notice thereof by Lessor to Lessee; or, if such performance cannot be reasonably had within such thirty day period, Lessee has not in good faith commenced such performance within such thirty day period or has not diligently proceeded therewith to completion;

(g) If the Lessee or any agent of Lessee falsifies any report required to be furnished to Lessor pursuant to the terms of this Lease and fails to notify Lessor of such falsification within sixty (60) days of submission of such report.

(h) Repeated breaches of provisions of this Lease. If Lessor intends to terminate this Lease under this Section 9.1.(h), Lessor shall provide notice to Lessee that Lessor considers the Lessee to have repeatedly breached this Lease, and that Lessor intends to terminate this Lease if Lessee breaches the Lease at any time after said notice. If Lessee after receiving such notice subsequently breaches this Lease in any manner, Lessor shall have the right to terminate this Lease upon notice with no further opportunity to cure.

(i) Failure by Lessee to comply with any provisions of the Franchise Agreement relating to the Premises.

In the event of a default under this Section 9.1, Lessor shall have such remedies as are provided under this Lease and/or under applicable law.

§9.2 CURE BY LESSOR. After expiration of the applicable period of notice, or without notice in the event of any emergency, Lessor at its option may, but shall not be obligated to, make any payment required of Lessee or perform any obligation of Lessee, and the amount Lessor pays, or the cost of its performance, together with interest thereon at the highest legal rate permitted, shall be deemed to be an additional charge payable by Lessee on demand. Lessor shall have the right to enter the Premises for the purpose of correcting or remedying any default, but neither any expenditure nor any such performance by Lessor shall be deemed to waive or release Lessee's default or the right of Lessor to take such action as may be otherwise permissible in the case of default. The Lessor shall have no liability to the Lessee for any loss

or damages resulting from any such action by the Lessor, and entry by the Lessor under the provisions of Article V or Article IX shall not constitute breach of the covenant for quiet enjoyment or an eviction.

§9.3 LESSOR'S REMEDIES. If Lessee is in default under this Lease, Lessor may, at its option, in addition to such other remedies as may be available under applicable law:

(a) terminate this Lease and Lessee's right of possession, and retake possession for Lessor's account. In such event, Lessor may repair and alter the Premises in any manner as Lessor deems reasonably necessary or advisable. All expenses of every nature which Lessor may incur such as (by way of illustration and not limitation) those for attorneys' fees, brokerage, advertising, and refurbishing the Premises, shall become immediately due and payable by Lessee to Lessor, or

(b) terminate Lessee's right of possession, but not this Lease, retake possession of the Premises for the Lessee's account, repair, and alter the Premises in any manner as Lessor deems reasonably necessary or advisable, and relet the Premises or any part of it, as the agent of Lessee, for the whole or any part of the remainder of the Term or for a longer period, and Lessor may grant concessions or free rent or charge a higher rental than that reserved in this Lease. Out of any rent collected or received from subtenants or as a result of such letting or reletting, Lessor shall first pay to itself all expenses of every nature which Lessor may incur such as (by way of illustration and not limitation) those for attorneys' fees, brokerage, advertising, and refurbishing the Premises in good order or preparing them for reletting; and second, Lessor shall pay to itself any balance remaining on account of the liability of Lessee for the sum equal to all Rent, Additional Rent and other Additional Charges due from Lessee through the Original Term Expiration Date. Should Lessor, pursuant to this Section 9.3, not collect rent which, after deductions is sufficient to fully pay to Lessor a sum equal to all Rent, Additional Rent and other Additional Charges payable through the Original Term Expiration Date, the balance or deficiency shall, at the election of Lessor, be paid by Lessee on the first of each month; or

(c) stand by and do nothing, and hold the Lessee liable for all Rent, Additional Rent and other Additional Charges payable under this Lease through the Original Term Expiration Date.

If Lessor does not notify Lessee which remedy it is pursuing, or if Lessor's notice to Lessee does not expressly state that Lessor is exercising its remedies under Section 9.3(a) or Section 9.3(c), then it shall be deemed that Lessor is pursuing the remedy set forth in Section 9.3(b). If Lessor exercises option (a) or (b) above, Lessee agrees to immediately peacefully surrender the Premises to Lessor, and if Lessee refuses to do so, Lessor may without further notice reenter the Premises either by force or otherwise and dispossess Lessee by summary proceedings or otherwise, as well as the legal representative(s) of Lessee and/or other occupant(s) of the Premises, and remove their effects.

§9.4 ACCELERATION. If Lessor exercises the remedies in Section 9.3(b) or (c) of this Lease, Lessee shall immediately pay to Lessor as damages for loss of the bargain caused by Lessee's default, and not as a penalty, in addition to any other damages, an aggregate sum which represents the present value of the full amount of the Rent, Additional Rent and all other Additional Charges payable by Lessee hereunder that would have accrued for the balance of the Term. If Lessor exercises the remedy in Section 9.3(b) of this Lease, Lessor shall account to Lessee at the Original Term Expiration Date for amounts actually collected by Lessor as a result of a reletting, net of amounts to be paid to Lessor under Section 9.3(b) of this Lease.

§9.5 SUITS. Suit or suits for the recovery of the deficiency or damage or for any installment or installments of Rent, Additional Rent or any other charge due under this Lease may be brought by Lessor at any time or, at Lessor's election, from time to time, and nothing in this Lease shall be deemed to require Lessor to wait until the Original Term Expiration Date to bring suit.

§9.6 WAIVER. Lessee hereby expressly waives service of any notice of intention to reenter. Lessee hereby waives any and all rights to recover or to regain possession of the Premises or to reinstate or to redeem this Lease as permitted or provided by any statute, law or decision now or hereafter in force and effect. No receipt of moneys by Lessor from Lessee after the cancellation or termination of the Lease shall reinstate, continue or extend the Lease, or affect any prior notice given to Lessee or operate as a waiver of the right of Lessor to enforce the payment of Rent and Additional Rent then due or subsequently falling due, or operate as a waiver of the right of Lessor to recover possession of the Premises by suit, action, proceeding or other remedy, and any and all moneys so collected shall be deemed to be payments on account of the use and occupancy of the Premises, or at the election of the Lessor, on account of Lessee's liability under this Lease.

§9.7 PROOF OF CLAIM. Nothing in this Article shall limit or prejudice the right of Lessor to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by any statute or rule of law governing such proceeding, whether or not such amount is greater, equal to or less than the amount of the damages referred to in any of the preceding sections.

§9.8 INJUNCTION. In the event of a breach or a threatened breach by Lessee of any of its Lease obligations, Lessor shall have the right to enjoin and restrain the breach and to invoke any remedy allowed by law or in equity, in addition to other remedies provided in this Lease.

§9.9 INDEPENDENT RIGHTS. The rights and remedies of Lessor are distinct, separate and cumulative, and no one of them, whether or not exercised by Lessor, shall be deemed to be to the exclusion of any of the others.

§9.10 NON-WAIVER. The failure of Lessor to insist upon strict performance of any of Lessee's obligations under this Lease shall not be deemed a waiver of any rights or remedies that Lessor may have and shall not be deemed a waiver of any subsequent breach or default by Lessee. The exercise of any of the Lessor's options under the Lease "shall not be deemed to be the exclusive remedy of Lessor."

§9.11 WAIVER OF EXEMPTION FROM DISTRESS. Lessee agrees that notwithstanding anything contained in any statute, enactment or other law of the state in which the Premises are located or of any other jurisdiction, none of the personalty located on the Premises shall be exempt from levy for distress for Rent in arrears, and that if Lessee makes any claim for such an exemption, this Lease may be pleaded as an estoppel against Lessee in any appropriate action.

§9.12 FRANCHISE AGREEMENT. Notwithstanding anything in this Lease to the contrary, this Lease is conditioned upon the faithful performance by Lessee of the Franchise Agreement, and a default in the terms of the Franchise Agreement shall be a default of this Lease.

X.
NO RENT ABATEMENT

Unless specifically provided in this Lease, no abatement, diminution, or reduction of Rent, Additional Rent, Additional Charges or other compensation shall be claimed by or allowed to Lessee, or any persons claiming under Lessee, under any circumstances, whether for inconvenience, discomfort, interruption of business, or otherwise.

XI.
CONDEMNATION

§11.1 ENTIRE AWARD. In the event that the Premises or any part of it is taken in condemnation proceedings or by exercise of any right of eminent domain (or by settlement agreement in lieu thereof between Lessor and those authorized to exercise such right), Lessor shall be entitled to collect the entire

amount of any award made without deduction for any estate vested in or owned by Lessee, subject only to the rights of any mortgagee and to Lessee's rights as set forth in this Lease. Lessee agrees to execute any and all documents that may be required to facilitate collection by Lessor of any and all such awards. Lessee shall have no right to participate in any condemnation proceedings or agreement except for the purposes described in Section 11.5.

§11.2 SUBSTANTIAL TAKING. If at any time during the Lease Term, the whole or substantially all of the Premises is taken or condemned, this Lease shall terminate and expire on the date on which title vests in the condemning authority, upon which the Rent provided to be paid by Lessee shall be apportioned and paid to that date, and Lessee shall have no claim against Lessor for the unexpired Term of this Lease or for damage or for any other reason whatsoever. For the purposes of this Section, "substantially all of the Premises" shall be deemed to have been taken if, in the sole opinion of Lessor, the portion of the Premises not taken cannot be repaired or reconstructed in such a way that, by using only the amount of the net award available from the taking, there remains a complete, rentable structure capable of producing a proportionately fair and reasonable net annual income after payment of all operating expenses, Rent, Additional Rent and all other Additional Charges payable by Lessee, and after performance by the Lessee of all its obligations under this Lease.

§11.3 PARTIAL TAKING. In the event of a partial taking (any taking which is not "substantial"), this Lease shall not terminate, and Lessee shall promptly proceed to restore the remainder of the Building on the Land (if affected by the taking) to a complete, independent and self-contained architectural unit, usable for the purposes contemplated by this Lease, and Lessor shall pay to Lessee, subject to the same provisions and limitations specified herein with respect to insurance proceeds, the cost of restoration, which payment shall in no event exceed a sum equal to the amount of any separate award made for such restoration. Any deficiency will be paid by Lessee. Such restoration shall be subject to and shall be performed in accordance with the provisions of Section 5.3, except that any surety bond shall be in the amount, if any, by which the estimated cost of the work exceeds said separate award for the restoration. In the event that there is no separate award for restoration, the amount shall be fixed and settled by mutual agreement or by arbitration as provided in this Lease.

If this Lease does not terminate as provided in Section 11.2, and the taking results in the loss of parking spaces, driveways or accesses which are not or cannot be relocated or replaced elsewhere on the Premises, the Guaranteed Minimum Annual Rental after the date of taking shall be the lesser of (a) the Guaranteed Minimum Annual Rental payable by Lessee immediately prior to the taking, reduced by 12.5% of any portion of the award or awards recovered by Lessor which are not applied to the reduction of any mortgage to which this Lease is subject and subordinate or are not otherwise applied to Lessee's cost of demolition, repair and restoration or (b) the Guaranteed Minimum Annual Rental payable by Lessee immediately prior to the taking reduced in direct proportion to the area of the Premises taken. For example: if prior to the taking the area of the Premises is 30,000 square feet and the Guaranteed Minimum Annual Rental is $100,000.00, upon the taking of 750 square feet, the Guaranteed Minimum Annual Rental will be reduced by three percent (3%), resulting in a new Guaranteed Minimum Annual Rental of $97,000.00.

§11.4 EASEMENTS. If the taking is (i) of any existing appurtenant easement, or (ii) by easement rather than by fee, then the Lessee shall not be entitled to any reduction in Guaranteed Minimum Annual Rental unless such taking results in (i) receipt of an award by Lessor and (ii) the deprivation of use of the easement area by Lessee for parking, driveways or access. In such case, Lessee's Guaranteed Minimum Annual Rental shall be reduced in accordance with the calculation for a taking of the fee set forth in Section 11.3 above.

§11.5 LESSEE'S INDEPENDENT AWARD. Nothing in this article shall preclude Lessee from pursuing any independent action permitted by law or from participating in the condemnation proceedings, but only for the purpose of securing an independent award for loss of business or damage to personalty.

XII.
SUBORDINATION

This Lease shall be fully subordinate to any mortgage and/or collateral assignment of lease against the Premises which the fee owner, Lessor and/or their assigns has or subsequently obtains upon the Premises; provided, however, that any such mortgage and/or collateral assignment of Lease against the Premises granted by Lessor shall provide that Lessee's possession of the Premises pursuant to this Lease shall not be disturbed in the event of a default by Lessor so long as Lessee shall be in compliance under the terms hereof. This Lease shall be fully subordinate and subject to any senior lease now, or hereafter affecting the Premises. In the event Lessor transfers all or a part of its interest in the Premises to a third party and enters into a lease with said third party (with Lessor as tenant) then this Lease shall be fully subordinate to said lease between such third party and Lessor.

The Lessee hereby grants a power of attorney to the Lessor with full power to act as its attorney in fact and to execute on behalf of the Lessee any and all documents that may be required by a mortgagee and/or assignee evidencing the Lessee's full subordination of the Lessee's interest to any mortgage and/or collateral assignment of lease that may be entered into by Lessor, the fee owner or their assigns. Lessee hereby agrees to execute, without charging Lessor, any and all documents that it is requested to execute to evidence this subordination. However, Lessee shall not be required to execute any promissory notes or other evidence of indebtedness which would create any personal liability on behalf of Lessee.

XIII.
ASSIGNMENT

§13.1 BY LESSOR. This Lease shall be fully assignable by the Lessor or its assigns.

§13.2 BY LESSEE. Neither Lessee, nor Lessee's successors or assigns, shall (unless expressly permitted in this Lease) assign, mortgage, give as security, pledge or encumber this Lease, in whole or in part, by operation of law or otherwise, or sublet the Premises, in whole or in part, or permit the Premises or any portion of it to be used or occupied by others, or enter into a management contract or other arrangement whereby the Premises shall be managed and operated by anyone other than the owner of Lessee's leasehold estate, without the prior consent in writing of Lessor in each instance. If this Lease is assigned or transferred, or if all or any part of the Premises is sublet or occupied by anybody other than Lessee, Lessor may collect Rent from the assignee, transferee, subtenant or occupant, and apply the net amount collected to the Rent reserved in this Lease, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any covenant or condition of this Lease, or the acceptance of the assignee, transferee, subtenant or occupant as lessee, or a release of Lessee from the performance or further performance by Lessee of its obligations under this Lease, and Lessee shall continue to be liable for all its obligations under this Lease. The consent by Lessor to an assignment, mortgage, pledge, encumbrance, transfer, management contract or subletting shall not in any way be construed to relieve Lessee from obtaining the express consent in writing of Lessor in each instance to any subsequent similar action that the Lessee may intend to take. Providing Lessee remains liable for all its obligations under this Lease, Lessor shall consent to an assignment of this Lease to an individual, partnership or corporation to which the Franchise Agreement has been assigned.

§13.3 ASSUMPTION BY ASSIGNEE. An assignment made with Lessor's consent or as otherwise permitted shall not be effective until Lessee delivers to Lessor an executed counterpart of such assignment containing an agreement, in recordable form, executed by the assignor and the proposed assignee, in which the assignee assumes the performance of the obligations of the assignor under this Lease to the Original Term Expiration Date.

XIV.
ADDITIONAL PROPERTY

§14.1 PURCHASE OF ADDITIONAL PROPERTY. In the event Lessee (for purposes of this Article, if Lessee is a group of more than one person, the term "Lessee" shall mean any member of the Lessee group) or any corporation, partnership or other entity in which Lessee has an interest or any member of Lessee's immediate family (Lessee or such other person or entity shall hereinafter be referred to as "Vendee") acquires the right to purchase property which, in the sole opinion of Lessor, is capable of being used either as additional parking or for any other purpose connected with the operation of the Premises (the "Additional Property"), Lessor shall have an option to assume Vendee's right to purchase such Additional Property without cost or charge to Lessor for such option. The granting of this option by Vendee to Lessor is in partial consideration for the making of this Lease by Lessor. Vendee agrees to submit to Lessor (i) a copy of the purchase or option contract within ten (10) days after final execution thereof and (ii) all other relevant documents within a reasonable period of time in advance of the scheduled closing date. Lessor shall have twenty (20) days after its receipt of the purchase or option contract and any and all relevant documents within which to notify Vendee of Lessor's intention to accept or reject Lessor's option. If Vendee's rights to purchase such Additional Property are not assignable, or if Vendee purchases the Additional Property without previously granting Lessor the option to acquire the Additional Property, Lessor shall have the additional option to purchase the Additional Property from Vendee, at Vendee's purchase price, under the terms of Lessor's then standard contract for the purchase of real property which shall be executed by Vendee and Lessor upon Lessor's exercise of this additional option. The granting of this additional option by Vendee to Lessor is in partial consideration for the making of this Lease by Lessor. Vendee agrees to submit to Lessor a copy of the purchase agreement and all other relevant documents within fifteen (15) days after Vendee acquires the Additional Property, and Lessor shall have thirty (30) days thereafter within which to notify Vendee of its intention to accept or reject this additional option.

In the event Lessor acquires the Additional Property from Vendee as set forth above, Vendee and Lessor agree to amend this Lease to include the Additional Property and to increase the Rent and other Additional Charges payable by Lessee for its use of the Additional Property. The rent for the Additional Property shall be calculated by Lessor in accordance with its then current formula for the calculation of "TH" lease rentals.

In the event (i) Lessor fails to exercise its options to purchase the Additional Property as set forth above, or (ii) Lessor has not received notice from Vendee that Vendee has purchased the Additional Property, then at such time as (a) Lessor becomes aware of the acquisition by Vendee of the Additional Property or (b) this Lease expires or is terminated, whichever is earlier, Lessor shall have a third option to acquire the Additional Property by purchasing it for its then fair market value or three (3) times Vendee's purchase price, whichever is less, under the terms of Lessor's then standard contract for the purchase of real property, to be executed by Vendee and Lessor upon the exercise by Lessor of this third option. The granting of this third option by Vendee to Lessor is in partial consideration for the making of this Lease by Lessor. Lessor must notify Vendee of its election to exercise this third option within thirty (30) days after (A) the date on which Lessor receives notice of Vendee's acquisition of the Additional Property or (B) the expiration or termination of this Lease, whichever is earlier. Should Lessor and Vendee be unable to agree upon a purchase price within thirty (30) days after Vendee is notified by Lessor that Lessor desires to exercise this third option, Lessor and Vendee shall within ten (10) days following the end of said thirty (30) day period separately hire disinterested, qualified real estate appraisers who are authorized to appraise property in the county where the Additional Property is located and who are members of The Society of Real Estate Appraisers, The American Institute of Real Estate Appraisers or The American Society of Appraisers. If either Lessor or Vendee fails to appoint an appraiser within ten (10) days after being notified of the appraiser retained by the other party, the single appraiser hired shall determine the fair market value of the Additional Property. If both parties select an appraiser, the two appraisers shall meet and attempt to agree on a fair market value of the Additional Property. If they are unable to agree on the value within fifteen (15) days after the second appraiser was appointed, they shall select a third appraiser who shall determine the fair market value. Lessor and Vendee shall be responsible for the fee charged by the respective appraisers they selected and shall split the cost of the third appraiser. If after being informed of the fair market value of the Additional Property, Lessor indicates that the purchase price is unacceptable, it may rescind its

election to purchase the Additional Property, upon notice to Vendee within twenty (20) days after being informed of the fair market value of the Additional Property, but must pay the total cost of the appraisal.

In the event Lessor acquires the Additional Property from Vendee under any of the above options, Vendee shall furnish to Lessor evidence that he has good and marketable title to the Additional Property, and title shall be conveyed to Lessor in fee simple, free and clear of any liens, encumbrances, restrictions or violations of any local, state or federal laws, orders, rules or regulations upon payment of the purchase price. Closing shall be within ninety (90) days after determination of the purchase price, subject to any extension permitted under the terms of Lessor's then standard contract for the sale of real property.

Vendee hereby expressly covenants and agrees that, in the event that Vendee acquires Additional Property without complying with the terms and provisions of this Section 14.1, Lessor shall have the absolute and unrestricted option to purchase any such Additional Property, upon the terms and conditions set forth above with respect to the third option to purchase, at any time during the Term of this Lease and for thirty (30) days after the expiration or termination of this Lease. If, during such thirty (30) period, Lessor discovers that Vendee has acquired Additional Property without complying with the terms and provisions of this Section 14.1, then notwithstanding the expiration or termination of this Lease, Vendee hereby further expressly covenants and agrees that Vendee shall execute any and all relevant documents in order to transfer fee title to said Additional Property to Lessor in accordance with the terms and provisions of this Section 14.1. The granting of this final option by Vendee to Lessor is in partial consideration for the making of this Lease by Lessor.

§14.2 LEASE OF ADDITIONAL PROPERTY. In the event Vendee acquires the right to lease, sublease or license, have an easement across or over, or any other right of any kind, save and except by purchase, to use or occupy the Additional Property (the "Occupancy Right") from any person other than Lessor, Vendee shall give Lessor written notice thereof, which notice shall set forth or be accompanied by a copy of the proposed lease, sublease, license agreement, easement agreement or other use or occupancy agreement (the "Additional Property Lease") and which notice shall be delivered to Lessor prior to the execution of any Additional Property Lease. The Additional Property Lease shall set forth (a) all terms and conditions of the Occupancy Right, including, without limitation, the Rent, Additional Rent, Additional Charges and other consideration payable under the Additional Property Lease, and the term and any options to extend the term; (b) the extent to which the tenant under the Additional Property Lease may make Alterations and/or improvements; (c) any broker or other agent who was involved in the acquisition of the Occupancy Right; (d) a description of the Additional Property; (e) its proposed use; and (f) the name and address of the proposed landlord. Lessor may, within thirty (30) days after receipt of such written notice from Vendee accompanied by or containing all of the items set forth above, in its sole and absolute discretion, choose to enter into the Additional Property Lease, as tenant; in such event, Lessor and Vendee agree to amend this Lease to include the Additional Property and to increase the Rent and other Additional Charges payable by Lessee for its use of the Additional Property. The rent for the Additional Property shall be calculated by Lessor in accordance with its then current formula for the calculation of "TH" lease rentals. During said thirty (30) day period, Vendee shall not, in any event whatsoever, execute, or cause anyone else to execute on Vendee's behalf or otherwise, the Additional Property Lease. If Lessor chooses not to enter into the Additional Property Lease, then Vendee may choose to enter into the Additional Property Lease, as tenant; in such event, the following paragraph shall be incorporated into the Additional Property Lease in its entirety:

> "Notwithstanding anything to the contrary set forth herein, Landlord and Tenant hereby covenant and agree that Tenant may, at any time during the term hereof and without Landlord's consent, assign this Lease to TIM DONUT U.S. LIMITED, INC. or its designee (collectively, "Lessor"). The Tenant covenants that, notwithstanding any such assignment to Lessor, and notwithstanding the acceptance of rent and/or additional rent by Landlord from Lessor, the Tenant shall, during the term hereof, remain fully liable for the payment of the rent and the additional rent hereunder and for the performance and observance of all other obligations of this lease on the part of Tenant to be performed or observed. Additionally, (i) in the event of any default by Tenant hereunder which default has not been cured prior to the expiration of any grace, notice or cure period; or (ii) at such

time as any lease between Lessor, as landlord, and Tenant, as tenant expires or is terminated, then, in any such event, Lessor shall have the option, but shall be under no obligation to exercise said option, exercisable within thirty (30) days after the end of any grace, notice or cure period, or the expiration or termination of any such lease, to assume this lease from Tenant by written notice to Tenant and Landlord and at no cost or charge to Lessor. In order to effectuate this provision, Landlord agrees that, if Tenant is in default hereunder, Landlord shall give written notice thereof to Lessor at 5707 Blue Lagoon Drive, Miami, Florida 33126, P.O. Box 020783, Miami, Florida 33102-0783, Attention: General Counsel and Landlord further agrees that Landlord shall be obligated to send said notice to Lessor whether or not this Lease provides for written notice of default to be sent to the Tenant. The parties hereto acknowledge and agree that Lessor may, in its sole and absolute discretion, cure any default by Tenant hereunder, but Lessor shall be under no obligation to do so and Lessor's decision to cure or not to cure any default by the Tenant shall not be a condition precedent to Lessor's assumption of this lease. Landlord and Tenant hereby agree to execute and provide such documents (including, without limitation, a copy of this lease, certified by Landlord and Tenant to be a true and correct copy, and an estoppel certificate from Landlord) and other assurances (including, without limitation, Tenants guarantee to cure all existing defaults hereunder prior to the effective date of said assumption by Lessor) reasonably required by Lessor to give full force and effect to this provision." [The words "Landlord", "Tenant" and "Lease" in the foregoing paragraph shall be changed to "Licensor", "Licensee" and "License", respectively, if Vendee is entering into a license agreement and similar modifications (but only as to form, not substance) may be made to the foregoing paragraph where required in the case of a sublease, an easement agreement or any other type of use or occupancy agreement.]

Upon the execution and delivery of the Additional Property Lease by Vendee and the proposed landlord, Vendee shall deliver a duplicate original of the fully executed Additional Property Lease and any and all other documents relating to the Additional Property Lease to Lessor.

Vendee hereby expressly covenants and agrees that, in the event that Vendee enters into an Additional Property Lease without complying with the terms and provisions of this Section 14.2, Lessor shall have the absolute and unrestricted right to have said Additional Property Lease assigned to Lessor, upon the terms and conditions set forth in this Section 14.2, at any time during the Term or any extensions of the Term of the Additional Property Lease. If Lessor is not notified of the existence of an Additional Property Lease during the Term hereof, Lessor shall have thirty (30) days after the expiration or termination of this Lease to investigate whether such an Additional Property Lease exists. If, during such thirty (30) day period, Lessor discovers that an Additional Property Lease exists, then notwithstanding the expiration or termination of this Lease, Vendee hereby further expressly covenants and agrees that Vendee shall execute any and all relevant documents in order to assign said Additional Property Lease to Lessor. After the Additional Property Lease has been assigned to Lessor (if said assignment occurs prior to the expiration or termination of this Lease), Vendee and Lessor agree to amend this Lease to include the Additional Property. The rent and other charges for the Additional Property shall be calculated by Lessor in accordance with its then current formula for the calculation of "TH" lease rentals.

For purposes of this Article, notice to the Lessee in the manner indicated in Section 17.2 shall be deemed to be notice to Vendee. The terms and provisions of this Article shall survive the expiration or termination of this Lease.

XV.
ESTOPPEL CERTIFICATE

Lessee shall from time to time, within five (5) days after being requested to do so by the Lessor, execute, enseal, acknowledge and deliver to the Lessor (or, at Lessor's request, to any existing or prospective purchaser, transferee, assignee or mortgagee of any or all of the Premises, any interest therein or any of Lessor's rights under this Lease) an instrument in recordable form;

(i) certifying (a) that the Lease is unmodified and in full force and effect (or, if there has been any modification thereof, that it is in full force and effect as so modified, stating therein the nature of such modification); (b) as to the dates to which the Rent and Additional Charges arising hereunder have been paid; (c) as to the amount of any prepaid rent or any credit due to Lessee hereunder, (d) that the Lessee has accepted possession of the Premises, and the date on which the Term commenced; (e) as to whether, to the best knowledge, information and belief of the signer of such certificate, the Lessor or the Lessee is then in default in performing any of its obligations under the Lease (and, if so, specifying the nature of each such default); and (f) as to any other fact or condition reasonably requested by the Lessor or such other addressee; and

(ii) acknowledging and agreeing that any statement contained in such certificate may be relied upon by Lessor and any such other addressee.

XVI.
HAZARDOUS SUBSTANCES

§16.1 COMPLIANCE WITH LAWS. Lessee shall at all times, at its own cost and expense, comply with all federal, state and local laws, ordinances, regulations and standards ("Hazardous Substance Laws") relating to the use, analysis, production, storage, sale, disposal or transportation of any hazardous materials, including oil or petroleum products or their derivatives, solvents, PCB's, explosive substances, asbestos, radioactive materials or waste, and any other toxic, ignitable, reactive, corrosive, contaminating or pollution materials '("Hazardous Substances") which are now or in the future subject to any governmental regulation. Such compliance shall include any cleanup, removal, remedial action, testing or monitoring (including medical monitoring) which may be required under Hazardous Substance Laws, court order or by any governmental or regulatory agency.

§16.2 NOTICES TO LESSOR.

(a) Except with respect to any substance described in Section 16.2(c) below, Lessee shall give written notice to Lessor within three (3) business days after the date on which Lessee learns or first has reason to believe that:

(1) There has or will come to be located on or about the Premises any Hazardous Substance, the production, transportation, storage, use or handling of which requires a permit or license from any federal, state or local governmental agency.

(2) Any release, discharge or emission of any Hazardous Substance has occurred on or about the Premises, including the migration of any Hazardous Substance to or from adjoining or nearby properties.

(3) Any (i) enforcement, cleanup, removal, remediation, testing, monitoring or other governmental or regulatory action has been threatened or commenced against Lessee with respect to the Premises pursuant to any Hazardous Substances Laws; or (ii) any claim has been made or threatened by any person or entity against Lessee or the Premises on account of any alleged loss or injury claimed to result from the alleged presence or release on or from the Premises of any Hazardous Substance; or (iii) any report, notice, or complaint has been made to or filed with any governmental agency concerning the presence, migration, use or disposal of any Hazardous Substances on or from the Premises. Any such notice shall be accompanied by copies of any such claim, report, complaint, notice, warning or other communication that is in the possession of or is reasonably available to the Lessee.

(b) Any notice required under this Section 16.2 shall be accompanied by (i) a copy of all permits, licenses, proofs of disclosure to governmental agencies. pertaining to Hazardous Substances that have not previously been furnished to Lessor and; (ii) copies of any Material Safety Data Sheets pertaining to such substances that are required by applicable law to be kept at the Premises.

(c) The notice provisions of this Article XVI shall not apply to materials that are lawfully discharged from the Premises or lawfully used on the Premises in the ordinary course of Lessee's business.

§16.3 REMOVAL AND DISPOSAL. Except for materials that are lawfully discharged from the Premises or lawfully used on the Premises in the ordinary course of Lessee's business, Lessee shall cause any Hazardous Substances to be removed from the Premises solely by duly licensed Hazardous Substances transporters to duly licensed facilities for final disposal to the extent required by and in accordance with applicable Hazardous Substances Laws, and shall deliver to Lessor copies of any hazardous waste manifest reflecting the lawful transport and disposal of such substances.

§16.4 ENVIRONMENTAL AUDITS BY LESSOR.

(a) Rights of Lessor. Lessor may, but shall not be required to, engage such independent contractors as Lessor determines to be appropriate to perform from time to time any audit, including environmental sampling and testing, of (i) the Premises, the surrounding soil and any adjacent areas, and any groundwater located under or adjacent to the Premises and/or any adjoining property, (ii) Lessee's compliance with all Hazardous Substances Laws and the provisions of this Lease, and (iii) the provisions made by Lessee for carrying out any remedial action that may be required by this Lease (collectively an "Environmental Audit"). All costs and expenses incurred by Lessor in connection with any such Environmental Audit shall be paid by Lessor, except that if any such Environmental Audit shows that Lessee has failed to comply with the provisions of this Article XVI, then such costs and expenses shall be paid by Lessee to Lessor as Additional Charges pursuant to Section 3.3 of this Lease.

(b) Conduct of Audit. Each Environmental Audit shall be conducted (i) only after advance notice thereof has been provided to Lessee at least twenty-four (24) hours prior to the date of such audit, and (ii) in a manner reasonably designed to minimize any interference with the conduct of Lessee's business on the Premises. Lessor shall repair any damages to the Premises or to Lessee's personal property caused by any Environmental Audit conducted by or on behalf of Lessor.

(c) Submission to Governmental Agency. Notwithstanding any other provision of this Lease to the contrary, to the extent required by law, Lessor shall be entitled to submit the results of any Environmental Audit to any federal, state or local governmental agency having jurisdiction over (a) the Premises or (b) Hazardous Substances with respect to the Premises.

§16.5 REMEDIATION.

(a) By Lessee. If any Environmental Audit of the Premises (whether conducted by Lessor, Lessee or any third party) shall recommend the cleanup, abatement, removal, disposal, monitoring or further testing, including medical monitoring or testing (collectively "Remediation") of or for any Hazardous Substances found on or about the Premises, then Lessor shall provide Lessee with a copy of such Environmental Audit and Lessee shall promptly commence such Remediation.

(b) By Lessor.

If, within thirty (30) days after receiving a copy of such Environmental Audit and such written statement, Lessee fails either (i) to complete such Remediation, or (ii) with respect to any Remediation which cannot be completed within such thirty-day period, fails to proceed with reasonable diligence to complete such Remediation as promptly as. practicable, then the Lessor shall be entitled to provide a copy of the Environmental Audit to any federal, state; or local governmental agency having jurisdiction over the Premises or Hazardous Substances.

Notwithstanding any other provision of the Lease to the contrary, if any Environmental Audit reveals a situation which, in Lessor's sole opinion, constitutes an emergency, then Lessor shall have the right, but not the obligation, to carry out any Remediation recommended by such audit or if required by any federal, state or local governmental agency having jurisdiction over the Premises. If Lessee is responsible for conducting such remediation, Lessor shall have the right to recover all of the costs and expenses thereof from Lessee as Additional Charges pursuant to Section 3.3 of this Lease.

(c) Actions and Proceedings. Except in emergencies or as otherwise required by law, Lessee shall not perform any Remediation in response to the presence or release of any Hazardous Substances on or about the Premises without first giving written notice to Lessor. Lessee shall not enter into any settlement agreement, consent decree or other compromise with respect to any claims relating to any Hazardous Substances in any way connected with the Premises without first notifying Lessor of Lessee's intention to do so and affording Lessor the opportunity to participate in any such proceedings.

§16.6 REMEDIATION BY THIRD PARTIES.

(a) If Lessee receives a request from a third party to enter the Premises for the purposes of Remediation of Hazardous Substances, then Lessee shall so notify Lessor in accordance with the provisions of Section 16.2 above.

(b) Lessor, in its sole discretion, shall determine if the request should be honored and, if so, under what conditions.

(c) If Lessor determines that the request should be honored, then Lessee shall cooperate with such Remediation so long as the third party agrees to comply with the provisions of Section 16.4(b) above and with any other reasonable conditions requested by Lessee.

(d) Lessee agrees to sign any documentation reasonably required by Lessor and/or any such third party in order to effectuate the provisions of this Section 16.6.

§16.7 LEASE EXPIRATION. Upon the expiration or earlier termination of the Term of this Lease, Lessee shall (i) cause all Hazardous Substances previously owned, stored or used by Lessee to be removed from the Premises and disposed of in accordance with applicable Hazardous Substances Laws; (ii) remove any aboveground or underground storage tanks or other containers installed or used by Lessee to store any Hazardous Substances on the Premises, and repair any damage to the Premises caused by such removal; (iii) cause any soil or other portion of the Premises which has become contaminated by any Hazardous Substances stored or used by Lessee on the Premises to be decontaminated, detoxified or otherwise remediated in accordance with the requirements of any governmental authorities having jurisdiction over the Premises; and (iv) surrender possession of the Premises to Lessor free of contamination attributable to Hazardous Substances generated or used by Lessee in or on the Premises during the Term of this Lease.

§16.8 INDEMNIFICATION BY LESSEE. Lessee shall indemnify, defend with counsel reasonably acceptable to Lessor, and hold Lessor free and harmless from any and all liabilities, damages, claims, penalties, fines, settlements, causes of action, costs or expense, including reasonable attorneys' fees, environmental consultant and laboratory fees and the costs and expense of investigating and defending any claims or proceedings, resulting from or attributable to (i) the presence, disposal, migration, release or threatened release of any Hazardous Substance that is on, from or affecting the Premises including the soil, water, vegetation, buildings, personal property persons, or otherwise; (ii) any bodily injury (including wrongful death) or property damage (real or personal) arising out of or relating to such Hazardous Substance(s); (iii) any lawsuits or administrative order relating to such Hazardous Substance(s); or any violation of any laws applicable to any Hazardous Substance for which Lessee is responsible under this Lease. Lessee's indemnification obligations under this Section shall survive the expiration or earlier termination of this Lease. Notwithstanding anything to the contrary contained herein, Lessee shall have no liability or responsibility to Lessor for liabilities, damages, claims, penalties, fines, settlements, causes of action, cost or expense arising out of any Hazardous Substances that Lessee can demonstrate were situated on or under the Premises prior to the Lease Date, provided Lessee did not cause or exacerbate the release of any such Hazardous Substance through its negligence or willful misconduct.

XVII.
MISCELLANEOUS

§17.1 ARBITRATION. In the event of arbitration under Section 11.3 of this Lease, the arbitration shall be held in the Miami Dade County, Florida, in accordance with the rules of the American Arbitration Association requiring the appointment of three (3) arbitrators.

§17.2 NOTICES. Every notice, approval, consent or other communication authorized or required by this Lease shall be effective if given in writing and if hand delivered or sent by United States Registered or Certified Mail, Return Receipt Requested, with postage prepaid, and addressed directly to Lessor at its offices at the address set forth on the Key Contract Data Page, and to Lessee at the address set forth on the Key Contract Data Page, or at such other address as either party shall from time to time designate in writing. Every notice shall be deemed to be effective upon delivery, if delivered, or on the second business day after mailing, if mailed.

§17.3 ADDRESS FOR PAYMENTS. Payments are to be made via the then current Electronic Transfer Payment Program ("ETPP") , ACH or Wire Transfer unless otherwise notified in writing by Lessor. If ETPP, ACH or Wire Transfer are unavailable at any time a payment is due, then such payment shall be sent by Regular or Overnight Mail: Global Business Services – Accounts Receivable, 5707 Blue Lagoon Drive, 3rd Floor, Miami, FL 33126.

§17.4 CONSTRUCTION. In the event that any of the provisions of this Lease shall by court order be held invalid or in contravention of any of the laws of the United States or of any state having jurisdiction over the subject matter or of any dispute arising under it, such invalidation shall not serve to affect the remaining portion of this Lease. To the extent permitted by the laws of the state where the Premises are located, this Lease shall be governed by and construed in accordance with the laws of the State of Florida.

§17.5 SUCCESSORS. This Lease shall bind Lessor and Lessee and their successors, heirs, assigns, administrators, and legal representatives, as the case may be.

§17.6 RECORDING. Lessee shall upon request of Lessor execute a short form of this Lease on a written document witnessed and acknowledged in a form capable of being recorded in the public records of the county where the Premises are located. Lessee shall not record this Lease without prior written consent of Lessor.

§17.7 COUNTERPARTS. This Lease is being executed simultaneously in counterparts, any one of which shall be deemed an original.

§17.8 NO AGENCY. The parties hereto agree that the business relationship created by this Lease is solely that of Lessor and Lessee. Nothing contained in this Lease shall make Lessee an agent, legal representative, partner, subsidiary, joint venturer or employee of Lessor. Lessee shall have no right or power to, and shall not bind or obligate Lessor in any way, manner or thing whatsoever, nor represent that it has any right to do so.

§17.9 TIME OF THE ESSENCE. Time shall be of the essence in every part of this Lease.

§17.10 BINDING EFFECT. This Lease shall become immediately binding on the parties to this Lease on the date the last party signs it, notwithstanding that the Term of this Lease shall commence upon a future date.

§17.11 HEADINGS. The table of contents preceding this Lease and the headings of the paragraphs and subparagraphs are inserted solely for the convenience of reference and shall not constitute a part of this Lease, nor limit, define or describe the scope or intent of this Lease.

§17.12 JOINT AND SEVERAL LIABILITY. If Lessee consists of more than one person, each individual's liability under this Lease shall be joint and several.

§17.13 ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the parties hereto with respect to the subject matter of this Lease, and this Lease shall not be modified, amended, altered or changed except by prior written agreement signed by both parties. If any provision herein is invalid, it shall be considered deleted from this Lease and shall not invalidate the remaining provisions. Nothing in this Section, however, is intended to disclaim any representations Lessor made in the franchise disclosure document that it furnished to Lessee.

§17.14 TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT. In the event that Lessee's Franchise Agreement expires or is terminated for any reason whatsoever, this Lease shall be terminated forthwith and upon such termination, Lessor shall have the right to re-enter and take immediate possession of the Premises.

§17.15 LEASE CONTINGENT ON FRANCHISE AGREEMENT. Lessee acknowledges and agrees that the execution of the Franchise Agreement by both Tim Hortons USA Inc. and Lessee shall constitute a condition precedent to the effectiveness and validity of this Lease.

§17.16 DEFINITIONS.

(a) The term "Lessor" as used in this Lease shall mean the owner in fee of the Premises for the time being, or the owner of the leasehold estate created by an underlying lease, or the mortgagee of the fee or of such underlying lease in possession for the time being, so that in the event of any sale or sales of the Premises, or of the making of any such underlying lease, or of any transfer or assignment or other conveyance of such underlying lease and the leasehold estate created by it, the seller, lessor, transferor or assignor shall be and is hereby entirely freed and relieved of all agreements, covenants and obligations of Lessor herein and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser, lessee, transferee or assignee on any such sale, leasing, transfer or assignment that such purchaser, lessee, transferee or assignee has assumed and agreed to carry out any and all agreements, covenants and obligations of Lessor under this Lease.

(b) The term "Lessee" shall mean the lessee named in this Lease, and from and after any valid assignment or sublease of Lessee's interest in this Lease pursuant to its provisions, the assignee or sublessee of this Lease.

(c) The term “mortgage” shall mean any mortgage, security interest, charge, deed of trust, or other similar encumbrance resulting from the financing or refinancing of the Premises.

(d) The term “mortgagee” shall include any individual, firm, partnership, corporation, joint venture, investment trust bank or institution, or other business group or association lending funds to Lessor upon the security of the Premises demised by this Lease whether or not such mortgage is recorded, or upon Lessor’s independent covenant not to otherwise encumber this Lease or the Premises.

(e) The term “fixture(s)” as used in this Lease means such items of personalty which have been (i) installed by Lessor and/or (ii) so affixed to the Premises that removal would cause, in Lessor’s sole opinion, material damage to the Premises. By way of example, and not limitation, fixtures include the following: heating, ventilating and air conditioning systems, water heaters or softeners, core-drilled tables and seating, walk-in boxes, walk-in freezers, and toilet fixtures consisting of the lavatories and water closets.

[THIS SPACE LEFT INTENTIONALLY BLANK]

The Lessor and Lessee have respectively signed this Lease as of the Lease Date indicated on the Key Contract Data Page of this Lease.

WITNESS:

LESSOR

TIM DONUT U.S. LIMITED, INC.

_____
Print Name: _____

By:_____
Print Name: _____
Its:_____

_____
Print Name:_____

WITNESS:

LESSEE

_____
Print Name: _____

By:_____
Print Name: _____
Its:_____

_____
Print Name:_____

EXHIBIT "A" TH #
LEGAL DESCRIPTION

ADDENDUM TO THAT LEASE/SUBLEASE
DATED THE _____ DAY OF_____, _____,
BETWEEN TIM DONUT U.S. LIMITED, INC., AS LESSOR AND
_____, AS LESSEE

In the event of any conflicts between the terms of the Lease/Sublease Agreement (the "Lease") and the terms of this Addendum, the terms of this Addendum shall control. Capitalized terms used in this Addendum shall have the same definitions and meanings as those set forth in the Lease, unless herein provided to the contrary, or unless the context otherwise requires.

[DELETE ITEMS #2, #3, #4, #5 AND #6 IF A FEE PROPERTY]

This Lease/Sublease Agreement, dated the date indicated on the Key Contract Data Page demising the Premises commonly known as TIM HORTONS® Restaurant ____ replaces and supersedes all previous lease and/or sublease agreements entered into by Lessor and Lessee, and/or Lessor and Lessee's predecessor-in-interest, with respect to the Premises, if any.

1. The Lessee acknowledges that the Premises are subject to a certain _____ Lease dated _____, _____, as amended to date (the "Master Lease") between _____, as landlord, ("Master Landlord") and **TIM DONUT U.S. LIMITED, INC.**, as tenant, a true and correct copy being attached hereto as Schedule "A" to this Addendum.

2. The Lease is subject. and subordinate to the Master Lease. If the Master Lease is terminated for any cause whatsoever (other than by reason of the willful default of Lessor with respect to Lessor's obligations as tenant under the Master Lease during the Term of the Lease), Lessee shall promptly vacate and surrender the Premises to Lessor and this Lease shall terminate as of the date of termination of the Master Lease and Lessor shall have no liability and/or obligation to Lessee for the termination of the Lease.

3. Except as otherwise provided below, all costs, common area maintenance fees, expenses, charges, assessments, and rent escalations accruing under the Master Lease, any restrictions imposed upon Lessor thereunder, together with all repairs, replacements, restorations, and any other obligations required to be performed by Lessor, as tenant under the Master Lease, shall be binding upon Lessee herein. In the event the obligations and restrictions imposed on Lessee under the Lease conflict with the obligations and restrictions imposed upon Lessor, as tenant under the Master Lease, then the more burdensome and restrictive of such obligations and restrictions shall prevail and be binding upon the Lessee herein.

4. With respect to any consent or approval required to be obtained of Master Landlord under the Master Lease (by way of illustration and without limitation, consent to alterations), Lessor's sole obligation with respect thereto, upon being requested in writing by Lessee, shall be to seek the approval or consent of Master Landlord. Lessee acknowledges and agrees that Lessor shall not be liable to Lessee with respect to any delay, default or failure of Master Landlord to grant such consent or approval or in the performance by the Master Landlord of its obligations and covenants under the Master Lease unless such be due to acts or misconduct of Lessor and neither shall the Rent, Additional Rent and other Additional Charges under the Lease abate nor shall any of the obligations of Lessee under the Lease be affected by reason thereof. Lessee further acknowledges and agrees that, with respect to any rights afforded Lessor under the Master Lease, including, but not limited to, any options to extend the Term of the Master Lease, options to purchase the Premises, rights of first refusal to purchase the Premises and restrictions against competition, such rights are not passed on to or conferred upon Lessee under the Lease. Lessee acknowledges that only Lessor has the benefit of and the right to exercise or enforce such rights and the failure of Lessor to exercise or enforce such rights shall not be a default under the Lease nor entitle Lessee to make any claim against Lessor. Provided that such is not prohibited under the terms of the Master Lease, Lessor in its sole and

absolute discretion, may assign to Lessee one or more of such rights on terms and conditions satisfactory to Lessor.

5. Lessee acknowledges that it takes this Lease subject to any and all reservations, restrictions, easements, rights of way, limitations and conditions now or hereinafter of record.

6. Except as modified or amended in this Addendum, all other terms and conditions contained in the Lease remain in full force and effect.

7. The Lessor and Lessee have respectively signed this Addendum as of the date indicated on the first page of the foregoing attached Lease.

WITNESS:

LESSOR

TIM DONUT U.S. LIMITED, INC.

_____ By: _____

Print Name: _____ Print Name: _____

Its: _____

_____

Print Name: _____

WITNESS:

LESSEE

_____ By: _____

Print Name: _____ Print Name: _____

Its: _____

_____

Print Name: _____

SCHEDULE “A”

MASTER LEASE

EXHIBIT F

TIM CARD™ ADDENDUM

THIS TIM CARD ADDENDUM ("Addendum") is made as of the date executed by the parties below and supplements, amends and forms part of the Franchise Agreement (hereinafter "Franchise Agreement") entered into among the Franchisor, the Franchisee and the Guarantors (as defined on the execution page).

WHEREAS Franchisor, Franchisee and Guarantors have entered into the Franchise Agreement with respect to the operation of the Franchised Restaurant located at the premises municipally described on the execution page hereof;

AND WHEREAS, pursuant to the Franchise Agreement, Franchisee operates a Franchised Restaurant;

AND WHEREAS Franchisor has elected to implement a program (the "Program") to offer stored value cards (each, a "Tim Card") and related services to customers of Tim Hortons Shops, which such cards can be used by customers to purchase goods and services at participating Tim Hortons Shops which Program shall include the Program fees described herein;

AND WHEREAS Franchisee acknowledges that the Program is part of the TIM HORTONS SYSTEM and that Franchisee must participate in the Program;

AND WHEREAS, in order to participate in the Program, Franchisee shall enter into a Participation Agreement (the "Participation Agreement") with ValueLink, LLC, aka First Data Prepaid Services, the operator of the Program ("Program Provider") as well as this Addendum and to offer the Program on the terms and conditions set forth in the Participation Agreement and in this Addendum;

NOW THEREFORE, in consideration of the mutual covenants herein contained, Franchisor and Franchisee agree as follows:

ARTICLE 1
PROGRAM PARTICIPATION

1.1 Program Participation; Program Rules and Procedures. Franchisee shall participate in the Program and comply with the terms and conditions of the Franchise Agreement, the Participation Agreement and this Addendum. In this regard, Franchisee acknowledges and agrees that:

(a) all Tim Cards, hardware, software, peripherals and other equipment and materials used in connection with the Program (the "Program Equipment") shall form part of the TIM HORTONS SYSTEM as defined in the Franchise Agreement and that all terms and conditions of the Franchise Agreement applicable to the TIM HORTONS SYSTEM shall apply to the Program Equipment;

(b) the trademark TIM CARD, the design of the Tim Card, and all other trademarks, trade names, trade dress and other distinguishing features relating to the Program (the "Program Marks") shall constitute TIM HORTONS TRADEMARKS as defined in the Franchise Agreement and that all terms and conditions of the Franchise Agreement applicable to the TIM HORTONS TRADEMARKS shall apply to the Program Marks;

(c) all terms and conditions of the Franchise Agreement relating to marketing, advertising and promotion shall apply to the marketing, advertising and promotion of the Program; and

(d) Franchisee shall comply with all processes and procedures relating to the use of Program Equipment and the operation of the Program as set forth in this Addendum, the Confidential Operating Manual or otherwise provided by Franchisor from time to time.

1.2 Management of Program Funds. Franchisee shall permit Franchisor or its designee and/or Program Provider to manage the funds collected from customers relating to Tim Card loads. Such management shall include collection of funds received from customers who have loaded Tim Cards in Tim Hortons Shops or over the Internet, and maintenance of such funds in an account set up by Franchisor, movement of funds from Franchisor's account to the accounts of Franchisees to pay for products or services purchased by customers at Tim Hortons Shops using Tim Cards, and collection from each participating Franchisee of fees due in respect of the operation of the Program. In addition, Franchisee must co-operate in the maintenance, management and reconciliation of such funds. The processes, procedures and rules governing funds management are set forth in Schedule 1.2 to this Addendum. Franchisor may modify the processes, procedures and rules set forth in Schedule 1.2 from time to time in its discretion upon notice to Franchisee. Franchisee hereby consents to the management of Program funds by Franchisor and Program Provider in accordance with Schedule 1.2, and shall comply with its obligations set forth in the Schedules hereto as such Schedules or the Program may be modified by Franchisor from time to time.

ARTICLE 2
PROGRAM FEES

2.1 Program Fees. Franchisee shall pay the fees relating to the Program set forth in Schedule 2.1.

2.2 Currency. All fees set forth in Schedule 2.1 are in Canadian dollars.

2.3 Taxes. All fees set forth in Schedule 2.1 are exclusive of applicable taxes. Franchisee shall pay all applicable taxes on such fees, if any.

ARTICLE 3
TERMINATION OR EXPIRY

3.1 Co-Terminus with Participation Agreement and Franchise Agreement. This Addendum shall automatically terminate upon the termination or expiration of the Participation Agreement or the Franchise Agreement (whichever occurs earlier) unless terminated earlier as contemplated herein.

3.2 Termination by Franchisor. Subject to any settlement funds owing as described in Section 1.2, Franchisee acknowledges that Franchisor may terminate the operation of the Program and this Addendum at any time without liability to Franchisee.

3.3 Obligations Upon Termination or Expiration. Upon the termination or expiration of this Addendum:

(a) Franchisee shall immediately cease: (i) accepting Tim Cards in its Franchised Restaurant; and (ii) processing of loads of Tim Cards;

(b) Franchisee shall immediately return all Tim Cards in its possession to Franchisor;

(c) all Program fees due and payable by Franchisee shall be collected by Franchisor from Franchisee's account and Franchisor shall perform any necessary reconciliations for any amounts due and owing to the Franchisee pursuant hereto;

(d) Franchisee shall immediately return to Franchisor all Program materials, including, without limitation, marketing materials, training materials and any confidential or proprietary information of Franchisor or Program Provider in its possession; and

(e) Franchisee shall cooperate with Franchisor and comply with Franchisor's instructions with respect to the return, deletion or removal of any software or other information, materials or intellectual property relating to the Program.

ARTICLE 4
ADDITIONAL TERMS AND CONDITIONS

4.1 Claims Under Participation Agreement. Franchisee acknowledge and agrees that, with respect to any claim that it is considering pursuing under the Participation Agreement, Franchisee shall comply with and be bound by the requirements set forth in Section 13.3 of the Participation Agreement. Franchisee further acknowledges and agrees that Franchisor may elect, in its sole discretion, whether or not to pursue a claim against Program Provider on behalf of Franchisee pursuant to Section 13.3.

Franchisor shall have no liability to Franchisee for any breach of the Participation Agreement by Program Provider, and Franchisee's remedies for any such breach shall be against Program Provider only.

4.2 Consent to Collection, Use and Disclosure of Information of Franchisee. Franchisee acknowledges that as a Program Provider to Franchisor and as the operator of the Program, Program Provider shall be entitled to collect, use, disclose and otherwise handle information including Franchisee's contact and commercial banking information (whether received from Franchisee or from Franchisor) for purposes relating to the operation of the Program. Franchisee further acknowledges and agrees that such information may be used, stored or processed outside of the United States of America for such purposes.

4.3 Responsibility of Program Provider. Franchisee acknowledges and agrees that the Program is being operated by the Program Provider, and that the only representations, warranties, conditions and covenants relating to the Program (including, without limitation, its availability, reliability and quality) are those from Program Provider set forth in the Participation Agreement between Franchisee and Program Provider. There are no additional representations, warranties, covenants or conditions from Franchisor relating to the Program.

4.4 Further Assurances. Franchisee will execute and deliver all such further documents and instruments and do all acts and things as Franchisor may reasonably require to effectively carry out, better evidence or perfect the full intent and meaning of this Addendum.

Without limiting the preceding sentence, Franchisee agrees that, at Franchisor's request, Franchisee will cause its Guarantors to execute this Addendum. The parties hereto acknowledge that execution hereof by the Franchisor and Franchisee shall bind the executing parties to the terms hereof notwithstanding:(1) any provisions to the contrary in the Franchise Agreement; or (2) failure by any Guarantor(s) to execute this Addendum.

4.5 This Agreement may be executed by facsimile transmission and in several counterparts, each of which so executed will be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

4.6 The Article, Section Headings, Titles and nomenclature herein are for convenience only and shall not affect the construction of the terms of this Agreement.

[*No further text on this page; signature pages follow*.]

By entering into this Addendum, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Addendum may be executed by electronic signatures. The parties to this Addendum agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Addendum shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed in the United States of America by their authorized representatives as of the date set forth below.

Authorization and Agreement:

Part 1 – To be Completed by Tim Hortons USA Inc.

Franchisor's Signatures	
Tim Hortons USA Inc., a Florida corporation Signature:_____ Name:_____ Title: _____	

Part 2 - To be Completed by Franchised Restaurant Owner

Franchisee's Signature (for the Franchisee Company/ Legal Entity)	
Name of Franchisee: _____ Company/Legal Entity of Franchisee (which can be found on your most recent franchise agreement for the Franchised Restaurant)	Municipal Address of **Franchised Restaurant**: _____ Street # _____ Street Name _____ City _____ State Zip Code
Franchised Restaurant Number: _____ One Franchised Restaurant# per Agreement Only)	
Signing Officer 1: (Insert signature, name and title of the officer signing on behalf of the Franchisee e.g. "John Smith, Title – President") Signature:_____ (Please Sign) Name: _____ (Please Print) Title:_____ (Please Print) Date:_____ (Please Print)	Signing Officer 2: (Insert signature, name and title of other officer if also required to bind Franchisee e.g. "Jane Smith, Title – Treasurer") Signature:_____ (Please Sign) Name: _____ (Please Print) Title:_____ (Please Print) Date:_____ (Please Print)
We have authority to bind the Corporation	

Part 3 - To be completed by Franchised Restaurant Guarantors

<table>
<tr><th colspan="2">Guarantors Signatures (Where Guarantors are persons e.g. Mr. John Smith)</th></tr>
<tr><td>Franchised Restaurant Number:____
_____
One Franchised Restaurant # per Agreement Only)</td><td></td></tr>
<tr><td>Guarantor 1: (Insert signature, name and date of guarantor listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)
Name: _____
(Please Print)
Date:_____
(Please Print)</td><td>Guarantor 2: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)
Name: _____
(Please Print)
Date:_____
(Please Print)</td></tr>
<tr><td>Guarantor 3: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)
Name: _____
(Please Print)
Date:_____
(Please Print)</td><td>Guarantor 4: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)
Name: _____
(Please Print)
Date:_____
(Please Print)</td></tr>
<tr><td>Guarantor 5: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)
Name: _____
(Please Print)
Date:_____
(Please Print)</td><td>Guarantor 6: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)
Name: _____
(Please Print)
Date:_____
(Please Print)</td></tr>
</table>

Part 4 - To be completed by Franchised Restaurant Guarantors

Guarantors Signatures (Where Guarantors are Corporations or other)

Franchised Restaurant Number:_____

One Franchised Restaurant # per Agreement Only)

Name of Guarantor: _____

(Print: Guarantor Company/Legal Entity (which can be found on your most recent franchise agreement for the Franchised Restaurant)

Signing Officer 1: (Insert signature, name and date of officer signing on behalf of the Guarantor)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

Signing Officer 2: (If applicable, insert signature, name and date of other officer signing on behalf of the Guarantor)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

I/we have authority to bind the Corporation

Name of Guarantor: _____

(If Applicable, include other Guarantor Company/Legal Entity (which can be found on your most recent franchise agreement for the Franchised Restaurant)

Signing Officer 1: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

Signing Officer 2: (If applicable, insert signature, name and date of other guarantors listed on the Franchised Restaurant franchise agreement)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

I/we have authority to bind the Corporation

SCHEDULE 1.2

MANAGEMENT OF PROGRAM FUNDS

Franchisor is using a centralized approach to manage the movement of Program funds. In this approach, Franchisee must deposit funds from Tim Card loads to Franchisee's bank account. Funds are moved between Franchisee's bank account and a Franchisor-controlled central bank account ("Float Account") on every business day (i.e. Monday to Friday). All fund movements are managed by the Program Provider through its settlement process (described below) on Franchisor's behalf, meaning that the funds are moved by Program Provider between the Franchisee's bank account and the Float account.

The balance on the Float account represents the difference between Tim Card net loads on the one hand, and net redemptions on the other less an amount representing any loaned funds from the account that Franchisor, in its sole discretion, determines to loan to Franchisor's affiliated entities.

All interest and returns on the funds in the Float account are contributed to the Tim's National Advertising Program Inc. i.e. the Adfund on a monthly basis to further support advertising initiatives.

From Franchisee's perspective, the process works as follows:

Customers activate and load a **Tim Card**- that is, a customer comes into a Tim Hortons Shop and puts for example, $20 on a **Tim Card**. This represents a deposit to the "Float Account" from the Tim Hortons Shop's bank account. Other customers come in to purchase product with their cards. This represents a withdrawal from the "Float Account" and becomes a deposit into the Tim Hortons Shop's bank account to pay for the product.

On every business day the net amount of all the deposits and withdrawals for the day are either pushed or pulled from the "Float Account".

There is a 2 business day processing period on the actual funds movement.

Example 1 of the daily net settlement is as follows:

Total Redemptions (product purchases) for Monday	$ 500
Total Loads for Monday	$(300)
Net Settlement deposited to Tim Hortons Shop's bank on Wednesday	$ 200

Example 2 of the daily net settlement is as follows:

Total Redemptions (product purchases) for Monday	$ 300
Total Loads for Monday	$(500)
Net Settlement withdrawal from Tim Hortons Shop's bank on Wednesday	$(200)

Reconciliation

- It is Franchisee's obligation to reconcile the amount settled daily (excludes Saturday & Sunday) with the bank statement to ensure the amounts match, in addition to performing the normal end of day reconciliations at the POS terminal level.

Monthly Fees

- In addition to the daily settlements, there will be a pull from the Franchisee's bank account once a month (on the last Friday) of the following fees: (1) Transaction Fees charged to an individual Tim Hortons Shop based on the transactions that occur in a Tim Hortons Shop via the POS (2) Tim Card Transaction fees for web loads (Type 2 Transaction Fees as described in Schedule 2.1) (3) Credit Card transaction fees for web loads. These are further described in Schedule 2.1. These are pooled costs (not Tim Hortons Shop specific) which are invoiced monthly and spread across the participating Tim Hortons Shops based on the Tim Hortons Shop's number of Transactions relative to the total pool of monthly Transactions. To illustrate, if Tim Hortons Shop 1 has processed 50 transactions for the month and the number of transactions for the month is 5,000 chain-wide, then Tim Hortons Shop's portion of the monthly bill is 1%.

- Fees are calculated for the month, two months pervious to the billing. For example fees for January will be billed the last Friday in March.

It is the Franchisee's obligation to ensure that its bank account contains sufficient funds at all times to cover any "pull" to the Float account (including pulls to cover the daily pull in respect of Tim Card loads, and Transaction Fees and all other fees payable by Franchisee in respect of the Program).Franchisor shall have the right to suspend any net amount owing to Franchisee in the event that Franchisee is in breach of the Franchise Agreement.

Also, in order to facilitate the management of the daily and monthly settlements, all participating Franchisees will have to provide their banking information to Tim Hortons USA Inc. in order to initiate EFTs and allow for net settlement as described above.

SCHEDULE 2.1

PROGRAM FEES

FEE SCHEDULE

ALL FEES ARE IN CANADIAN DOLLARS AND DO NOT INCLUDE APPLICABLE TAXES. Fees will be charged in Canadian dollars based on a conversion rate set by the Franchisor on a monthly basis.

The Program Fees below are divided into two categories.

Type 1 Fees are defined as those fees charged to an individual Tim Hortons Shop based on the transactions that occur in a Tim Hortons Shop via the POS. Type 1 Fees are included in the daily fees settlement process described in Schedule 1.2.

Type 2 Fees are defined as pooled costs (not Tim Hortons Shop specific) which are billed monthly to an individual Tim Hortons Shop based on the amount of Transactions of that individual Tim Hortons Shop prorated against the total number of Transactions of all participating Tim Hortons Shops. For example, if a Tim Hortons Shop has processed 50 Transactions for the month and the total number of Transactions for the month in the chain is 5000, then that Tim Hortons Shop will pay 1% of the total shared pooled costs.

Each section below indicates which type of fee is applicable.

1.) TRANSACTION FEES:

A "Transaction" is defined as any of the following transactions performed with the Tim Card:

- Activation (initial loading of $)
- Reload (adding more $)
- Redemption (buying product)
- Void
- Transaction History Enquiry
- Balance Transfer/Adjustment/Merge
- Report lost/stolen (not available in Tim Hortons Shop. Customer must call the Help Desk to put hold on Card-Type 2 Fee)
- Refund (not available in Tim Hortons Shop. Customer must call Help Desk to refund Type 2 Fee)

Transaction Fees are charged for all transactions that occur either in the Tim Hortons Shops (Type 1 Fee) or by way of the Tim Hortons webpage (Type 2 Fee).

Tier	Annual Transaction Volume	Fee Per Transaction
I	Up to 24,999,999	$0.03668
II	25,000,000 – 44,999,999	$0.03623
III	45,000,000 – 69,999,999	$0.03566
IV	70,000,000 – 99,999,999	$0.03541
V	100,000,000 – 129,999,999	$0.03522
VI	130,000,000 – 159,999,999	$0.03483
VII	160,000,000 – 199,999,999	$0.03411
VIII	200,000,000 and up	$0.03382

The above Fees are inclusive of the service fees for the Franchised Restaurant reporting tools, daily funds settlement and billing processes.

Transaction volumes are calculated across all Tim Hortons Shop chain wide per Transaction. At the beginning of the Program, all Tim Hortons Shops will start at Tier II pricing (i.e. $0.03623). If in the first or second years of the Program, the total number of transactions of all Tim Hortons Shops exceed the Transaction volumes and reach another Tier, Franchisee will receive a credit equal to difference between the rate applicable for actual Transaction volume and the rate which was applied.

In the third, fourth or fifth years, at the time that we hit the higher Tier, billing will immediately be at the lower rate. For example, if, on September 20 of the third contract year, Tim Hortons reaches 175,000,000 Transactions, the Transactions over 175,000,000 during September would continue to be charged at the Tier VI rate, but starting October 1, the Tier VII pricing would apply.

Each year of the Program will be deemed to commence on February 1st and end on January 31st of the subsequent year.

2.) CREDIT CARD TRANSACTION FEES FOR WEB LOADS

Credit Card Transaction Fees for Web loads (which is a Type 2 Fee) are based on a % Discount Rate shown in the table below. The "Average Web Load Transaction Size" is calculated monthly by dividing the total volume of VISA and MasterCard Web loads in the previous month by the total number of VISA and MasterCard Web load transactions during that month. The total cost for the month is then calculated as follows:

For VISA: Total Billed Cost = "Average Web Load Transaction Size" x % VISA Discount Rate Fee (corresponding to "Average Web Load Transaction Size" in chart below) x total number of VISA Web Load transactions during the month.

For MasterCard: Total Billed Cost = "Average Web Load Transaction Size" x % MasterCard Discount Rate Fee (corresponding to "Average Web Load Transaction Size" in chart below) x total number of MasterCard Web load transactions during the month.

Average Web Load Transaction Size	MasterCard Discount Rate	VISA Discount Rate
$10.00 to $12.49	1.32%	1.65%
$12.50 to $14.99	1.26%	1.36%
$15.00 to $24.99	1.20%	1.20%
$25.00 to $34.99	1.39%	1.39%
$35.00 to $44.99	1.50%	1.50%
$45.00 to $54.99	1.55%	1.55%
$55.00 to $200.00	1.75%	1.75%

The Visa and MasterCard discount rates are subject to change if the underlying rate charged by Visa and/or MasterCard is amended.

Franchisor reserves the right to amend the methods of payment and the participating credit and debit associations.

Fee attributable to services provided in order to authorize, process and settle credit and debit transactions, if any, may be in addition to the fees noted above.

FIRST DATA PREPAID SERVICES

PARTICIPATION AGREEMENT
(LOCATIONS IN THE UNITED STATES)

This Participation Agreement, dated as on the last date of the Signature Page below, (this "**Participation Agreement**"), is between ValueLink, LLC, doing business as First Data Prepaid Services ("**FDPS**"), and the individual, corporation, partnership, or other form of legal entity on the Signature Page below, ("**Participating Franchisee**"). Unless otherwise indicated herein, "**Party**" or "**Parties**" refer to FDPS and/or Participating Franchisee.

RECITALS

WHEREAS, Tim Hortons USA Inc. ("**Tim Hortons USA**") and FDPS entered into that certain Stored Value Card Processing Agreement, dated December 5, 2007 (the "**United States Agreement**"), pursuant to which Tim Hortons USA shall make stored value cards available for sale or other distribution to Tim Hortons USA Customers, which cards can be used to purchase goods and services at Designated Locations ("**Cash Card Program**" or the "**Program**") and FDPS owns and operates a central database that stores specific information relative to each such card and provides authorization of transactions based on the current value of such cards and related services;

WHEREAS, Participating Franchisee desires to participate in the Program and Tim Hortons USA has approved Participating Franchisee to participate in the Program; and

WHEREAS, Participating Franchisee will engage FDPS to provide, and FDPS has agreed to provide to Participating Franchisee, the Services, as defined below, for the Program in accordance with the terms of this Participation Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, covenants and agreements contained in this Participation Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS; INTERPRETATION

1.1 Definitions

For the purposes of this Participation Agreement, the following commonly-used terms have the meanings set forth below. Certain other terms are defined elsewhere in this Participation Agreement and are used with the meanings there ascribed to them.

(a) "**Applicable Law**" means any law, rule, statute, regulation, by-law, order, ordinance, protocol, code, guideline, treaty, policy, notice, direction or judicial, arbitral, administrative, ministerial or departmental judgment, award, decree, treaty, directive, or other requirement or guideline published or in force at any time during the Term or Assistance Period which applies to or is otherwise intended to govern

or regulate any Person (including either or both Parties), property, transaction, activity, event or other matter, including any rule, order, judgment, directive or other requirement or guideline issued by any Legislative or Regulatory Authority and Privacy Laws.

(b) "**Association**" means a group of card issuer banks that facilitates the use of payment cards, such as the systems operated by MasterCard International Inc. and Visa International, Inc. Association also includes Interac and any other debit networks for which Tim Hortons USA's card processor chooses to process.

(c) "**Business Day**" means any day, Monday to Friday, excluding federal holidays.

(d) "**Canadian Agreement**" means the Stored Value Card Processing Agreement dated as of June 27, 2007 between The TDL Group Corp. and FDPS, separate from the United Sates Agreement, with respect to Tim Horton's operations and locations in Canada.

(e) "**Canadian Participation Agreements**" means all the Participation Agreements executed between FDPS and Tim Horton's Franchisees in Canada.

(f) "**Card**" means a Tim Hortons USA-issued plastic card with a magnetic stripe or bar code or virtual card that accesses Card Data.

(g) "**Card Authorization Equipment**" means all POS devices, telecommunications facilities, web interfaces and other equipment operated by Participating Franchisee required for the electronic transmission of Card Data from Designated Locations to FDPS.

(h) "**Card Data**" means the Card number, Transaction record, transactional history, current value of each Card and, to the extent that such information was provided in any particular Transaction, any associated Tim Hortons USA Customer Information.

(i) "**Cardholder**" means any Tim Hortons USA Customer possessing or using a Card or Card number.

(j) "**Cash Card Program**" and "**Program**" have the meaning ascribed to them in the preamble to this Participation Agreement.

(k) "**Confidential Information**" of a Party means any and all material and/or information of a Party or any of its Affiliates or licensors (the "**Disclosing Party**") which has or will come into the possession or knowledge of the other Party (the "**Receiving Party**") in connection with or as a result of entering into this Participation Agreement, including information concerning the Disclosing Party's past, present or future customers, suppliers, technology, or business. For the purposes of this definition, "information" and "material" includes know-how, data, patents, copyrights, trade secrets, specifications, processes, business rules, tools, business processes, techniques, programs, designs, formulae, marketing,

advertising, financial, commercial, sales or programming materials, equipment configurations, System access codes and passwords, software, source code, written materials, compositions, drawings, diagrams, computer programs, studies, works in progress, visual demonstrations, ideas, concepts, and other data, in oral, written, graphic, electronic, or any other form or medium. Without limiting the foregoing, all Tim Hortons USA Customer Information and Card Data will constitute Confidential Information of Tim Hortons USA.

Notwithstanding the foregoing, "Confidential Information" does not include information or material:

(i) which is publicly available when it is received by or becomes known to the Receiving Party or which subsequently becomes publicly available through no fault of the Receiving Party (but only after it becomes publicly available);

(ii) which is already known to the Receiving Party at the time of its disclosure to the Receiving Party and is not known by the Receiving Party to be the subject of an obligation of confidence of any kind;

(iii) which is independently developed by the Receiving Party without any use of or reference to the Confidential Information of the Disclosing Party; or

(iv) which is received by the Receiving Party in good faith without an obligation of confidence of any kind from a third Person who the Receiving Party had no reason to believe was not lawfully in possession of such information free of any obligation of confidence of any kind, but only until the Receiving Party subsequently comes to have reason to believe that such information was subject to an obligation of confidence of any kind when originally received.

(l) "**Content**" means works, data, text, information, audio, video, graphics, routing scripts, advertisements, graphical user interface elements and designs, photography, and other works, in any form or medium whatsoever.

(m) "**Database**" means the information repository software owned and operated by FDPS.

(n) "**Designated Location**" means any place (including a store, direct marketing program or Internet site) where Tim Hortons USA, its Affiliates and/or Participating Franchisees issue Cards or accept Transactions using Cards, or authorizes others to issue Cards or accept Transactions using Cards, together with any FDPS call center or IVR.

(o) "**Disabling Code**" means any clock, timer, counter, computer virus, worm, Software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Hardware, Software, System or

Content of Tim Hortons USA, any Tim Hortons USA Affiliate or a Participating Franchisee.

(p) "**Disclosing Party**" has the meaning ascribed to it in Section 1.1(k).

(q) "**Documentation**" means instructions, manuals, drawings, notes, charts and other information relating to the development, use, Installation, implementation, integration, configuration, operation, modification, maintenance or support of Hardware or Software.

(r) "**Enhancements**" means upgrades, updates, modifications or additions, including those resulting in improvements or new features, processes, functions, services or performance metrics.

(s) "**FDPS**" has the meaning ascribed to it in the preamble to this Participation Agreement.

(t) "**FDPS Affiliate**" means a legal entity which directly or indirectly owns, controls, is owned by, or is under common ownership or control with FDPS. For this purpose, control means the power, whether by ownership of voting securities, by contract or otherwise, to direct the management and operations of an entity.

(u) "**FDPS Indemnitees**" means FDPS and FDPS Affiliates and their respective employees, officers, directors, shareholders, contractors, agents and representatives.

(v) "**FDPS Intellectual Property**" has the meaning ascribed to it in Section 5.1.

(w) "**Force Majeure**" means an event of fire, flood, earthquake, element of nature or act of God; acts of war, terrorism, rebellions or revolutions, riots, civil disorders or disobedience, acts of vandalism or other unlawful acts; or any other similar event beyond the commercially reasonable control of a Party. The failure of supply of materials or services by third Persons and strikes, lockouts or other industrial disputes will be deemed to be within the commercially reasonable control of the applicable Party and not an event of Force Majeure.

(x) "**Franchisee**" means a Party operating a Tim Hortons store in the United States being either: (i) Tim Hortons (New England), Inc., the THD Group Partnership or any other Tim Hortons' USA Affiliate; or (ii) the Party operating a Tim Hortons store pursuant to a license agreement or operating agreement with Tim Hortons USA or a Tim Hortons USA Affiliate.

(y) "**Frustrated Party**" has the meaning ascribed to it in Section 15.1(a).

(z) "**Hardware**" means hardware, mainframes, personal computers, servers, client/server stations, network equipment, routers, semi-conductor chips, embedded Software, communication lines and other equipment.

(aa) "**Installation**" means all activities required to be taken in order to render the Card Authorization Equipment operational in accordance with the applicable Specifications, including all assembly, configuration, integration, interconnection and testing, and "**Install**" and "**Installed**" have corresponding meanings.

(bb) "**Intellectual Property Rights**" means: (i) any and all proprietary rights in any jurisdiction provided under: (a) patent law; (b) copyright law (including moral rights); (c) trade-mark law; (d) design patent or industrial design law; (e) semi-conductor chip or mask work law; or (f) any other statutory provision or common law principle applicable to this Participation Agreement, including trade secret law, which may provide a right in either Hardware, Software, Systems, Content, Documentation, Confidential Information, ideas, formulae, algorithms, concepts, inventions, processes or know-how generally, or the expression or use of such Hardware, Software, Systems, Content, Documentation, Confidential Information, ideas, formulae, algorithms, concepts, inventions, processes or know-how; (ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing; and (iii) all licenses and waivers and benefits of waivers of the intellectual property rights set out in 1.1(bb)(i) and (ii) above, all future income and proceeds from the intellectual property rights set out in 1.1(bb)(i) and (ii) above, and all rights to damages and profits by reason of the infringement of any of the intellectual property rights set out in 1.1(bb)(i) and (ii) above.

(cc) "**Legislative or Regulatory Authority**" means: (i) any federal or state legislature, federal or state government, federal or state governmental department, agency, commission, board, tribunal, dispute resolution panel or body, bureau, official, or court or other law, rule or regulation-making entity; and (ii) any regulatory authority, self-regulatory organization or other entity having or purporting to have jurisdiction over Tim Hortons USA, FDPS or any Person, property, transaction, activity, event or other matter related to this Agreement, including the Associations.

(dd) "**Losses**" means all losses, liabilities, damages and claims, and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties).

(ee) "**Marks**" means trade-marks, service marks, designs, logos, trade names, domain names, meta-tags or other distinguishing features.

(ff) "**Participating Franchisee Indemnitees**" means Participating Franchisee and its respective employees, officers, directors, shareholders, contractors, agents and representatives.

(gg) "**Person**" means any individual, corporation, partnership, governmental body, association or unincorporated organization.

(hh) "**Personal Information**" means information about identifiable individual or other information that is subject to any Privacy Law.

(ii) "**POS**" means a stand-alone or integrated point of sale terminal (including its operating software), device or system certified to FDPS specifications in order to be able to process certain Transactions with Cards under the Cash Card Program.

(jj) "**Privacy Laws**" means any federal, provincial or other applicable statute, law or regulation of any Legislative or Regulatory Authority in any jurisdiction relating to the collection, use, storage and/or disclosure of information about an identifiable individual.

(kk) "**Receiving Party**" has the meaning ascribed to it in Section 1.1(k).

(ll) "**Services**" means all services provided by FDPS pursuant to this Participation Agreement, including, without limitation, those services described in described in Article 2 of this Participation Agreement and the Termination Assistance Services.

(mm) "**Software**" means scripts, programs, macros, computer programs, application programming and other interfaces, tools and other instructions and sets of instructions for Hardware to follow, including, without limitation, SQL and other query languages, hyper text mark-up language ("html") and other computer mark-up languages.

(nn) "**Specifications**" means the attributes, functions and requirements set forth in the specification documentation for the Stored Value Card Processing System.

(oo) "**Stored Value Card Processing System**" means FDPS' proprietary Transaction processing system, including all Specifications, Hardware, Software, Systems, interfaces and Content owned and/or operated by FDPS to deliver the Services or the Program and including, without limitation, the Database and any Enhancements to any of the above.

(pp) "**System**" means any combination of Hardware and Software, including any telecommunications lines or other networking devices used to link such combination of Hardware and Software.

(qq) "**Term**" has the meaning ascribed to it in Article 7.

(rr) "**Termination Assistance Services**" has the meaning ascribed to it in Section 8.3.

(ss) "**Tim Hortons USA**" has the meaning ascribed to it in the preamble to this Participation Agreement.

(tt) "**Tim Hortons USA Affiliate**" means a legal entity which directly or indirectly owns, controls, is owned by, or is under common ownership or control with Tim Hortons USA. For this purpose, control means the power, whether by ownership of voting securities, by contract or otherwise, to direct the management and operations of an entity.

(uu) **"Tim Hortons USA Customer"** means any customer of Tim Hortons USA, any Tim Hortons USA Affiliate or a Participating Franchisee.

(vv) **"Tim Hortons USA Customer Information"** means: (i) all Personal Information relating to a Tim Hortons USA Customer, to the extent such information is provided to FDPS, however, all Cards are processed anonymously, and no Personal Information is submitted to the Stored Value Card Processing System unless a Tim Hortons USA Customer specifically provides Personal Information pursuant to the Services provided by FDPS in the Addenda to this Participation Agreement; and (ii) any and all other information relating to a Tim Hortons USA Customer: (a) that was provided, collected or generated as part of the use or operation of the Stored Value Card Processing System or the provision of the Services or in order to comply with any Applicable Law; or (b) that otherwise became known to either Party as a result of the provision by FDPS of the Services.

(ww) **"Transaction"** has the meaning ascribed to it in Exhibit A.

(xx) **"Transaction Fees"** has the meaning ascribed to it in Exhibit A.

(yy) **"United States Participation Agreements"** means all the Participation Agreements executed between FDPS and Tim Hortons' Franchisees in the United States.

1.2 Interpretation

References to any statute or regulations means such statute or regulations as amended at the time and include any successor legislation or regulations. Except as otherwise stated, reference to articles, sections, exhibits and addenda mean the articles, sections, exhibits and addenda of this Participation Agreement. The exhibits and addenda of this Participation Agreement are hereby incorporated by reference into and will be deemed a part of this Participation Agreement. Unless the context requires otherwise, words importing the singular include the plural and *vice versa* and words importing gender include all genders. The terms "including" and "include" will mean "including, without limitation" and "include, without limitation", respectively.

1.3 Currency

Unless otherwise indicated herein, all amounts referred to in this Participation Agreement and the Exhibits hereto are in Canadian dollars.

ARTICLE 2
FDPS RESPONSIBILITIES

FDPS will provide the following Services in connection with Cash Card Program:

2.1 Database

FDPS will maintain a Database of Card Data.

2.2 Authorization

FDPS will respond to Transaction authorization requests and process Transactions received by the Stored Value Card Processing System ("**Authorization**"). For successful Authorizations, FDPS will adjust the Card balance by the amount authorized. Authorizations for Transactions initiated from the POS or on-line will be provided in real time; Authorizations of Transactions other than from the POS or on-line will be provided through batch processing. Authorizations will be based on the available Card balance recorded in the Database. FDPS is not responsible for determining whether Transactions are fraudulent, improper or otherwise unauthorized, however, FDPS is responsible for any improper Authorization, resulting from any error in the Database.

2.3 IVR; Call Center

(a) **Interactive Voice Response System**: FDPS will operate an automated interactive voice response system ("**IVR**") for use by Cardholders, Tim Hortons USA, Tim Hortons USA Affiliates and Participating Franchisees. The IVR is accessible through a toll free telephone number, twenty-four (24) hours per day, seven (7) days per week, for the processing of Transactions as specified by Tim Hortons USA.

(b) **Call Center**: FDPS will staff a call center with live operators twenty-four (24) hours per day, seven (7) days per week (Christmas Day excluded), for the resolution of Cardholder and store level inquiries and processing of Transactions as specified by Tim Hortons USA.

(c) **Franchisee Support Help Desk**: FDPS will also staff a help desk with live operators, Monday through Friday, from 8:00 am to 8:00 pm ET, excluding holidays, through a toll free telephone number that will be provided to Tim Hortons USA and the Participating Franchisees. Operators shall provide customer support, notably in reporting and reconciliation related to the Settlement Services. Accordingly, the Franchise Support Help Desk operators shall have access to FDPS' Settlement Services web-based tool to respond to any Participating Franchisee's ACH inquiries.

2.4 Settlement and Funds Movement

FDPS will provide the settlement and funds movement services as set forth in Exhibit B to this Participation Agreement.

ARTICLE 3
TIM HORTONS USA RESPONSIBILITIES

3.1 Distribution; Card Authorization Equipment

Tim Hortons USA will recommend the Program to its Franchisees. Tim Hortons USA will distribute all Cards for use in the Program to Participating Franchisees through the distribution channels, as arranged by Tim Hortons USA. Participating Franchisee shall provide and maintain: (i) all Card Authorization Equipment required for Participating Franchisees to electronically transmit Card Data from Designated Locations to FDPS; and (ii) any development, programming or other

modifications to the Card Authorization Equipment as necessary to access and use the Services and Stored Value Card Processing System.

3.2 Program Procedures

The processes and procedures by which Tim Hortons USA issues Cards and enables use of Cards at Designated Locations are also part of the Program. Tim Hortons USA is solely responsible for defining those processes and procedures, including those relating to the selling and accepting of Cards, handling merchandise returns and/or refunds, assessing service fees, and resolving disputes with Cardholders (collectively, "**Program Procedures**") and communicating such Program Procedures to Participating Franchisees.

3.3 ACH and EFT Settlement and Funds Movement

(a) Participating Franchisee is responsible for all settlement obligations arising from Transactions provided under the Program as set forth in Exhibit B hereto.

ARTICLE 4
CARD PRODUCTION AND ISSUANCE

4.1 Card Production

Participating Franchisee will obtain all Cards for the Program from Tim Hortons USA or its designee, Participating Franchisee acknowledges that Tim Hortons USA is responsible for the control and distribution of Cards to Participating Franchisee under the Program.

4.2 Card Issuance

Tim Hortons USA will be the issuer of all Cards issued under the Program, with respect to all Cards that are sold at Designated Locations. Participating Franchisee shall obtain from Tim Hortons USA information with respect to the terms and conditions for the use of Cards (the "**Card Terms**") containing information as required by Applicable Law, including without limitation, any fees or charges associated with Transactions or inactivity, procedures to report lost or stolen Cards (if any), minimum or maximum Transaction amounts, Tim Hortons USA's policy concerning whether lost or stolen Cards will be replaced, whether the Card is redeemable for cash, and any expiration period for the Card, if applicable. Participating Franchisee will provide the Card Terms to Cardholders at Designated Locations, or in such other manner as required by Applicable Law.

ARTICLE 5
OWNERSHIP OF INTELLECTUAL PROPERTY

5.1 Ownership of FDPS Intellectual Property

Except as otherwise provided in the United States Agreement, Participating Franchisee acknowledges and agrees that, as between Participating Franchisee and FDPS, FDPS will own all Intellectual Property Rights in all Specifications, Hardware, Software, Systems, Documentation, Content, Marks, Confidential Information or other intellectual property (including business rules and business processes) developed by FDPS, developed for FDPS by another Person, or otherwise

provided to Participating Franchisee or used by FDPS in connection with FDPS' performance of its obligations pursuant to this Participation Agreement (the **"FDPS Intellectual Property"**). Participating Franchisee will acquire no rights to any FDPS Intellectual Property other than the rights expressly granted in Section 5.2.

5.2 Grants of Licenses by FDPS to Participating Franchisee

(a) Subject to the terms and conditions of this Participation Agreement, FDPS grants to Participating Franchisee a nonexclusive, non-transferable right to use FDPS Intellectual Property, including any product or System which uses or incorporates FDPS Intellectual Property in connection with:

(i) the performance of its obligations under the Participation Agreement, including the right to develop a software interface between the Database and Participating Franchisee's Card Authorization Equipment, when approved by Tim Hortons USA;

(ii) the use and receipt by Participating Franchisee of the Services; or

(iii) the operation or marketing of the Program by Participating Franchisee.

5.3 License Restriction

Participating Franchisee will not copy, modify, distribute, display, rent, reverse engineer, decompile, create derivative works of, or disassemble the Specification, nor will Participating Franchisee allow anyone else to do so, except to the extent necessary for Participating Franchisee to exercise its rights and benefit from the Services and Program under this Participation Agreement or as permitted by Applicable Law.

ARTICLE 6
FEES; PAYMENT

6.1 Responsibility for Fees

Transaction Fees owed by each Participating Franchisee will be collected by FDPS through the settlement process as further defined and set forth in Exhibit A.

ARTICLE 7
TERM

This Participation Agreement begins when it is signed by both Parties and continues unless terminated as provided in Article 8 or for as long as the United States Agreement is in effect, which period shall be considered the "Term".

ARTICLE 8
TERMINATION

8.1 Participating Franchisee Termination Rights

(a) Participating Franchisee may terminate this Participation Agreement for cause, only with the prior written approval of Tim Hortons USA, by providing written notice to FDPS if:

(i) Participating Franchisee exercises its right of termination pursuant to a section of this Participation Agreement giving Participating Franchisee a right to terminate;

(ii) FDPS commits a material breach of this Participation Agreement and does not cure that breach within thirty (30) days of receipt of written notice from Participating Franchisee;

(iii) FDPS commits a material breach of this Participation Agreement and such breach is not capable of being cured;

(iv) upon the discontinuance or suspension of the business of FDPS, or where FDPS is adjudicated insolvent, or admits in writing its inability to pay its debts when due, or consents to an involuntary petition pursuant to any bankruptcy, reorganization or insolvency law of any jurisdiction or country, or if FDPS applies for, or consents to the appointment of a receiver or trustee; or

(v) any law or regulatory requirement applicable to Participating Franchisee comes into force that precludes Participating Franchisee from participating in the Program or using the Stored Value Card Processing System.

8.2 FDPS Termination Rights

(a) FDPS may terminate this Participation Agreement for cause by providing written notice to Participating Franchisee if:

(i) Participating Franchisee commits a fundamental breach of this Participation Agreement and does not cure that breach within thirty (30) days of receipt of written notice from FPDS;

(ii) if Participating Franchisee fails to pay any undisputed amount due within fifteen (15) Business Days after receipt of notice from FDPS of the default in payment with respect to such amount due; or

(iii) upon the discontinuance or suspension of the business of Participating Franchisee, or where Participating Franchisee is adjudicated insolvent, or admits in writing its inability to pay its debts when due, or consents to an involuntary petition pursuant to any bankruptcy, reorganization or insolvency

law of any jurisdiction or country, or if Participating Franchisee applies for, or consents to the appointment of a receiver or trustee.

(iv) upon termination or expiration of Participating Franchisee's franchise or license agreement with Tim Hortons USA or a Tim Hortons USA Affiliate;

(v) upon termination or expiration of the United States Agreement and/or the Canadian Agreement; or

(vi) if Tim Hortons USA instructs FDPS to terminate the Participation Agreement.

8.3 Termination Assistance Services

Upon notice from Tim Hortons USA following the expiration or termination of this Participation Agreement, at no additional charge to Participating Franchisee, FDPS will provide termination assistance services to Participating Franchisee as instructed by Tim Hortons USA or otherwise as reasonably required in connection with Participating Franchisee's transition from the Services (the "**Termination Assistance Services**"). Participating Franchisees shall immediately return any and all FDPS Intellectual Property, Content, Software and/or Specifications in the possession of the Participating Franchisee upon such expiration or termination.

ARTICLE 9
EXCLUSIVITY

During the Term of this Participation Agreement, FDPS will be the exclusive provider to Participating Franchisee of processing services for a stored value card that is branded solely for the Tim Hortons brand and accepted at Designated Locations. Nothing in the foregoing will restrict or prohibit Participating Franchisee from accepting any Visa, MasterCard, American Express, Discover or other universally accepted prepaid, credit or debit card or from participating in any "open network" gift card program with other merchants or third parties. An "open network" program refers to a program in which a single card is accepted by more than one unaffiliated merchants or third parties.

ARTICLE 10
CONFIDENTIALITY

10.1 Confidentiality Covenant

(a) Each Party agrees that, in its capacity as a Receiving Party, it will not use Confidential Information of the Disclosing Party for any purpose, other than as may be reasonably necessary for the performance of its duties pursuant to this Participation Agreement, without the Disclosing Party's prior written consent.

(b) Each Party agrees that, in its capacity as a Receiving Party:

(i) it will not disclose to any third party or use any Confidential Information of the Disclosing Party except as expressly permitted in this Participation Agreement; and

(ii) it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the Disclosing Party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance.

(c) FDPS may disclose Confidential Information of Participating Franchisee:

(i) to the extent required by a court of competent jurisdiction or other Legislative or Regulatory Authority or otherwise as required by Applicable Law, provided that FDPS must first give Participating Franchisee prompt notice (except where the Legislative or Regulatory Authority has expressly ordered that no notice be given) and must make reasonable efforts to obtain a protective order; or

(ii) on a "need-to-know" basis under an obligation of confidentiality no less stringent than those contained herein to its Affiliates, agents, consultants, subcontractors, internal and external auditors, accountants, banks and other financing sources, professional advisors and potential assignees or successors of FDPS.

(d) Notwithstanding the foregoing, Participating Franchisee may disclose Confidential Information of FDPS:

(i) to the extent required by a court of competent jurisdiction or other Legislative or Regulatory Authority or otherwise as required by Applicable Law, provided that Participating Franchisee must first give FDPS prompt notice (except where the Legislative or Regulatory Authority has expressly ordered that no notice be given) and must make reasonable efforts to obtain a protective order;

(ii) on a "need-to-know" basis under an obligation of confidentiality no less stringent than those contained herein to Tim Hortons USA, Tim Hortons USA Affiliates', agents, consultants, subcontractors, internal and external auditors, accountants, banks and other financing sources or professional advisors.

(e) The terms and conditions of this Participation Agreement will be deemed to be the Confidential Information of each Party and, except as expressly permitted in this Participation Agreement, will not be disclosed without the written consent of the other Party.

(f) Each Party acknowledges that its failure to comply with the provisions of this Article 10 may cause irreparable harm to the other Party which cannot be adequately compensated for in damages, and accordingly acknowledges that the

other Party will be entitled to claim, in addition to any other remedies available to it, interlocutory and permanent injunctive relief to restrain any anticipated, present or continuing breach of this Article 10.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES

11.1 Mutual Representations and Warranties

(a) Each Party represents and warrants to and covenants with the other Party as follows:

(i) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and it has the corporate capacity to enter into this Participation Agreement and to perform each of its obligations hereunder;

(ii) it has duly authorized, executed and delivered this Participation Agreement and this Participation Agreement constitutes a legally valid and binding obligation of it enforceable against it in accordance with its terms except as such enforcement may be limited by Applicable Law; and

(iii) the execution and delivery of this Participation Agreement by the Party does not, and the performance of its obligations pursuant to this Participation Agreement by the Party and the consummation of the transactions contemplated hereby and thereby will not: (x) violate or conflict with the Articles of Incorporationor By-Laws of the Party; or (y) violate any Applicable Law.

11.2 Additional FDPS Representations and Warranties

(a) FDPS represents and warrants to Participating Franchisee as follows:

(i) FDPS will perform its obligations hereunder in a professional and workmanlike manner and in accordance with applicable industry standards;

(ii) the Stored Value Card Processing System will not contain any Disabling Code;

(iii) the Database will operate in accordance with the Specifications therefor and FDPS will perform the Services in a manner that meets or exceeds the Service Levels (as defined in the United States Agreement, measured in the aggregate of all Franchisees participating in the Cash Card Program chain wide);

(iv) FDPS will not infringe upon the Intellectual Property Rights or other rights of any Person in the performance of its obligations under this Participation Agreement; and

(v) the FDPS Intellectual Property does not infringe the Intellectual Property Rights of any Person.

ARTICLE 12
INDEMNIFICATION

12.1 General

Subject to the limitations set forth in Article 13, each Party will indemnify the other Party's indemnitees (the Participating Franchisee Indemnitees or the FDPS Indemnitees, as applicable) from and against any and all Losses resulting from or arising out of the indemnifying Party's failure to comply with this Participation Agreement.

12.2 FDPS Indemnities

(a) FDPS will defend, indemnify and hold the Participating Franchisee Indemnitees harmless from all Losses suffered or incurred by any of the Participating Franchisee Indemnitees as a result of any of the following:

(i) any breach of any representation, warranty, covenant or agreement made by FDPS in this Participation Agreement;

(ii) any claim, suit, action or proceeding by a Person alleging that the Stored Value Card Processing System or the Services or their use by Participating Franchisee infringes any Intellectual Property Rights of any Person;

(iii) any death or bodily injury, sickness, disease or injury of any kind, of any: (a) Participating Franchisee or FDPS employee, agent or representative; (b) Tim Hortons USA Customer; or (c) other Person, in each case to the extent caused by any act or omission of FDPS;

(iv) any claim, suit, action or proceeding alleging that Participating Franchisee has breached its obligations to any Person to the extent such breach is directly attributable to any act or omission of FDPS or any current or former FDPS Personnel; or

(v) any negligence, gross negligence or willful misconduct on the part of FDPS, whether as a result of an act or of an omission of FDPS or any Person for whom FDPS is responsible hereunder, including any crime, fraudulent or dishonest acts committed by FDPS or any current or former FDPS Personnel, acting alone or in collusion with others.

ARTICLE 13
LIMITATION OF LIABILITY; DISCLAIMER OF WARRANTIES.

13.1 Limitation

(a) SUBJECT TO SECTION 13.2, EACH PARTY WILL BE LIABLE TO THE OTHER WITH RESPECT TO THIS AGREEMENT AND ANY OTHER OBLIGATIONS RELATED THERETO ONLY FOR DIRECT DAMAGES AND IN AN AMOUNT NOT TO EXCEED

I. WITH RESPECT TO FDPS $10,000,000, WHICH AMOUNT SHALL INCLUDE ALL CLAIMS PURSUANT TO THIS AGREEMENT, THE UNITED STATES AGREEMENT, THE CANADIAN AGREEMENT AND ALL UNITED STATES PARTICIPATION AGREEMENTS AND ALL CANADIAN PARTICIPATION AGREEMENTS; AND

II. WITH RESPECT TO PARTICIPATING FRANCHISEE, $25, 000.

(b) SUBJECT TO SECTION 13.2, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR LOSS OF PROFITS, LOST BUSINESS OPPORTUNITIES, LOST REVENUES, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY THE AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE AND REGARDLESS OF WHETHER A PARTY HAS BEEN ADVISED OF THE POSSIBILITY THEREOF.

13.2 Exclusions

(a) SECTION 13.1 WILL NOT APPLY TO LIMIT: (I) THE LIABILITY OF EITHER PARTY FOR A BREACH OF SECTION 10.1; (II) FDPS' LIABILITY OR OBLIGATIONS UNDER SECTION 12.2(a)(ii); OR (III) THE LIABILITY OF EITHER PARTY FOR LOSSES SUFFERED AS A RESULT OF THE INDEMNIFYING PARTY'S GROSS NEGLIGENCE, WILFUL MISCONDUCT OR FRAUD, INCLUDING, IN THE CASE OF FDPS, THE CESSATION OF ANY SERVICES.

(b) THIS SECTION 13.2 WILL APPLY IRRESPECTIVE OF THE NATURE OF THE CAUSE OF ACTION, DEMAND OR CLAIM, INCLUDING BUT NOT LIMITED TO, BREACH OF CONTRACT (INCLUDING FUNDAMENTAL BREACH), NEGLIGENCE, TORT OR ANY OTHER LEGAL THEORY, AND WILL SURVIVE A FUNDAMENTAL BREACH OR BREACHES AND/OR FAILURE OF ESSENTIAL PURPOSE OF THIS AGREEMENT OR OF ANY REMEDY CONTAINED HEREIN.

13.3 Pre-condition to Liability

Prior to bringing any claim against FDPS under this Participation Agreement, Participating Franchisee shall provide Tim Hortons USA with written notice detailing the claim ("**Notice of Claim**"), and Tim Hortons USA shall have the right to pursue such claim on Participating Franchisee's behalf by providing Participating Franchisee with written notice of the same. If Tim Hortons USA elects to pursue such claim on Participating Franchisee's behalf, Participating Franchisee may participate in the claim with Tim Hortons USA at Participating Franchisee's election. Any resolution of a claim brought by Tim Hortons USA on Participating Franchisee's behalf shall be binding on Participating Franchisee. If Tim Hortons USA elects not to pursue such claim on Participating Franchisee's behalf, Participating Franchisee may pursue such claim on its own behalf, subject to Tim Hortons USA's prior written consent.

13.4 Disclaimer

EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, THERE ARE NO REPRESENTATIONS, WARRANTIES, OR CONDITIONS OF EITHER PARTY, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, REGARDING ANY MATTER, INCLUDING ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABLE QUALITY.

ARTICLE 14
COMPLIANCE WITH LAW

14.1 Participating Franchisee Compliance with Applicable Law

Participating Franchisee will perform its obligations under this Participation Agreement in compliance with all Applicable Laws, which compliance will, in each case, include identifying, procuring and complying with all permits, licenses, certificates, consents, approvals, inspections and requirements or directives of any applicable Legislative or Regulatory Authority. If Participating Franchisee receives notice of an allegation by any Legislative or Regulatory Authority that Participating Franchisee, FDPS or any FDPS Affiliate has failed to comply with any Applicable Law in connection with the performance of its obligations under this Agreement, or if Participating Franchisee otherwise becomes aware that Participating Franchisee, FDPS or any FDPS Affiliate may have failed or may in the future fail to comply with any Applicable Law in connection with the performance of its obligations under this Agreement, then Participating Franchisee will immediately provide written notice to FDPS.

14.2 FDPS Compliance with Applicable Law

FDPS will perform its obligations under this Participation Agreement in compliance with all Applicable Laws, which compliance will, in each case, include identifying, procuring and complying with all permits, licenses, certificates, consents, approvals, inspections and requirements or directives of any applicable Legislative or Regulatory Authority. If FDPS receives notice of an allegation by any Legislative or Regulatory Authority that FDPS, or Participating Franchisee has failed to comply with any Applicable Law in connection with the performance of its obligations under this Participation Agreement, or if FDPS otherwise becomes aware that FDPS or Participating Franchisee may have failed or may in the future fail to comply with any Applicable Law in

connection with the performance of its obligations under this Participation Agreement, then FDPS will immediately provide written notice to Participating Franchisee.

14.3 Compliance with Privacy Laws

To the extent Tim Hortons USA Customer Information is provided to FDPS, FDPS will collect, use, dispose of and otherwise handle such Tim Hortons USA Customer Information collected or accessible to FDPS in the course of performing FDPS' obligations hereunder in accordance with all applicable Privacy Laws FDPS will collect, use, dispose of and otherwise handle Tim Hortons USA Customer Information solely for the purpose of performing the Services.

ARTICLE 15
MISCELLANEOUS

15.1 Force Majeure

(a) If, by reason of Force Majeure, either Party (the "**Frustrated Party**") is delayed or unable, in whole or in part, to perform or comply with any of its obligations under this Participation Agreement, then, subject to the remainder of this Section 15.1 it will be relieved of liability and will not suffer prejudice for failing to perform to the extent that the inability was caused by Force Majeure (except in respect of the rights of termination granted pursuant to Section 15.1(b)), provided that it gives to the other Party prompt detailed notice of such inability. The Frustrated Party will only be relieved from performance from and after the giving of such notice. In the event of a Force Majeure, the Frustrated Party will forthwith establish and implement a workaround plan that minimizes the disruption to the other Party and will use commercially reasonable efforts to remedy the situation and remove the cause of its inability to perform as soon as possible. The Frustrated Party will give the other Party prompt notice of the cessation of Force Majeure. Participating Franchisee will have no obligation to pay the applicable fees during the period in which any of the Services are unavailable by reason of the Force Majeure.

(b) Notwithstanding the foregoing, Participating Franchisee will have the right to terminate this Participation Agreement, forthwith upon notice to FDPS, if FDPS has failed to perform any of its obligations for a total of thirty (30) calendar days as a result of one or more events of a Force Majeure or if, as a result of a Force Majeure FDPS fails to perform any Services in any material respect and such failure is not reasonably capable of being cured within thirty (30) calendar days after such occurrence.

15.2 Notices

Notices will be effective upon receipt if they are received in writing, by registered or certified mail, postage prepaid, return receipt requested or by overnight delivery to the President and General Counsel of the other Party at its address set forth below.

15.3 Relationship of the Parties; Third Party Beneficiaries

The Parties are independent contractors. Neither Party will have any authority to bind the other. This Participation Agreement is entered into solely for the benefit of FDPS and Tim Hortons USA, and will not confer any rights upon any person not expressly a party to this Participation Agreement, including Cardholders.

15.4 Subcontractors

FDPS may not subcontract with third Persons to provide Services, except as provided in the United States Agreement.

15.5 Assignment

FDPS may not assign all or any part of its rights or obligations under this Participation Agreement without the prior written consent of Tim Hortons USA, which may be arbitrarily withheld. FDPS may, however, assign any or all of its rights or delegate any or all of its obligations to an entity acquiring all or substantially all of its assets, or to FDPS Affiliate. Participating Franchisee may not assign all or any part of its rights or obligations under this Participation Agreement without the prior written consent of FDPS and Tim Hortons USA.

15.6 Governing Law

The laws of the State of New York, excluding its rules on conflicts of laws, will govern this Participation Agreement.

15.7 Arbitration

All Disputes which remain unresolved following their referral to the Dispute Resolution Procedure, will be submitted to the American Arbitration Association (the "AAA") for resolution before a panel consisting of one arbitrator. Arbitration will be conducted in accordance with the Commercial Arbitration Rules of the AAA then in effect. The decision of the arbitrators will be binding upon the Parties. Judgment upon any arbitration award or decision may be entered in any court having jurisdiction. Arbitration will be held in state in which the disputing party resides. Each Party will pay its own arbitration expenses and one-half of the fee of the arbitrators and the administrative fee of the AAA. The Federal Rules of Evidence will apply to such arbitration. The arbitrators will be required to render a decision based on the terms of this Participation Agreement and applicable law.

15.8 Complete Participation Agreement

This Participation Agreement, including all Exhibits and Addenda attached hereto and incorporated herein by reference, is the complete and exclusive understanding of the Parties with respect to its subject matter. It supersedes all prior and contemporaneous proposals, understandings and communications among the Parties whether oral or written.

15.9 Waiver; Amendment

To be effective, any waiver by a Party of any of its rights or any other Party's obligations under this Participation Agreement must be made in a writing signed by the Party to be charged with the waiver. No failure or forbearance by any Party to insist upon or enforce performance by any other Party of any of the provisions of this Participation Agreement or to exercise any rights or remedies under this Participation Agreement or otherwise at law or in equity will be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision, right, or remedy in that or any other instance; rather, the same will be and remain in full force and effect. A Party's waiver of a breach of any term will not be a waiver of any subsequent breach of the same or another term. The Parties may only modify or amend this Participation Agreement by a written instrument executed by a duly authorized representative of each Party.

15.10 Severability

Every provision of this Participation Agreement is severable. If any provision of this Participation Agreement is held to be invalid, illegal, void or unenforceable by reason of any judicial decision, then such provision will be interpreted, construed or reformed to the extent reasonably required to render the same valid, enforceable and consistent with the original intent underlying such provision, and all other provisions of this Participation Agreement will nevertheless remain in full force and effect. In such case, the Parties will in good faith modify or substitute a provision consistent with their original intent. If any remedy fails of its essential purpose, then all other provisions, including the limitations on liability and exclusion of damages, will remain fully effective.

15.11 Survival

Articles 5, 6 (as to fees accrued through the date of termination), 10, 11, 12, 13, 14 and 15, Section 8.3 and Exhibit A will survive termination of this Participation Agreement.

15.12 Counterparts

This Participation Agreement may be executed in counterparts, each of which will be deemed an original for all purposes, but all of which when taken together will constitute one Participation Agreement.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.

SIGNATURE PAGE IMMEDIATELY FOLLOWS.

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties have caused this Participation Agreement to be executed by their authorized representatives as of the date set forth below.

INSERT CORPORATE NAME AND ADDRESS OF PARTICIPATING FRANCHISEE (FROM YOUR MOST RECENT LICENSE AGREEMENT WITH TIM HORTONS USA) BELOW:

_____

_____

_____

ValueLink, LLC
6200 South Quebec Street, Suite 310
Greenwood Village, Colorado 80111

Signature: _____
I HAVE THE AUTHORITY TO BIND THE PARTICIPATING FRANCHISEE

Signature: _____

Name: _____
INSERT NAME OF OFFICER AUTHORIZED TO SIGN ON BEHALF OF PARTICIPATING FRANCHISEE

Name: _____

Title: _____
INSERT TITLE OF OFFICER AUTHORIZED TO SIGN ON BEHALF OF PARTIICIPATING FRANCHISEE

Title: _____

Date: _____
INSERT THE DATE ON WHICH THIS AGREEMENT IS SIGNED

Date: _____

Store Number: _____
INSERT STORE NUMBER

Store Address:
INSERT THE MUNICIPAL STORE ADDRESS BELOW

_____

_____

_____

EXHIBIT A

FEE SCHEDULE

ALL FEES ARE IN CANADIAN DOLLARS AND DO NOT INCLUDE APPLICABLE TAXES.

FURTHER DETAIL WITH RESPECT TO THE ALLOCATION OF THE FEES AMONGST TIM HORTONS STORES CAN BE FOUND IN YOUR TIM CARD ADDENDUM WHICH YOU ARE SIGNING WITH TIM HORTONS USA OR ITS AFFILIATE.

TRANSACTION FEES:

"**Transaction**" is defined as any of the following transactions performed with a Card:

Activation
Reload
Redemption
Void
Transaction History Enquiry
Balance Transfer/Adjustment/Merge
Report lost/stolen Card (Not available in store. Cardholder must call the Help Desk)
Refund (Not available in store. Cardholder must call Help Desk)

Transaction Fees are charged for all transactions that occur in any Designated Location, including, but not limited to, a Tim Hortons store, or the Tim Hortons website.

Tier	Annual Transaction Volume	Total Transaction Fees
I	Up to 24,999,999	$0.03668
II	25,000,000 – 44,999,999	$0.03623
III	45,000,000 – 69,999,999	$0.03566
IV	70,000,000 – 99,999,999	$0.03541
V	100,000,000 – 129,999,999	$0.03522
VI	130,000,000 – 159,999,999	$0.03483
VII	160,000,000 – 199,999,999	$0.03411
VIII	200,000,000 and up	$0.03382

The above Transaction Fees are inclusive of service fees in the amount of $0.0099 for the settlement reporting tools, daily funds settlement (through the ACH process) and billing processes.

Transaction volumes are calculated across all stores chain wide per Transaction. For purposes of measuring Transaction volumes in accordance with this Exhibit A, Transactions performed under the

US Agreement will be aggregated with the Transactions performed under the Canadian Agreement during the applicable measurement period and included in the computation of the annual Transaction volume. At the beginning of the Program, all Tim Hortons stores will start at Tier II pricing (i.e. $0.03623). If in the first or second years of the Program, the total number of transactions of all Tim Hortons stores exceed the Transaction volumes and reach another Tier, Participating Franchisee will receive a credit equal to difference between the rate applicable for actual Transaction volume and the rate which was applied.
In the third, fourth or fifth years, at the time the higher Tier level is achieved, billing will be at the lower Tier rate on the first day of month following that in which the higher Tier was achieved. For example, if, on September 20 of the third contract year, the aggregate chain wide transaction volume reaches 175,000,000 Transactions, the Transactions over 175,000,000 during September would continue to be charged at the Tier VI rate, but starting October 1, the Tier VII pricing would apply.

The first year of the Program will be deemed to end on January 31, 2009, and until such time Tier II transaction pricing shall apply. Each subsequent year of the Program will commence on the anniversary thereof.

IVR AND CALL CENTER FEES:

To determine IVR Fees, FDPS tracks each call length in the number of seconds from the point of connection to the point of disconnection on the IVR. If the duration of the call is less than thirty (30) seconds, the call is considered to have duration of thirty (30) seconds. If the duration of the call is thirty (30) seconds or greater, the actual duration of the call, in seconds, is recorded. On a monthly basis, FDPS converts the total aggregate seconds of all calls into minutes by dividing such total by sixty (60).

To determine Call Center Fees, FDPS tracks each call length in the number of seconds from the time a live agent picks up the call following the caller's transfer from the IVR to the time the call is ended. On a monthly basis, FDPS converts the total aggregate seconds of all calls into minutes by dividing such total by sixty (60).

IVR and Call Center fees are additional to any applicable Transaction Fees for Transactions initiated through the IVR or Call Center. IVR and Call Center fees will be invoiced monthly.

	IVR	CALL CENTER
FEE PER MINUTE	$0.2825	$1.40

FRANCHISE SUPPORT HELP DESK FEES:

Franchisee Support Help Desk Fees are based on a per minute fee specific to the support and assistance to Participating Franchisees with inquiries including: Funds settlement, reconciliation and reporting; Franchisee status changes; POS support (as applicable); and miscellaneous Franchisee customer support.

To determine Franchisee Support Help Desk Fees, FDPS tracks each call length in the number of seconds from the time a live agent picks up the call to the time the call is ended. Time spent by a caller on hold will be chargeable, provided that the Franchisee Support Help Desk will not put a caller on hold in order to accept another call. On a monthly basis, FDPS converts the total aggregate seconds of all calls into minutes by dividing such total by sixty (60).

	FRANCHISE SUPPORT HELP DESK
FEE PER MINUTE	$1.40

EXHIBIT B

ACH (Debit and Credit) Authorization

By providing the information requested below and signing this ACH Authorization, the undersigned Participating Franchisee hereby:

1. Authorizes Tim Hortons USA (or a Tim Hortons USA Affiliate) and FDPS, acting on behalf of Tim Hortons USA, to initiate ACH debit and credit entries to the deposit account indicated below, and to debit and credit the same to such account, as necessary or appropriate to effect any Card Transactions and all adjustments and corrections thereto, and as necessary or appropriate to effect any other transfer contemplated by the Participation Agreement, including, without limitation, any Transaction Fees;

2. In the event that any debit to the deposit account is returned for any reason, Participating Franchisee authorizes Tim Hortons USA and FDPS, acting on behalf of Tim Hortons USA, to initiate a debit to the account for the original debit amount plus any associated returned item fees; and

3. Certifies that the authorized officer indicated below has the authority to bind Participating Franchisee, and that this ACH Authorization constitutes a writing signed by Participating Franchisee.

Bank Name: _____

Account No.: _____

Account Title: _____

Transit No: _____

Bank ID: _____

PLEASE ATTACH VOIDED CHECK

Capitalized terms used herein without definition shall have the meaning provided to such terms in the Participation Agreement.

The undersigned hereby acknowledges that it has received a copy of the ACH Settlement Process, attached hereto as Schedule 1, and acknowledges and agrees that the Schedule is part of the Participation Agreement. Without limiting the foregoing, the undersigned agrees to comply with and be bound by the rules and regulations of the National Automated Clearing House Association in effect from time to time.

This authorization is to remain in full force and effect until the Participation Agreement has terminated and Tim Hortons USA has received written notification in such time and in such manner as to afford Tim Hortons USA and FDPS, and the bank indicated above a reasonable opportunity to act on it. No such termination shall relieve the undersigned of any obligations or liabilities that accrue or relate to events that have occurred prior to such termination.

Authorization and Agreement:

Participating Franchisee: _____

By: _____

Name: _____

Title: _____

Address: _____

_____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

Company Taxpayer ID #: _____

Schedule 1

To Exhibit B

ACH SETTLEMENT PROCESS

1. **Additional Definitions**. For purposes of this Schedule 1, the following additional definitions shall apply:

"**Business Day**" means Monday through Friday, excluding any holidays recognized by Federal law. All time period references in the Participation Agreement to "days" other than Business Days shall be deemed to refer to calendar days.

"**Participating Franchisee Account**" means an account of each Participating Franchisee, as designated by Tim Hortons USA from time to time.

"**Processing Date**" means a Business Day during each calendar week, as designated by FDPS from time to time.

"**Tim Hortons USA Account**" means the account of Tim Hortons USA.

2. **Originating Depository Financial Institution**. FDPS shall provide a bank or other financial institution for the purpose of originating ACH transactions ("**Originating Depository Financial Institution**" or "**ODFI**").

3. **Settlement of Funds**. FDPS will facilitate the settlement of funds among Tim Hortons USA and its Participating Franchisees and their respective Designated Locations through the ACH system, and Tim Hortons USA authorizes FDPS as Tim Hortons USA's third party service provider to initiate debit and credit entries on behalf of Tim Hortons USA and to debit and credit the Tim Hortons USA Account in furtherance of the same. Specifically, FDPS will:

   (a) On the Processing Date, calculate the net settlement amount for each Designated Location by comparing Card purchase and re-load transactions (together with applicable fees as directed by Tim Hortons USA in writing) (collectively, "**Loads**"), performed at such Designated Location from the previous Processing Date, as agreed upon by FDPS and Tim Hortons USA from time to time (the "**Processing Period**"), against purchases made with Cards and/or any other amounts related to the settlement of funds hereunder as directed by Tim Hortons USA in writing ("**Redemptions**") at such Designated Location during the Processing Period;

   (b) On the Processing Date, (i) initiate ACH debits on behalf of Tim Hortons USA to the applicable Participating Franchisee Accounts for amounts owed to Tim Hortons USA by Participating Franchisees whose Designated Locations had Loads and applicable fees in excess of Redemptions during the Processing Period, (ii) initiate the reimbursement of Participating Franchisees whose Designated Locations had Redemptions in excess of Loads and applicable fees during the Processing Period by initiating an ACH transfer on behalf of Tim Hortons USA from Tim Hortons USA

Account to the applicable Participating Franchisee Accounts, and (iii) facilitate settlement of necessary adjustments as provided in Section 2.1 of the Participation Agreement by initiating ACH debits or credits on behalf of Tim Hortons USA to the applicable Tim Hortons USA Account or Participating Franchisee Accounts.

(c) On the Processing Date, provide an exception report to Tim Hortons USA indicating Participating Franchisee Accounts for which an overdraft occurred on the previous Processing Date, or for which an uncleared negative balance exists from prior Processing Dates.

(d) In carrying out the processes described in a and b above, FDPS will initiate up to one net credit or debit to the Participating Franchisee Account on each Processing Date. A portion of any credit may be delayed up to three Business Days (the "**Waiting Period**") to the extent of any ACH entry which is dishonored, rejected, reversed, returned or charged back for any reason whatsoever (collectively "**Returned Items**"). The ODFI may initiate re-presentments on NSF items according to the Rules. Returned Items received during the Waiting Period and any associated fees of Returned Items will be net-settled against amounts due for remittance to the Participating Franchisee Account, and no amounts will be remitted to such account until the Returned Items are cleared.

4. **ACH Initiation**.

(a) All credits and debits shall be initiated by FDPS as described above, in each case acting on Tim Hortons USA's behalf, by the submission of a batch file of ACH payment information and instructions to the bank holding the Tim Hortons USA Account (the "**Tim Hortons USA Bank**").

(b) FDPS will keep records of the flow of funds in the Tim Hortons USA Account, and will facilitate the settlement of funds related to Tim Hortons USA's Program as agent for the benefit of Tim Hortons USA.

(c) All ACH entries shall be subject to any limitations or requirements imposed by the ODFI and the Tim Hortons USA Bank.

(d) FDPS shall have no liability for not affecting an ACH entry if (i) there are insufficient funds in the Tim Hortons USA Account or applicable Participating Franchisee Account; (ii) FDPS reasonably suspects a breach of security; (iii) FDPS reasonably believes that an ACH entry is prohibited by applicable law; or (iv) circumstances beyond its control prevent it from affecting the entry. The foregoing is not an exclusive list of circumstances in which FDPS shall have no liability.

5. **Definition of Parties**. For all settlement transactions hereunder, FDPS shall be a "**third party service provider**", Tim Hortons USA shall be the "**originator**", the Participating Franchisee whose account is debited or credited shall be the "**receiver**" and the ODFI shall be the "**originating depository financial institution**", as those terms are defined by the rules and regulations of the National Automated Clearing House Association Rules.

EXHIBIT G

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
NLR Ice Way, LLC.	4000 PARNELL AVE	FORT WAYNE	IN	46805-1414	(888) 601-1616	5709
NLR Ice Way, LLC.	3975 Ice Way	FORT WAYNE	IN	46805	(260) 209-2873	5862
NLR Royville, LLC.	12677 Coldwater Rd	FORT WAYNE	IN	46845-9792	(260) 619-3498	6567
NLR GM, LLC.	12200 Lafayette Center Rd	ROANOKE	IN	46783	(260) 673-2617	7886
NLR WINCHESTER, LLC	2524 Winchester Ave	ASHLAND	KY	41101-7838	(606) 325-3093	5686
NLR THIRTEENTH STREET, LLC	2206 13th St	ASHLAND	KY	41101-3522	(606) 327-8819	9387
J.J. Myers, LLC	444 Main St	BANGOR	ME	04401-6212	(207) 947-9092	3385
J.J. Myers, LLC	594 Broadway	BANGOR	ME	04401-3338	(207) 262-0171	10739
J.J. Myers, LLC	301 Odlin Rd	BANGOR	ME	04401-6703	(207) 942-0400	10962
J.J. Myers, LLC	394 Wilson St	BREWER	ME	04412-1522	(207) 989-6319	11001
Calais R&R, LLC	283 North St	CALAIS	ME	04619-1228	(207) 952-9036	5424
Troyco, LLC	109 Bennett Dr	CARIBOU	ME	04736-2024	(207) 492-0363	9301
Conleb Inc.	165 Hinckley Rd	CLINTON	ME	4927	(207) 426-2066	6389
Ben'z Friends Café, Inc.	290 North St	HOULTON	ME	04730-3530	(207) 521-0100	9342
Troyco, LLC	229 Main St	MADAWASKA	ME	04756-1425	(207) 728-3565	3665
Troyco, LLC	779 Main St	PRESQUE ISLE	ME	04769-2201	(207) 760-9158	5721
Kava Restaurants LLC	727 S Main St	ADRIAN	MI	49221-3707	(517) 265-8285	9360
Kava Restaurants LLC	5180 Lake Michigan Dr	ALLENDALE	MI	49401-9582	(616) 895-4000	4758
Kava Restaurants LLC	7642 N ALGER RD	ALMA	MI	48801-9319	(989) 463-0899	4686
NLR Ann Arbor LLC.	3975 S State Rd	ANN ARBOR	MI	48103	(734) 214-3939	4220
Tim Berry 1 LLC	325 North Zeeb Rd	ANN ARBOR	MI	48103	(734) 769-0845	6628
Boniko LLC	3460 Wilder Rd	BAY CITY	MI	48706-2331	(989) 686-7219	7499
RTJ Foods LLC	2141 Rawsonville Rd	BELLEVILLE	MI	48111-2283	(734) 485-5283	5663
Tim Berry 1 LLC	11175 Haggerty Road	BELLEVILLE	MI	48111-1138	(734) 699-3491	6631
SNB of Birmingham, L.L.C.	36101 Woodward Ave	BIRMINGHAM	MI	48009-0941	(248) 647-0020	3782
Maple Mera Group, Inc.	6495 Telegraph Rd	BLOOMFIELD TOWNSHIP	MI	48301-1759	(248) 593-9381	11102
Stew-Hort Inc.	300 W Grand River Ave	BRIGHTON	MI	48116-1655	(810) 225-2796	11124
Kava Restaurants LLC	152 S Main St	BROOKLYN	MI	49230-8588	(517) 938-8239	4859
PQ Foods, LLC	20913 Gibraltar Rd	BROWNSTOWN CHARTER TOWNSHIP	MI	48183-5086	(734) 675-2325	4959
E.G.D., of Flint, Inc.	4025 E Court St	BURTON	MI	48509-1715	(810) 742-3722	5744
Damouni Bros. Bristol Rd.	1230 E Bristol Rd	BURTON	MI	48529-2522	(810) 760-9770	5754
Exit 76 Corporation	2560 E Division E M-55	CADILLAC	MI	49601-8297	(231) 444-6058	6666
NLR Ford 1, LLC	41276 Ford Rd	CANTON	MI	48187-3657	(734) 981-5236	5654
NLR Ford 2, LLC	45135 Ford Rd	CANTON	MI	48187-2909	(734) 427-0653	9297
NLR Michigan Ave, LLC	45515 Michigan Ave	CANTON	MI	48188-2388	(734) 484-0261	9376
Exit 76 Corporation	3622 14 Mile Road NE	CEDAR SPRINGS	MI	49319	(616) 863-0355	7936
Brian H. Kelemen & Associates	33651 23 Mile Rd	CHESTERFIELD	MI	48047-1960	(586) 725-1540	7479
Sayah Inc	51595 Gratiot Ave	CHESTERFIELD	MI	48051-2009	(586) 949-0970	11021
COFFEE MOCHA VENTURES LLC	6889 Sashabaw Rd.	CLARKSTON	MI	48348	(248) 795-2414	6594
Inukshuk Enterprises, LLC	5700 Maybee Rd	CLARKSTON	MI	48346-3129	(248) 922-3195	11009
SNB of Clawson, LLC	1230 W 14 Mile Rd	CLAWSON	MI	48017-1494	(248) 435-0411	11154
Muffin VI, LLC.	39043 Garfield Rd	CLINTON TOWNSHIP	MI	48038-2791	(586) 421-4553	3992
Damounie of Hall Rd #2, Inc.	21406 Hall Rd	CLINTON TOWNSHIP	MI	48038-1611	(586) 463-3460	4207
Alma I Inc.	35101 Harper Avenue	CLINTON TOWNSHIP	MI	48035	(586) 792-3800	4345
Alma II Inc.	34325 Groesbeck Hwy	CLINTON TOWNSHIP	MI	48035-3359	(586) 790-9720	5630
Alma Enterprises, LLC	1085 S GRATIOT AVE	CLINTON TOWNSHIP	MI	48036-3501	(586) 469-0362	9308
Alma Enterprises, LLC	39847 S Groesbeck Hwy	CLINTON TOWNSHIP	MI	48036-5006	(586) 468-3314	10719
Damouni of Clio, Inc.	4140 W Vienna Rd	CLIO	MI	48420-9402	(810) 686-0115	11013
Stew-Hort II, Inc.	2201 Haggerty Hwy	COMMERCE TOWNSHIP	MI	48390-1715	(248) 956-7911	5143
Damouni of Opdyke Rd., Inc.	1058 S State Rd	DAVISON	MI	48423	(810) 654-0390	9306

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Dearborn Cafe,LLC	10005 W Warren Ave	DEARBORN	MI	48126-1653	(313) 406-5420	4368
Dearborn Fresh Supermarket, LLC	13661 Colson St	DEARBORN	MI	48126-3232	(313) 581-9900	4529
NLR Dearborn, LLC.	25000 Michigan Ave	DEARBORN	MI	48124-1740	(313) 562-6000	4580
Fakih Food Services Inc.	10401 Ford Rd	DEARBORN	MI	48126-3334	(313) 581-6648	5226
TH Eastlake, LLC	23780 Michigan Ave	DEARBORN	MI	48124-1823	(313) 724-8793	5751
PQ Foods, LLC	21203 Michigan Ave	DEARBORN	MI	48124-2339	(313) 561-0599	5865
Fakih Food Service Two, Inc.	24921 FORD RD.	DEARBORN	MI	48128	(313) 724-6040	6490
TH Eastlake, LLC	3550 Greenfield Rd	DEARBORN	MI	48120-1203	(313) 240-9394	9375
TH Eastlake, LLC	7205 N Telegraph Rd	DEARBORN HEIGHTS	MI	48127-1430	(313) 730-9810	4031
TH Eastlake, LLC	4035 TELEGRAPH ROAD	DEARBORN HEIGHTS	MI	48125	(313) 562-6900	5249
Wim Qasem Inc.	27380 Cherry Hill Rd	DEARBORN HEIGHTS	MI	48127-3678	(313) 561-4000	5611
Copeland TH, Inc.	7201 E Jefferson Ave	DETROIT	MI	48214-2307	(313) 331-2485	3313
Paradies-DTW, LLC	F-1A 2500 WORLD GATE PLACE	DETROIT	MI	48242	(301) 580-6253	3472
Kava Restaurants LLC	10533 Gratiot Ave	DETROIT	MI	48213-1226	(313) 923-8900	4219
Copeland TH Inc.	15340 Wyoming St	DETROIT	MI	48238-1719	(313) 864-8000	4675
Paradies-DTW, LLC	2500 WORLD GATE PLACE	DETROIT	MI	48242	(888) 601-1616	5127
FAKIH FOOD SERVICE THREE INC.	7285 Greenfield Rd	DETROIT	MI	48228	(313) 395-2191	7897
Olympia Entertainment, Inc.	2645 Woodward Avenue	DETROIT	MI	48201	(888) 601-1616	7945
NLR Dewitt, LLC.	12962 S Us Highway 27	DEWITT	MI	48820-7956	(517) 624-2248	11049
Dundee Café, LLC	107 Cabelas Blvd E	DUNDEE	MI	48131-9693	(734) 823-5222	5864
Abbo Management Group INC	17210 E 9 Mile Rd	EASTPOINTE	MI	48021-2555	(586) 775-9000	4990
Kava Restaurants LLC	2906 Center Ave	ESSEXVILLE	MI	48732-1704	(989) 893-2305	9359
Mar Group Inc	38200 W 10 Mile Rd	FARMINGTON HILLS	MI	48335-2833	(248) 477-4969	5432
Rame Group, Inc.	33340 W 12 Mile Rd	FARMINGTON HILLS	MI	48334-3311	(248) 489-3192	5647
Rame Ten Group, Inc.	24205 Orchard Lake Rd	FARMINGTON HILLS	MI	48336	(248) 516-3447	9423
Damouni of Silver Lake Rd., Inc.	326 W Silver Lake Rd	FENTON	MI	48430-2607	(810) 208-0885	5639
Damouni of Owen Rd., Inc	3238 Owen Rd	FENTON	MI	48430-1846	(810) 208-0589	10897
Bridan Enterprises II, LLC	27035 Telegraph Rd	FLAT ROCK	MI	48134-1658	(734) 789-8990	5227
Damouni of Hill Rd., Inc.	2435 W Hill Rd	FLINT	MI	48507-3820	(810) 285-9922	4645
E.G.K., Inc.	1490 S Linden Rd	FLINT	MI	48532-4178	(810) 720-5493	7481
G.D. Rizk, Inc.	3356 Miller Road	FLINT	MI	48507	(810) 732-3714	7938
KYD of Pierson, Inc.	4365 W PIERSON RD	FLINT	MI	48504-1328	(810) 230-3290	8677
Damouni of Frankenmuth inc.	142 N Main St	FRANKENMUTH	MI	48734-1159	(989) 652-2749	11042
Muffin V, LLC.	15728 15 MIL	FRASER	MI	48026-1401	(586) 294-0332	8673
Sleneem Enterprise, LLC	30121 Ford Rd	GARDEN CITY	MI	48135-2368	(734) 261-3031	5632
Makjac, LLC	1301 W Main St	GAYLORD	MI	49735-7401	(989) 448-2222	3783
Damouni of Grand Blanc, Inc.	11334 S Saginaw St	GRAND BLANC	MI	48439-1204	(810) 694-6666	10867
Kava Restaurants LLC	3773 Plainfield Ave Ne	GRAND RAPIDS	MI	49525-2403	(616) 747-0446	4367
Exit 76 Corporation	6066 Wilson Ave Sw	GRANDVILLE	MI	49418-9714	(616) 226-6629	6503
Stew-Hort II, Inc.	10833 Highland Rd	HARTLAND	MI	48353-2630	(810) 632-9902	3743
Baseline Coffee, LLC	1825 EAST 8 MILE ROAD	HAZEL PARK	MI	48030-1740	(248) 951-2950	6688
R&S Management Group, Inc.	41-75 W 9 Mile Rd	HAZEL PARK	MI	48030-1701	(248) 543-5896	11247
JEAB Enterprises, LLC	243 N River Ave	HOLLAND	MI	49424-2145	(616) 394-0650	4989
JEAB Enterprises, LLC	705 Chicago Dr	HOLLAND	MI	49424	(616) 796-8762	5134
JEAB Enterprises, LLC	809 WASHINGTON AVE	HOLLAND	MI	49423-7133	(888) 601-1616	5577
KYD Inc.	4042 Grange Hall Rd	HOLLY	MI	48442	(248) 382-5067	9251
Fresh Brew, LLC	1900 N Latson Rd	HOWELL	MI	48843-9007	(517) 552-8780	4649
Perfect Bean, LLC	3980 GRAND OAKS DR	HOWELL	MI	48843	(517) 518-8135	5930
Kelemen Bakery Division	1952 S Cedar St	IMLAY CITY	MI	48444-9648	(810) 724-2123	5699
Kava Restaurants LLC	1715 W Michigan Ave	JACKSON	MI	49202-4004	(517) 795-1648	11072
Kava Restaurants LLC	4328 W Main St	KALAMAZOO	MI	49006-2787	(269) 382-3271	4570

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Kava Restaurants LLC	4417 Kalamazoo Ave Se	KENTWOOD	MI	49508-4622	(616) 827-3048	4575
GJ Enterprises,LLC	740 S Lapeer Rd	LAKE ORION	MI	48362-2922	(248) 693-8954	5651
Bridan Enterprises II, LLC	3309 Sterns Rd	LAMBERTVILLE	MI	48144	(734) 856-1679	10872
Dark Roast, LLC	2774 Eaton Rapids Rd.	LANSING	MI	48911-1740	(517) 253-0841	6279
NLR Lansing, LLC.	728 S. Waverly Rd	LANSING	MI	48917-4253	(517) 703-8131	11016
Damouni of Walton, Inc.	624 S Main St	LAPEER	MI	48446-2463	(810) 667-1486	5655
Inukshuk Enterprises Ltd.	36255 26 Mile Rd	LENOX	MI	48048-3164	(586) 716-9240	11020
Bridan Enterprises, Inc.	1360 Southfield Rd	LINCOLN PARK	MI	48146-2321	(313) 383-7824	7501
Bridan Enterprises, Inc.	1727 Southfield Rd	LINCOLN PARK	MI	48146-2261	(313) 928-0138	10771
Danlex, LLC	31300 5 Mile Rd	LIVONIA	MI	48154-3644	(734) 421-8100	4775
NLR Five Mile, LLC	37755 Five Mile Rd	LIVONIA	MI	48154-1543	(734) 462-2225	4913
NLR Plymouth 2, LLC	33500 Plymouth Rd	LIVONIA	MI	48150-1560	(734) 427-0653	9017
Krikor Management, Inc.	27430 Schoolcraft Rd	LIVONIA	MI	48150-2202	(734) 422-1506	9371
NLR Middlebelt, LLC.	16815 Middlebelt Rd	LIVONIA	MI	48154-3317	(734) 425-4402	10880
Mera Group, Inc.	33111 8 Mile Rd	LIVONIA	MI	48152-1332	(248) 477-4675	10881
Exit 76 Corporation	432 Lincoln Lake Ave Se	LOWELL	MI	49331-9415	(616) 897-2740	5827
Lyon Coffee, LLC	21725 Pontiac Trail	LYON TOWNSHIP	MI	48178	(248) 667-9561	6595
Damouni of Hall Road, Inc.	22929 HALL RD	MACOMB	MI	48042	(586) 948-1945	7488
ZSA Café 12 Dequindre LLC	28775 Dequindre Rd	MADISON HEIGHTS	MI	48071-3005	(248) 544-8770	4293
Madison Coffee LLC.	493 W 12 Mile Rd	MADISON HEIGHTS	MI	48071-2422	(248) 548-1688	10862
Damouni of Marysville, Inc.	1551 Gratiot Blvd	MARYSVILLE	MI	48040-1158	(810) 388-0029	10718
TH Eastlake, LLC	3556 Oakwood Blvd	MELVINDALE	MI	48122-1102	(313) 388-9365	11248
TwoCan, Incorporated	2003 S Saginaw Rd	MIDLAND	MI	48640-6807	(989) 832-9955	7497
Stew-Hort Inc.	177 S Milford Rd	MILFORD	MI	48381-2758	(248) 684-7632	9299
Bridan Food Services Inc.	404 S Monroe St	MONROE	MI	48161-2222	(734) 384-9523	5667
Bridan Food Services, Inc.	1448 N Telegraph Rd	MONROE	MI	48162-3342	(734) 457-2181	8676
TA Operating LLC dba Travel Cente	1255 N DIXIE HWY	MONROE	MI	48162-5228	(734) 384-7952	11022
Van Dam Holdings, LLC	1723 S Mission St	MOUNT PLEASANT	MI	48858-4418	(989) 317-3544	5318
TwoCan, Incorporated	1004 E Pickard St	MOUNT PLEASANT	MI	48858-1063	(989) 779-0920	10769
JEAB Enterprises, LLC	1931 E SHERMAN BLVD	MUSKEGON	MI	49444-1823	(231) 737-4300	5578
West Coffee, LLC	30501 Milford Rd	NEW HUDSON	MI	48165	(248) 264-6551	7962
NLR Haggerty, LLC	17899 Haggerty Rd	NORTHVILLE	MI	48168-9100	(248) 449-9727	5700
Kava Restaurants LLC	3334 Henry St	NORTON SHORES	MI	49441-4022	(231) 345-6485	3891
Four Donuts LLC[1]	24056 Argyle St	NOVI	MI	48374	(248) 470-7579	
1st Step, LLC	47296 Citygate Dr	NOVI	MI	48374-1354	(248) 465-1816	4221
Kava Restaurants LLC	22211 Coolidge Hwy	OAK PARK	MI	48237-2855	(248) 399-1367	9016
Damouni Brothers, Inc.	323 W Main St	OWOSSO	MI	48867-2915	(989) 723-7384	5717
GJ Enterprises,LLC	590 N Lapeer Rd	OXFORD	MI	48371-3612	(248) 572-4069	10874
Plymouth Brew 1 LLC.[1]	39621 Ann Arbor Rd	PLYMOUTH	MI	48170	(734) 756-4035	
NLR Plymouth 1, LLC	150 Plymouth Rd	PLYMOUTH	MI	48170-1447	(734) 414-5818	5662
ZSA CAFE OPDYKE, LLC	1600 S Opdyke Rd	PONTIAC	MI	48326-2655	(248) 332-1730	5698
ZSA Cafe Walton, LLC	617 E Walton Blvd	PONTIAC	MI	48340-1360	(248) 276-7588	10981
Port Huron 3 Inc	755 24TH ST	PORT HURON	MI	48060-7308	(810) 987-0230	5371
Damouni of Port Huron	2626 Pine Grove Ave	PORT HURON	MI	48060-2871	(810) 987-6734	5696
Damouni of Port Huron #2, Inc.	3829 PINE GROVE AVE	PORT HURON	MI	48060	(810) 982-4047	9298
Kava Restaurants LLC	5709 S Westnedge Ave	PORTAGE	MI	49002-1454	(269) 343-0910	4576
TH Eastlake, LLC	26950 Grand River Ave	REDFORD	MI	48240	(734) 589-6868	9699
Inukshuk Enterprises, LLC	67467 S Main St	RICHMOND	MI	48062-1923	(586) 727-2404	10894
ANS TH Inc.	940 S Rochester Rd	ROCHESTER HILLS	MI	48307-2742	(248) 652-8292	4777
ANS TH II, LLC	2258 Crooks Rd	ROCHESTER HILLS	MI	48309-3600	(248) 564-3000	5370

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
A-Star WA Café & Bake Shop, Inc.	2995 Walton Blvd	ROCHESTER HILLS	MI	48309-3600	(248) 413-5585	5455
Brian H. Kelemen & Associates, Inc.	13240 32-Mile Rd.	ROMEO	MI	48065	(586) 372-7025	10717
Sleneem Enterprise, LLC	7070 Middlebelt Rd	ROMULUS	MI	48174-2043	(734) 467-4913	5675
Ecorse Café, LLC	39305 Ecorse Rd	ROMULUS	MI	48174-1316	(734) 855-9022	6361
ZSA Café 12 Groesbeck LLC	28285 Groesbeck Hwy	ROSEVILLE	MI	48066-2344	(586) 498-7800	4738
Alma Enterprises, LLC	25511 Gratiot Ave	ROSEVILLE	MI	48066-4420	(586) 498-9270	5695
Alma Enterprises, LLC	30721 Gratiot Ave	ROSEVILLE	MI	48066-1712	(586) 285-0273	7476
Royal Coffee LLC.	2214 E 11 Mile Rd	ROYAL OAK	MI	48067-2336	(248) 548-3391	5658
Damouni of Michigan Ave. Inc	2039 N Michigan Ave	SAGINAW	MI	48602-5637	(989) 753-0273	5682
Damouni of Tittabawassee Road, Inc.	3225 Tittabawassee Rd	SAGINAW	MI	48604-9414	(989) 401-7611	5933
Damouni of State St. Inc.	4870 State St	SAGINAW	MI	48603-3812	(989) 793-5288	7504
Damouni of Gratiot Road Inc.	8099 Gratiot Rd	SAGINAW	MI	48609-4876	(989) 781-2303	8667
NLR Saline, LLC.	524 E Michigan Ave	SALINE	MI	48176-1587	(734) 429-0761	5688
ANS TH III LLC	47050 Van Dyke Ave	SHELBY TOWNSHIP	MI	48317-4380	(586) 997-0529	5689
Damouni of Hayes Road Inc.	45395 Hayes Road	SHELBY TOWNSHIP	MI	48315	(586) 247-2003	5734
23/Hayes Inc	15099 23 Mile Rd	SHELBY TOWNSHIP	MI	48315	(586) 566-7584	6627
ANS TH IV LLC	51111 Van Dyke Ave.	SHELBY TOWNSHIP	MI	48316	(586) 802-2400	7934
Brian H. Kelemen & Associates	12265 23 Mile Rd	SHELBY TOWNSHIP	MI	48315-2617	(586) 997-0791	11019
Inukshuk Enterprises Ltd.	25311 Telegraph Rd	SOUTHFIELD	MI	48033-5264	(248) 350-1896	5748
Eastlake Tims, LLC	30915 Southfield Rd	SOUTHFIELD	MI	48076	(248) 712-6173	6638
TH Eastlake, LLC	29069 Greenfield Rd	SOUTHFIELD	MI	48076	(248) 234-8955	9729
Northwest Coffee LLC	28565 Northwestern Hwy	SOUTHFIELD	MI	48034-1824	(248) 799-0468	11121
EMJN, LLC	19014 Eureka Rd	SOUTHGATE	MI	48195-2985	(734) 284-3000	4647
Zim Tim LLC	16801 Fort St	SOUTHGATE	MI	48195-1442	(734) 246-8345	5726
Naz-th Corp.	13843 Northline Rd	SOUTHGATE	MI	48195-1866	(734) 324-4734	7477
Inukshuk Enterprises Ltd.	160 Clinton Ave	ST. CLAIR	MI	48079-5397	(810) 326-1625	11126
Almai,Inc.	28101 Harper Ave	ST. CLAIR SHORES	MI	48081-1604	(586) 777-7880	4208
Alma Enterprises, LLC	23825 Harper Ave	ST. CLAIR SHORES	MI	48080-1466	(586) 944-2880	5694
Grannbits IV, Inc	40955 Mound Rd	STERLING HEIGHTS	MI	48310-2236	(586) 977-2020	4561
SNB of Sterling Heights,	4065 15 Mile Rd	STERLING HEIGHTS	MI	48310-5403	(586) 268-5400	5136
ZSA Cafe 15 Van Dyke, LLC	34918 Van Dyke Ave	STERLING HEIGHTS	MI	48312-4661	(586) 979-0498	5640
Grannbits, Inc.	42875 Hayes Rd	STERLING HEIGHTS	MI	48313-2916	(586) 566-3340	5669
Grannbits V, L.L.C.	36717 Van Dyke Ave	STERLING HEIGHTS	MI	48312-5919	(586) 722-7797	6646
Granbits III, Inc.	37121 Mound Rd	STERLING HEIGHTS	MI	48310-4116	(586) 268-3366	10877
Kelemen Café Division, LLC	8460 Telegraph Rd	TAYLOR	MI	48180-2373	(313) 295-8484	4776
JB COR, LLC.	15011 Telegraph Rd	TAYLOR	MI	48180-5117	(734) 287-3400	5317
JCH Enterprises, LLC	11130 Allen Rd	TAYLOR	MI	48180-4344	(734) 287-2234	5631
JCH Enterprises, LLC	21399 Van Born Rd	TAYLOR	MI	48180-1338	(313) 792-1722	5653
EMJN, LLC	27340 Eureka Rd	TAYLOR	MI	48180-7812	(734) 287-3400	10866
Alidalex Enterprises LLC	22400 Ecorse Rd	TAYLOR	MI	48180-1849	(313) 292-5815	10878
PQ Foods, LLC	901 W Chicago Blvd	TECUMSEH	MI	49286-1212	(517) 423-4239	4862
Naz-th Corp.	1816 West Rd	TRENTON	MI	48183-3608	(734) 671-4205	5724
Muffin III, LLC	1905 E MAPLE RD	TROY	MI	48083-4214	(248) 524-1188	4692
Muffin IV, LLC	1860 E Big Beaver Rd	TROY	MI	48083-2031	(248) 524-1000	4991
Muffin I, LLC	3331 Rochester Rd	TROY	MI	48083-5454	(248) 740-8053	10720
Muffin II, LLC	507 E Big Beaver Rd	TROY	MI	48083-1395	(248) 524-3100	10873
Damouni of Van Dyke, Inc.	8763 Hall Rd	UTICA	MI	48317-5738	(586) 997-9720	4914
RTJ Foods LLC	10360 Belleville Rd	VAN BUREN CHARTER TOWNSHIP	MI	48111-1389	(734) 699-5278	7493
Stew-Hort Inc.	1006 E West Maple Rd	WALLED LAKE	MI	48390-3571	(248) 668-0044	7502
ZSA Cafe Inc	25100 Ryan Rd	WARREN	MI	48091-1325	(586) 756-6300	4648

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
S & A Cafe, LLC	28697 Mound Rd	WARREN	MI	48092-5509	(586) 920-2088	5430
Van Dyke Coffee LLC	29030 Van Dyke Ave	WARREN	MI	48093-2301	(586) 573-7270	5643
Mound Coffee LLC	20700 Mound Rd	WARREN	MI	48091-2902	(586) 757-2322	5657
R&S Management Group, Inc.	26807 Hoover Rd	WARREN	MI	48089-1155	(586) 757-2251	5661
SJ Management Group Inc	26900 Groesbeck Hwy.	WARREN	MI	48089-1740	(586) 879-0204	6647
R&S Management Group, Inc.	28877 SCHOENHERR RD	WARREN	MI	48088-6338	(586) 751-1821	10875
Inukshuk Enterprises, LLC	180 N Cass Lake Rd	WATERFORD	MI	48328-3089	(248) 738-7466	5674
ZSA Cafe Dixie, LLC	4837 Dixie Hwy	WATERFORD	MI	48329-1706	(248) 618-9369	7505
Solomons, Inc.	34441 Michigan Ave	WAYNE	MI	48184-1763	(734) 729-4391	3399
Maple Orchard Coffee Inc	6480 Orchard Lake Rd	WEST BLOOMFIELD	MI	48322-2337	(248) 737-6666	4346
Damouni of West Branch Inc.	2960 Cook Rd	WEST BRANCH	MI	48661-9338	(989) 343-6844	4685
Westland Coffee LLC	7126 N Wayne Rd	WESTLAND	MI	48185-6740	(734) 331-2268	4759
Le Petite Cafe Inc.	38350 Ford Rd	WESTLAND	MI	48185-9122	(734) 641-6666	4858
EMJN, LLC	34412 Ford Rd	WESTLAND	MI	48185-3008	(734) 728-3331	5153
Solomons Inc	715 S Wayne Rd	WESTLAND	MI	48186-4364	(734) 595-0452	11026
WHITE LAKE COFFEE, LLC	8198 Cooley Lake Rd.	WHITE LAKE	MI	48386	(248) 366-4651	9254
NLR Woodhaven, LLC	21930 Allen Rd	WOODHAVEN	MI	48183-1660	(734) 692-1052	10987
Bridan Enterprises, Inc.	22051 West Rd	WOODHAVEN	MI	48183-3270	(734) 692-5104	11017
NLR Wyandotte, LLC	2704 Biddle Ave	WYANDOTTE	MI	48192-5210	(734) 720-0729	3742
PQ Foods, LLC	1311 Anna J Stepp Dr	YPSILANTI	MI	48197-8441	(734) 480-9151	4689
Kapeko, Inc.	2220 Washtenaw Rd	YPSILANTI	MI	48197-1501	(734) 528-1776	4926
PQ Foods, LLC	760 S Hewitt Rd	YPSILANTI	MI	48197-4585	(734) 480-9152	9019
Bolla Operating Corp.	193 NJ-17	MAHWAH	NJ	7430	(516) 512-6125	9782
NY NJ CAFÉ & BAKE LLC[1]	3 Debra Court	MARLBORO	NJ	07746	(848) 482-0786	
SHREE JAY MAHARAJ LLC[1]	38 Quaker Street	MARLTON	NJ	08053	(856) 343-2093	
223 Café & Bake LLC	223 W End Ave	RARITAN	NJ	08869-1329	(908) 231-8000	5245
57 Cafe and Bake LLC.	57 South White Horse Pike	STRATFORD	NJ	8084	(856) 566-2222	9258
Kelton Enterprises, LLC[1]	12950 Main Rd	AKRON	NY	14001-9777	(716) 542-4092	6358
TL Hospitality, LLC	148 State Route 37	AKWESASNE, NY	NY	13655	(518) 358-9205	4113
FHL of New York, LLC	161 S Main St	ALBION	NY	14411-1630	(585) 589-6592	9344
7860 Transit Rd., Inc.	12886 Broadway St	ALDEN	NY	14004-1222	(716) 937-7800	4181
Kelton Enterprises, LLC	1705 Niagara Falls Blvd	AMHERST	NY	14228-2705	(716) 833-4233	2541
Hebrews Enterprises Inc.	771 Wehrle Dr	AMHERST	NY	14221	(716) 633-2087	4406
Kelton Enterprises, LLC	3394 Sheridan Dr	AMHERST	NY	14226-1439	(716) 833-6207	5753
Kelton Enterprises, LLC	11520 TRANSIT ROAD	AMHERST	NY	14228	(716) 568-2600	10709
Kelton Enterprises, LLC	1950 SWEET HOME RD	AMHERST	NY	14228-3346	(716) 689-0187	10712
Clark Holdings Inc.	1810 Maple Rd	AMHERST	NY	14221-2712	(716) 688-8452	11032
Kelton Enterprises, LLC	UNIVERSITY AT BUFFALO (NORTH C	AMHERST	NY	14260	(716) 645-5487	11122
Kelton Enterprises, LLC	UNIVERISTY AT BUFFALO (NORTH C	AMHERST	NY	14260	(716) 645-5495	11123
Eden Valley Brewing, Inc.	8645 Erie Rd	ANGOLA	NY	14006-9716	(716) 549-5060	10895
Miranda Holdings, Inc.	658 W MAIN ST	ARCADE	NY	14009	(585) 492-0247	6384
Clark-Lumberg Associates, LLC	8400 Lewiston Rd	BATAVIA	NY	14020-1243	(585) 343-0421	3465
Clark-Lumberg Associates, LLC	20 Main St	BATAVIA	NY	14020-2108	(585) 344-1430	7475
Double, Double Inc.	3638 S Park Ave	BLASDELL	NY	14219-1144	(716) 822-5544	3327
Eden Valley Brewing, Inc.	4408 Milestrip Rd	BLASDELL	NY	14219	(716) 322-5441	6621
D.L. Mayer LLC	6573 4th Section Rd	BROCKPORT	NY	14420-2401	(585) 637-3150	9350
Bolla Operating Corp.	2402 Knapp St	BROOKLYN	NY	11201	(718) 743-9306	9677
Kelton Enterprises, LLC	1777 Sheridan Dr	BUFFALO	NY	14223-1211	(716) 871-0052	2543
Aramark Healthcare Support Services, LLC	565 Abbott Rd	BUFFALO	NY	14220-2039	(716) 828-2106	3345
Flexion Inc.	647 Bailey Ave	BUFFALO	NY	14206-3002	(716) 381-8466	3456

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Compass Group USA, Inc.	2001 Main St	BUFFALO	NY	14208-1035	(716) 888-8486	3527
Ahuja Enterprises Inc.	2200 Elmwood Ave	BUFFALO	NY	14216	(716) 362-0203	4209
Aramark Healthcare Support Services, LLC	360 CHOATE AVE	BUFFALO	NY	14220-2003	(716) 828-2106	4412
AVI Food Systems Inc	726 Exchange St	BUFFALO	NY	14210-1484	(716) 819-2882	4627
Flexion Inc.	1474 Seneca St	BUFFALO	NY	14210-1731	(716) 824-4158	4742
Kalra Enterprises Inc.	875 Ellicott St	BUFFALO	NY	14203-1070	(716) 859-3293	4999
Aramark Healthcare Support LLC	2157 Main St	BUFFALO	NY	14214-2648	(716) 862-2789	5315
Ahuja Enterprises Inc.	181 Ellicott Street	BUFFALO	NY	14203-2221	(716) 725-0077	5333
Ahuja Enterprises Inc.	537 Delaware Avenue	BUFFALO	NY	14202-1303	(716) 931-9889	5433
Kelton Enterprises, LLC	1 Scott Street	BUFFALO	NY	14203-3009	(716) 931-9665	5441
Flexion Inc.	1137 Bailey Ave	BUFFALO	NY	14206-1324	(716) 893-8611	5649
Ahuja Enterprises Inc.	1088 NIAGARA ST	BUFFALO	NY	14213-1714	(716) 931-5801	5876
Kelton Enterprises, LLC	2080 Abbott Rd	BUFFALO	NY	14218-3647	(716) 824-1400	5944
Kelton Enterprises, LLC	4265 Maple Rd	BUFFALO	NY	14226-1039	(716) 833-1500	6491
Delaware North Companies Travel Hospitality Services, Inc.	4200 GENESEE ST	BUFFALO	NY	14225-1941	(716) 858-5478	6566
Flexion Inc	829 DICK RD	BUFFALO	NY	14225	(716) 632-2504	6600
Ahuja Enterprises Inc.	2058 Delaware Ave	BUFFALO	NY	14216	(716) 259-9328	6622
Double, Double Inc.	1176 South Park Avenue	BUFFALO	NY	14220	(716) 826-0169	6640
Kalra Enterprises Inc.	818 Ellicott Street	BUFFALO	NY	14203	(716) 323-2636	7361
Ahuja Enterprises Inc.	2207 Niagara St	BUFFALO	NY	14207-2063	(716) 876-8200	7482
Ahuja Enterprises Inc.	3470 Main St	BUFFALO	NY	14214-1339	(716) 831-3211	7495
7860 Transit Rd., Inc.	2200 south park ave	BUFFALO	NY	14220	(716) 322-5002	7922
Ahuja Enterprises Inc.	474 Michigan Ave	BUFFALO	NY	14203	(716) 370-0034	7963
Kalra Enterprises Inc.	1405 Kensington Ave	BUFFALO	NY	14215-1726	(716) 381-8639	8915
Ahuja Enterprises Inc.	462 GRIDER ST	BUFFALO	NY	14215-3021	(716) 332-0072	9307
Kelton Enterprises, LLC	380 Niagara St	BUFFALO	NY	14201	(716) 381-8869	9823
Ahuja Enterprises Inc.	2240 Delaware Ave	BUFFALO	NY	14216-2619	(716) 871-3700	10732
7860 Transit Rd., Inc.	1989 Seneca St	BUFFALO	NY	14210-2323	(716) 824-1794	11030
Ahuja Enterprises Inc.	424 MAIN ST	BUFFALO	NY	14202-3511	(716) 854-0704	11080
Perna-Niagara, Inc.	425 NIAGARA ST	BUFFALO	NY	14201-1887	(716) 852-6112	11171
Buffalo Sportservice, LLC	1 SEYMOUR H KNOX III PLZ	BUFFALO	NY	14203-3007	(888) 601-1616	11252
McKay Family Restaurants, Inc.	5137 North Rd	CANANDAIGUA	NY	14424-8054	(585) 394-2510	9013
McKay Family Restaurants, Inc.[2]	10 Booth St	CANANDAIGUA	NY	14424-2302	(585) 394-8530	9384
1003 Park Street Inc.	5994 - US Highway 11	CANTON	NY	13617	(315) 714-2171	9429
Cassadaga Coffee Company, LLC	8008 Rt. 60	CASSADAGA	NY	14718	(716) 595-3000	9264
Miranda Holdings, Inc.	12479 Olean Rd	CHAFFEE	NY	14030-9788	(716) 496-5424	10734
Kalra Enterprises Inc.	440 Pine Ridge Heritage Blvd	CHEEKTOWAGA	NY	14225	(716) 725-0735	4355
Hebrews Enterprises Inc.	3465 Union Rd	CHEEKTOWAGA	NY	14225-5119	(716) 393-3182	4916
7860 Transit Rd., Inc.	2595 Union Rd	CHEEKTOWAGA	NY	14227-2200	(716) 656-7337	5683
7860 Transit Rd., Inc.	2700 Union Rd	CHEEKTOWAGA	NY	14227-2212	(716) 668-5803	6007
Kalra Enterprises Inc.	2633 Genesee St.	CHEEKTOWAGA	NY	14225-2917	(716) 783-8256	6008
Hebrews Enterprises Inc.	3816 Union Rd	CHEEKTOWAGA	NY	14225-4210	(716) 393-3161	7468
Hebrews Enterprises Inc.	1610 Walden Ave	CHEEKTOWAGA	NY	14225-4914	(716) 768-8064	7470
Clark Holdings Inc.	4301 Genesee St	CHEEKTOWAGA	NY	14225-1963	(716) 631-4080	11109
Kelton Enterprises, LLC	9220 Main St	CLARENCE	NY	14031-1932	(716) 626-9689	7494
Bolla Operating Corp.	2084 Jericho turnpike	COMMACK	NY	11725	(631) 543-6800	9715
Darien Lake Holdings, LLC	9993 ALLEGHENY ROAD	DARIEN CENTER	NY	14040	(585) 599-5104	4797
7860 Transit Rd., Inc.	5892 Transit Rd	DEPEW	NY	14043-2250	(716) 681-6868	4612
7860 Transit Rd., Inc.	5316 Transit Rd	DEPEW	NY	14043-4334	(716) 601-7025	5697
Ahuja Enterprises Inc.	3941 Broadway Street	DEPEW	NY	14227	(716) 288-9003	6626

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Hebrews Enterprises Inc.	1199 French Rd	DEPEW	NY	14043	(716) 608-7611	9345
7860 Transit Rd., Inc.	4849 Transit Rd	DEPEW	NY	14043-4741	(716) 656-1309	10974
7860 Transit Rd., Inc.	6339 Transit Rd	DEPEW	NY	14043-1030	(716) 681-4264	11070
Broadway-Penora ,Inc.	5175 Broadway	DEPEW	NY	14043-4025	(716) 515-3440	11172
Double, Double, Inc.	6933 Erie Rd	DERBY	NY	14047-9406	(716) 947-4428	4302
G.D.K. Development, Inc.	3936 Vineyard Dr	DUNKIRK	NY	14048-3522	(716) 363-2200	4210
Chadwick Bay Coffee Company,	92 Lake Shore Dr E	DUNKIRK	NY	14048-1726	(716) 363-6450	11028
Kelton Enterprises, LLC	5989 Transit Rd	EAST AMHERST	NY	14051-1787	(716) 688-7315	6280
Kelton Enterprises, LLC	9590 Transit Rd	EAST AMHERST	NY	14051-1403	(716) 568-1060	10982
Double, Double, Inc.	44 Hamburg St	EAST AURORA	NY	14052-2131	(716) 655-8467	5684
Bolla Operating Corp.	2475 Hempstead Turnpike,	EAST MEADOW	NY	11554	(516) 644-2801	9678
McKay Family Restaurants, Inc.[2]	908 Fairport Rd	EAST ROCHESTER	NY	14445-1912	(585) 586-8350	9012
McKay Family Restaurants, Inc.[2]	447 W Commercial St	EAST ROCHESTER	NY	14445-2201	(585) 586-8580	10770
Eden Valley Brewing, Inc.	8259 N Main St	EDEN	NY	14057-1101	(716) 992-4455	10735
Miranda Holdings, Inc.	6599 Route 219 N	ELLICOTTVILLE	NY	14731-9795	(716) 699-1094	4921
Double, Double, Inc.	2137 Transit Rd	ELMA	NY	14059-9690	(716) 608-6694	5802
Double, Double Inc.	950 Maple Rd	ELMA	NY	14059-9530	(716) 805-0125	6330
Double, Double, Inc.	661 Jamison Rd	ELMA	NY	14059-9566	(716) 655-6790	11033
Bolla Operating Corp.	2115 Linden Blvd,	ELMONT	NY	11003	(516) 285-1971	9674
7-Eleven, Inc.	25744 US ROUTE 11	EVANS MILLS	NY	13637-3221	(315) 629-4373	5381
Bolla Operating Corp.	1111 Hempstead Turnpike	FRANKLIN SQUARE	NY	11010	(516) 216-1528	9713
G.D.K. Development, Inc.	10371 Bennett Rd	FREDONIA	NY	14063-1402	(716) 672-6611	8916
Bolla Operating Corp.	17312 Horace Harding Expressway	FRESH MEADOWS	NY	11365	(347) 542-3494	86
McKay Family Restaurants, Inc.[2]	1508 Buffalo Rd	GATES	NY	14624-1828	(585) 527-9150	9020
McKay Family Restaurants, Inc.[2]	1563 Spencerport Rd	GATES	NY	14606-3523	(585) 247-1470	9363
McKay Family Restaurants, Inc.[2]	2311 Chili Ave	GATES	NY	14624-3319	(585) 426-3075	11058
McKay Family Restaurants, Inc.[2]	1 Ryan Dr	GENESEO	NY	14454-1178	(585) 243-0160	10736
McKay Family Restaurants, Inc.[2]	451 Hamilton St	GENEVA	NY	14456-3057	(315) 781-9120	9382
AVI Food Systems Inc	300 Crosspoint Pkwy	GETZVILLE	NY	14068-1606	(716) 276-4148	5003
Kelton Enterprises, LLC	1555 N French Rd	GETZVILLE	NY	14068-1425	(716) 688-5538	5243
Kelton Enterprises, LLC	2290 Millersport Hwy	GETZVILLE	NY	14068-1218	(716) 568-2610	11081
Miranda Holdings, Inc.	65 Buffalo St	GOWANDA	NY	14070-1203	(716) 532-3133	10980
Clark Holdings Inc.	2366 Grand Island Blvd	GRAND ISLAND	NY	14072-3113	(716) 774-2740	4755
Clark Holdings Inc.	1685 Grand Island Blvd	GRAND ISLAND	NY	14072-2131	(716) 773-5286	9011
McKay Family Restaurants, Inc.[2]	649 LONG POND RD	GREECE	NY	14612-3007	(585) 225-1910	4082
FHL of New York, LLC	3663 MOUNT READ BLVD	GREECE	NY	14616-3433	(585) 663-7623	9022
FHL of New York, LLC	2600 Ridgeway Ave	GREECE	NY	14626-4200	(585) 225-0050	9348
Eden Valley Brewing, Inc.	342 Buffalo St	HAMBURG	NY	14075-3858	(716) 648-4838	2544
Miranda Holdings, Inc.	7074 Boston State Rd	HAMBURG	NY	14075-6612	(716) 648-1748	3379
Eden Valley Brewing, Inc.	5635 Camp Rd	HAMBURG	NY	14075-3705	(716) 312-0180	3394
Buffalo Trotting Association , Inc.	5600 Mckinley Pkwy	HAMBURG	NY	14075-3933	(716) 646-6109	3807
Macarat,Inc.	4250 Mckinley Pkwy	HAMBURG	NY	14075-1006	(716) 202-1434	4917
Double, Double, Inc.	4066 Lake Shore Rd	HAMBURG	NY	14075-1711	(716) 627-3087	8674
Double, Double Inc.	5035 Southwestern Blvd	HAMBURG	NY	14075-2607	(716) 649-9027	8675
Bolla Operating Corp.	101 Hempstead Tpk, West Hempstead, NY	HEMPSTEAD	NY	11552	(516) 493-9109	9675
McKay Family Restaurants, Inc.[2]	4760 W Henrietta Rd	HENRIETTA	NY	14467-9357	(585) 334-3790	7478
TL Hospitality, LLC	425 State Route 37	HOGANSBURG	NY	13655-3219	(518) 358-4229	4799
Eden Valley Brewing, Inc.	675 MAIN ROAD	IRVING	NY	14081-9718	(716) 934-2350	10730
Bolla Operating Corp.	3309 Sunrise Hwy	ISLIP TERRACE	NY	11752	(631) 581-9505	9779

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Go Bakery Corp.	93-40 SUTPHIN BLVD- Upstairs - JAMAICA TRAIN STATION	JAMAICA	NY	11435	(718) 725-0002	4163
Gateway Foods Holding LLC	93-40 SUTPHIN BLVD – Ground Floor - JAMAICA TRAIN STATION	JAMAICA	NY	11435	(718) 725-0002	6632
Tar Enterprises, LLC[1]	1311 N Main Street Ext	JAMESTOWN	NY	14701-9685	(716) 484-6254	4679
FA Tar Enterprises, Inc.	717 Foote Ave	JAMESTOWN	NY	14701-8227	(716) 664-9004	5877
Tar Enterprises, LLC	21 S Main St	JAMESTOWN	NY	14701-6634	(716) 484-6739	7483
Tar Enterprises, LLC	1361 E 2nd St	JAMESTOWN	NY	14701-1949	(716) 488-0732	10857
FA Tar Enterprises, Inc.	1515 - Washington St	JAMESTOWN	NY	14701-3012	(716) 484-6739	20073
Aramark Healthcare Support Services, LLC	2950 Elmwood Ave	KENMORE	NY	14217	(716) 447-6236	4589
Ahuja Enterprises Inc.	1340 Ridge Rd	LACKAWANNA	NY	14218-1907	(716) 823-1971	5735
Double, Double, Inc.	2530 Hamburg Tpke Apt Rt5	LACKAWANNA	NY	14218-2508	(716) 827-4091	11027
McWCbrewing, LLC	6550 Southwestern Blvd	LAKEVIEW	NY	14085	(716) 627-3894	7942
Tar Enterprises, LLC	277 E Fairmount Ave	LAKEWOOD	NY	14750-1935	(716) 763-0655	9343
7860 Transit Rd., Inc.	4220-4222 Walden Ave	LANCASTER	NY	14086-9768	(716) 684-0915	4867
7860 Transit Rd., Inc.	3600 Walden Ave	LANCASTER	NY	14086-1250	(716) 651-3028	9018
7860 Transit Rd., Inc.	470 Aurora St	LANCASTER	NY	14086-2970	(716) 651-0776	9346
7860 Transit Rd., Inc.	5390 Genesee St	LANCASTER	NY	14086-9738	(716) 681-1720	9383
Metz Culinary Management	5795 LEWISTON ROAD	LEWISTON	NY	14092	(716) 286-8461	4168
Metz Culinary Management	5795 LEWISTON ROAD	LEWISTON	NY	14092	(716) 286-8461	4932
C.R.B. Holdings, Inc.	790 Center Street	LEWISTON	NY	14092	(716) 754-2210	6357
Kelton Enterprises, LLC	5816 S Transit Rd	LOCKPORT	NY	14094-6318	(716) 433-3032	2542
Kelton Enterprises, LLC	6393 Robinson Rd	LOCKPORT	NY	14094-9584	(716) 433-0030	4183
Kelton Enterprises, LLC	7084 Chestnut Ridge Rd	LOCKPORT	NY	14094-3502	(716) 438-4480	4335
Kelton Enterprises, LLC	6470 Campbell Blvd	LOCKPORT	NY	14094-9216	(716) 625-7939	5207
Kelton Enterprises, LLC	4 N Transit Rd	LOCKPORT	NY	14094-2324	(716) 478-0382	10856
Kelton Enterprises, LLC	3984 Lockport Olcott Rd	LOCKPORT	NY	14094-1133	(716) 438-2290	11152
Niagara - Lockport Enterpris	5827 S Transit Rd	LOCKPORT	NY	14094-6317	(716) 439-4366	11219
TLA Hospitality, LLC	232 Main St	MASSENA	NY	13662-1902	(315) 705-4435	5246
FHL of New York, LLC	11305 Maple Ridge Rd	MEDINA	NY	14103-1815	(585) 798-8658	10891
Bolla Operating Corp.	449 Jericho Turnpike	MINEOLA	NY	11501	(516) 512-6125	9679
1003 Park Street Inc.	3681 HWY 37	MORRISTOWN	NY	13664	(315) 375-4015	4699
Clark-Lumberg Associates, LLC	204 Oak St	NEW YORK	NY	14020	(585) 524-2270	11557
McKay Family Restaurants, Inc.[2]	821 W Union St	NEWARK	NY	14513-9724	(315) 332-0106	10855
Kelton Enterprises, LLC	2897 Lockport Olcott Rd	NEWFANE	NY	14108-9743	(716) 778-5083	5442
Seneca Niagara Falls Gaming Corporation	310 4TH ST	NIAGARA FALLS	NY	14303-1242	(716) 501-2402	3615
C.R.B. Holdings, Inc.	4700 Militiary Rd	NIAGARA FALLS	NY	14305	(716) 297-4232	7199
C.R.B. Holdings, Inc.	8500 Niagara Falls Blvd	NIAGARA FALLS	NY	14304-2525	(716) 297-1641	7491
Delta-Sonic Car Wash System, Inc.	7920 Niagara Falls Blvd	NIAGARA FALLS	NY	14301	(716) 283-7884	9243
C.R.B. Holdings, Inc.	3024 Pine Ave	NIAGARA FALLS	NY	14301-2446	(716) 285-0410	9305
C.R.B. Holdings, Inc.	2720 Military Rd	NIAGARA FALLS	NY	14304-1223	(716) 297-3947	9369
C.R.B. Holdings, Inc.	2248 Niagara Rd	NIAGARA FALLS	NY	14304-2922	(716) 731-5346	11115
Kelton Enterprises, LLC	4380 Buffalo Rd	NORTH CHILI	NY	14514	(585) 617-3050	9886
Ahuja Enterprises Inc.	325 Meadow Drive	NORTH TONAWANDA	NY	14120-2815	(716) 389-0002	4182
Kelton Enterprises, LLC	748 Niagara Falls Blvd	NORTH TONAWANDA	NY	14120-2008	(716) 692-8630	9339
Ahuja Enterprises Inc.	459 Division St	NORTH TONAWANDA	NY	14120-4403	(716) 743-4151	11035
1003 Park Street Inc.	1111 Champlain St	OGDENSBURG	NY	13669-5462	(315) 393-8302	4696
CDT Enterprises Inc.	3012 NY 417	OLEAN	NY	14760	(716) 373-3280	5737
CDT Enterprises Inc.	501 N Union St	OLEAN	NY	14760-2618	(716) 372-1801	11112
Bauer Service, Inc.	4298 S Buffalo St	ORCHARD PARK	NY	14127-2610	(716) 662-4512	2546

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List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Macarat,Inc.	3239 Abbott Rd	ORCHARD PARK	NY	14127-1036	(716) 821-0710	3000
Erie Sportservice, LLC	1 BILLS DR	ORCHARD PARK	NY	14127-2237	(888) 601-1616	3320
Delta-Sonic Car Wash System, Inc.	3205 ORCHARD PARK RD	ORCHARD PARK	NY	14127-1224	(716) 886-0931	4410
Macarat,Inc.	3275 Orchard Park Rd	ORCHARD PARK	NY	14127-1616	(716) 677-6834	5752
Eden Valley Brewing, Inc.	5945 Big Tree Rd	ORCHARD PARK	NY	14127-2210	(716) 662-6822	5815
Macarat,Inc.	3878 Southwestern Blvd	ORCHARD PARK	NY	14127-2154	(716) 312-0124	11114
Bolla Operating Corp.	100-3 North Conduit Blvd	OZONE PARK	NY	11416	(929) 244-7581	9717
Bolla Operating Corp.	113-07 Medford Ave,	PATCHOGUE	NY	11772	(631) 730-5378	9712
Clark Holdings Inc.	1106 Main Street	PEMBROKE	NY	14036	(585) 599-1094	6642
McKay Family Restaurants, Inc.	2230 Penfield Rd	PENFIELD	NY	14526-1922	(585) 377-7390	4866
McKay Family Restaurants, Inc.[2]	720 Pittsford Victor Rd	PITTSFORD	NY	14534-3938	(585) 385-7549	11059
Compass Group USA, Inc.	101 BROAD ST	PLATTSBURGH	NY	12901-2637	(518) 564-5282	11143
Potsdam Auxiliary & College Educational Services Inc.	44 PIERREPONT AVE	POTSDAM	NY	13676-2200	(315) 267-2652	4144
1003 Park Street Inc.	154 Elm St	POTSDAM	NY	13676-3300	(315) 268-8301	4697
1003 Park Street Inc.	9005 SH 56	RAYMONDVILLE	NY	13678	(315) 384-3484	4698
McKay Family Restaurants, Inc.[2]	1250 University Ave	ROCHESTER	NY	14607-1621	(585) 244-0940	3777
McKay Family Restaurants, Inc.[2]	1286 Mount Hope Ave	ROCHESTER	NY	14620-2937	(585) 271-1260	3806
McKay Family Restaurants, Inc.[2]	2190 E HENRIETTA RD	ROCHESTER	NY	14623-4518	(585) 321-1673	4619
McKay Family Restaurants, Inc.[2]	1525 Lake Ave	ROCHESTER	NY	14615-3042	(585) 254-6470	7484
McKay Family Restaurants, Inc.[2]	1517 E Ridge Road	ROCHESTER	NY	14621	(585) 266-8467	7946
McKay Family Restaurants, Inc.[2]	607 Jefferson Rd	ROCHESTER	NY	14623-3231	(585) 427-0670	9021
McKay Family Restaurants, Inc.[2]	3160 Chili Avenue	ROCHESTER	NY	14624	(585) 247-2410	9349
Kelton Enterprises, LLC	2037 W Ridge Rd	ROCHESTER	NY	14626	(585) 360-2795	9751
McKay Family Restaurants, Inc.[2]	1580 Jefferson Rd	ROCHESTER	NY	14623-3110	(585) 424-4480	10708
Delta-Sonic Car Wash System, Inc.	2970 W. Henrietta Road	ROCHESTER	NY	14623	(585) 427-0520	11253
FHL of New York, LLC	2590 Culver Rd	ROCHESTER	NY	14609-1739	(585) 730-4040	20059
Miranda Holdings, Inc.	567 Broad St	SALAMANCA	NY	14779-1301	(716) 945-5073	3326
C.R.B. Holdings, Inc.	2970 Saunders Settlement Rd	SANBORN	NY	14132-9448	(716) 731-5151	5161
College Association of Niagara County Community College, Inc.	3111 Saunders Settlement Rd	SANBORN	NY	14132-9506	(716) 614-5998	7960
Bolla Operating Corp.	4030 Merrick Road	SEAFORD	NY	11783	(516) 654-9711	9676
Bolla Operating Corp.	819 W Jericho Turnpike	SMITHTOWN	NY	11787	(516) 477-3582	7
Hebrews Enterprises Inc.	7286 Olean Rd	SOUTH WALES	NY	14139	(716) 714-5467	9667
D.L. Mayer LLC	403 S Union St	SPENCERPORT	NY	14559-1913	(585) 349-7838	11111
Miranda Holdings, Inc.	371 S Cascade Dr	SPRINGVILLE	NY	14141-9114	(716) 592-0436	9374
Bolla Operating Corp.	2525 - Victory Blvd	STATEN ISLAND	NY	10314-6613	(718) 698-6437	83
Bolla Operating Corp.	700 South Ave	STATEN ISLAND	NY	10303	(718) 982-9203	91
1700 Cafe & Bake, LLC	1700 Richmond Ave	STATEN ISLAND	NY	10314-3932	(718) 370-2555	5879
1562 Cafe & Bake LLC	1562 HYLAN BLVD	STATEN ISLAND	NY	10305	(718) 980-0091	6390
Delta-Sonic Car Wash System, Inc.	3720 Brewerton Rd	SYRACUSE	NY	13212-3830	(315) 455-5125	4409
Delta-Sonic Car Wash System, Inc.	3328 W Genesee St	SYRACUSE	NY	13219-1399	(315) 883-2484	4957
Kelton Enterprises, LLC	2190 NIAGARA FALLS BLVD	TONAWANDA	NY	14150-4734	(716) 694-1774	4567
Kelton Enterprises, LLC	1308 Niagara Falls Blvd	TONAWANDA	NY	14150-8917	(716) 833-8400	5289
Ahuja Enterprises Inc.	1060 Military Rd.	TONAWANDA	NY	14150	(716) 362-0211	6181
Kalra Enterprises Inc.	618 Delaware Street	TONAWANDA	NY	14150	(716) 260-1108	6618
Kelton Enterprises, LLC	2631 Sheridan Drive	TONAWANDA	NY	14150-9413	(716) 235-8180	6619
Kelton Enterprises, LLC	2760 Niagara Falls Blvd	TONAWANDA	NY	14150-1428	(716) 690-9935	7492
Ahuja Enterprises Inc.	71 Niagara Street	TONAWANDA	NY	14150-1106	(716) 389-0006	8914

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Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Kelton Enterprises, LLC	849 Young St	TONAWANDA	NY	14150-4115	(716) 692-8855	9015
Kelton Enterprises, LLC	1235 Colvin Blvd	TONAWANDA	NY	14223-1435	(716) 874-7880	11036
Ahuja Enterprises Inc.	2060 Military Rd	TONAWANDA	NY	14150-6704	(716) 322-0026	11061
Kelton Enterprises, LLC	1930 Colvin Blvd	TONAWANDA	NY	14150-6997	(716) 833-0412	11110
McKay Family Restaurants, Inc.[2]	260 W Main St	VICTOR	NY	14564-1124	(585) 924-2370	9381
Kelton Enterprises, LLC	461 N Main St	WARSAW	NY	14569-1032	(585) 786-0250	10863
7-Eleven, Inc.	21306 NEW YORK RT 12F	WATERTOWN	NY	13601	(315) 788-1650	5380
7-Eleven, Inc.	501 Mill St	WATERTOWN	NY	13601-1913	(315) 782-4400	6023
McKay Family Restaurants, Inc.[2]	819 Ridge Rd	WEBSTER	NY	14580-2410	(585) 670-0025	5242
McKay Family Restaurants, Inc.[2]	1786 Empire Blvd	WEBSTER	NY	14580-2180	(585) 671-7485	9340
Applegreen NY Travel Plazas, LLC.	20 ERIE STATION RD	WEST HENRIETTA	NY	14586-9405	(585) 334-0475	10994
Delta-Sonic Car Wash System, Inc.	350 Langner Rd	WEST SENECA	NY	14224	(716) 332-2948	4613
Flexion Inc.	259 Orchard Park Rd	WEST SENECA	NY	14224-2632	(716) 826-0354	5379
Miranda Holdings, Inc.	2220 Southwestern Blvd	WEST SENECA	NY	14224-4423	(716) 674-1413	5460
Macarat,Inc.	3515 Seneca St	WEST SENECA	NY	14224-3437	(716) 674-7960	5626
Flexion Inc.	1481 Union Rd	WEST SENECA	NY	14224-2111	(716) 675-3761	5645
Flexion Inc.	2413 Clinton St	WEST SENECA	NY	14224-1001	(716) 821-5536	5747
Flexion Inc.	1934 Union road	WEST SENECA	NY	14224	(716) 675-0453	7193
Bolla Operating Corp.	2 Old Country Rd	WESTBURY	NY	11590-5226	(516) 832-8181	4996
Gateway Foods Holding LLC	16 Ferris Ave	WHITE PLAINS	NY	10601-1002	(516) 589-0946	5358
Clark Holdings Inc.	5140 Main St	WILLIAMSVILLE	NY	14221-5265	(716) 565-0501	2545
Kalra Enterprises Inc.	1540 Maple Rd	WILLIAMSVILLE	NY	14221-3647	(716) 568-3885	3790
Clark Holdings Inc.	5225 Sheridan Dr	WILLIAMSVILLE	NY	14221-3573	(716) 626-5993	5659
7860 Transit Rd., Inc.	7860 Transit Rd	WILLIAMSVILLE	NY	14221-4122	(716) 626-0413	5665
Clark Holdings Inc.	870 Maple Rd	WILLIAMSVILLE	NY	14221-3242	(716) 636-7579	5704
Clark Holdings Inc.	1060 Wehrle Dr	WILLIAMSVILLE	NY	14221-7724	(716) 626-9781	7485
7860 Transit Rd., Inc.	6687 Transit Rd	WILLIAMSVILLE	NY	14221-7212	(716) 630-9300	9014
Clark Holdings Inc.	6125 Main St	WILLIAMSVILLE	NY	14221-7064	(716) 634-2200	10731
RENSKO WATERLOO, LLC	1288 George Washington Blvd	AKRON	OH	44306	(234) 571-1121	9252
TH Ashland, LLC	1185 E MAIN ST	ASHLAND	OH	44805	(419) 207-9997	6578
D & R MacDonald Enterprises, LLC	903 E State St	ATHENS	OH	45701-2117	(740) 589-7145	5375
NLR INDIAN RIPPLE, LLC	4465 Indian Ripple Rd	BEAVERCREEK	OH	45440-3251	(937) 427-3496	9357
NLR FAIRFIELD, LLC	1318 N Fairfield Rd	BEAVERCREEK	OH	45432-2698	(937) 986-1441	10773
NLR BELLEFONTAINE, LLC	514 S Main St	BELLEFONTAINE	OH	43311-1724	(937) 292-7318	11073
NLR BOWLING GREEN, LLC.	1508 E Wooster St	BOWLING GREEN	OH	43402-3338	(419) 373-9859	8669
RSSUM Bucyrus, LLC	511 SOUTH SANDUSKY AVE	BUCYRUS	OH	44820-2623	(419) 562-1961	6581
NLR Calcutta, LLC.	15580 State Route 170	CALCUTTA	OH	43920-9214	(330) 385-6366	5680
NLR CAMBRIDGE, LLC[2]	1721 Southgate Pkwy	CAMBRIDGE	OH	43725-3023	(740) 439-3249	3734
Rensko Canal, LLC	6238 Prentiss School Pl	CANAL WINCHESTER	OH	43110-2050	(614) 829-5125	9304
Scioto River Restaurant Inc.	1020 N Bridge St	CHILLICOTHE	OH	45601-1753	(740) 779-2163	8671
Scioto River Restaurant Inc.	1100 E Main St	CHILLICOTHE	OH	45601-2848	(740) 779-3250	9355
NLR CIRCLEVILLE, LLC	23923 US ROUTE 23	CIRCLEVILLE	OH	43113	(740) 474-9499	5678
Rensko Riverside, LLC	3535 Olentangy River Rd	COLUMBUS	OH	43214-3908	(614) 261-3114	3547
Colhoc Limited Partnership DBA Columbus Blue Jacket	200 W NATIONWIDE BLVD	COLUMBUS	OH	43215-2561	(614) 246-3663	3899
NLR BROAD AND HIGH, LLC	2 E Broad St	COLUMBUS	OH	43215-3403	(614) 340-9868	4222
RSSUM Morse Road, LLC	1815 Morse Rd	COLUMBUS	OH	43229-6603	(614) 447-0707	4294
RSSUM Polaris Parkway, LLC	2086 Polaris Pkwy	COLUMBUS	OH	43240-2007	(614) 846-8571	4295
NLR NATIONWIDE, LLC	200 W Nationwide Blvd	COLUMBUS	OH	43215-2561	(614) 754-1905	4563
NLR Bexley, LLC	2062 E Livingston Ave	COLUMBUS	OH	43209-2735	(614) 632-5751	4823

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Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
NLR WILSON, LLC	60 N Wilson Rd	COLUMBUS	OH	43204-1386	(614) 276-2855	4870
NLR MOUND, LLC	636 Harrisburg Pike	COLUMBUS	OH	43223-2112	(614) 965-6003	4927
NLR Childrens, LLC	505 E Livingston Ave	COLUMBUS	OH	43215-5544	(614) 824-8916	5171
Rensko Arcadia LLC	2754 N High St	COLUMBUS	OH	43202-1122	(614) 784-0097	5634
NLR GEORGESVILLE, LLC	790 Georgesville Rd	COLUMBUS	OH	43228-2802	(614) 274-8060	5648
Rensko South High, LLC	3623 S High St	COLUMBUS	OH	43207-4009	(614) 497-3660	5666
NLR Northern Lights, LLC	3475 CLEVELAND AVE	COLUMBUS	OH	43224-2906	(614) 641-6915	5677
RSSUM Bethel Road,LLC	2626 BETHEL RD CARRIAGE PLACE	COLUMBUS	OH	43220	(614) 442-3380	5701
NLR Columbus Square, LLC	5710 Cleveland Ave	COLUMBUS	OH	43231-2879	(614) 753-9352	5703
NLR BROAD AND CENTRAL, LLC	1451 W Broad St	COLUMBUS	OH	43222-1033	(614) 965-6004	5731
Rensko Olentangy, LLC	1501 Olentangy River Rd	COLUMBUS	OH	43212-1449	(614) 299-2087	5733
Rensko Roberts LLC	4451 Roberts Rd	COLUMBUS	OH	43228-9253	(614) 921-0750	5750
RSSUM Schrock Road, LLC	2415 Schrock Rd	COLUMBUS	OH	43229-1549	(614) 423-7216	6498
RSSUM E N Broadway, LLC	696 W N Broadway	COLUMBUS	OH	43224-3929	(614) 867-5152	6568
NLR S Hamilton, LLC	2550 HAMILTON RD S	COLUMBUS	OH	43232-4964	(614) 604-6540	6602
RSSUM Sawmill, LLC	6390 SAWMILL RD	COLUMBUS	OH	43235-3955	(614) 553-7222	6608
NLR James Road, LLC	3120 E Main St	COLUMBUS	OH	43209	(614) 824-9468	7360
Rensko Bethel II, LLC	737 Bethel Rd Apt Olentangy	COLUMBUS	OH	43214-1901	(614) 459-8506	7496
NLR GRANDVIEW, LLC	1135 Dublin Rd	COLUMBUS	OH	43215-1005	(614) 965-6005	7506
NLR Cassady, LLC	1505 Cassady Avenue	COLUMBUS	OH	43219	(614) 230-5587	7939
ME Donuts 3, LLC	955 E Dublin Granville Rd	COLUMBUS	OH	43229-2417	(614) 825-9544	9385
Rensko East Broad, LLC	6532 E Broad St	COLUMBUS	OH	43213-1510	(614) 751-6969	10707
RSSUM Holdings	5221 N Hamilton Rd	COLUMBUS	OH	43230-1315	(614) 337-1018	10722
Rensko Lazelle, LLC	8333 N High St	COLUMBUS	OH	43235-1497	(614) 438-0004	10868
NLR Stelzer, LLC	2845 Stelzer Rd	COLUMBUS	OH	43219-3132	(614) 383-7868	11012
NLR WEST BROAD, LLC	4765 W Broad St	COLUMBUS	OH	43228-1612	(614) 922-0807	11129
RSSUM Holdings	5470 N High St	COLUMBUS	OH	43214-1128	(614) 436-6591	11150
NLR COSHOCTON, LLC	131 Chestnut St	COSHOCTON	OH	43812-1130	(740) 295-0529	9358
Compass Group USA, Inc.	186 STUDENT UNION	DAYTON	OH	45435-0001	(937) 775-3604	5348
NLR PATTERSON, LLC	959 Patterson Rd	DAYTON	OH	45419-4335	(937) 643-3267	10772
Rensko Defiance, LLC[2]	524 N Clinton St	DEFIANCE	OH	43512-2635	(419) 782-3500	11056
Rensko Delaware, LLC	89 W William St	DELAWARE	OH	43015-2304	(740) 362-3203	5664
Rensko Delaware Square, LLC	1163 Columbus Pike Delaware, OH	DELAWARE	OH	43015	(740) 417-8799	9670
Rensko Avery LLC	6850 Hospital Dr	DUBLIN	OH	43016-8457	(614) 717-0570	5741
Rensko Sawmill Two LLC	7493 Sawmill Rd	DUBLIN	OH	43016-9616	(614) 356-1530	9386
NLR ENGLEWOOD, LLC	899 S Main St	ENGLEWOOD	OH	45322-2814	(937) 832-2946	10706
NLR FAIRBORN, LLC	1245 E Dayton Yellow Springs Rd	FAIRBORN	OH	45324-6327	(937) 318-1037	10852
Kahala Franchise Corp	1050 Interstate Ct	FINDLAY	OH	45840-1900	(419) 424-5995	3569
NLR FINDLAY, LLC.	1200 Tiffin Ave	FINDLAY	OH	45840-6234	(419) 424-5059	10882
NLR FREMONT, LLC.	1116 W State St	FREMONT	OH	43420-2106	(419) 355-8840	11128
NLR, Gahanna Two, LLC	370 S Hamilton Rd	GAHANNA	OH	43230-3350	(614) 934-5057	4757
Rensko Gahanna, LLC	365 Agler Rd	GAHANNA	OH	43230-2463	(614) 473-9303	9368
Rensko Galion LLC	815 Harding Way West	GALION	OH	44833-1638	(419) 777-7452	6580
NLR BROADWAY, LLC	3445 Broadway	GROVE CITY	OH	43123-1939	(614) 277-0797	5635
NLR STRINGTOWN, LLC	2111 Stringtown Rd	GROVE CITY	OH	43123-2930	(614) 539-5738	5706
NLR 665, LLC	3065 London Groveport Rd	GROVE CITY	OH	43123-8514	(614) 697-4602	5707
Rensko South Ham Two, LLC	3737 S Hamilton Rd	GROVEPORT	OH	43125-9001	(614) 836-2143	11050
NLR HEATH, LLC	875 Hebron Rd	HEATH	OH	43056-1357	(740) 788-8297	5670
NLR ROBERTS, LLC	4969 Roberts Rd	HILLIARD	OH	43026-8129	(614) 777-9827	4756
Rensko Lyman LLC	3850 Lyman Dr	HILLIARD	OH	43026-1234	(614) 527-4733	5633
Rensko, Hilliard Rome, LLC.	1815 HILLIARD ROME RD	HILLIARD	OH	43026-7288	(614) 527-8485	5638

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Rensko Fishinger LLC	3711 Fishinger Blvd	HILLIARD	OH	43026-7501	(614) 527-0935	5702
Angel Business Corporation	7140 Orchard Centre Dr	HOLLAND	OH	43528-7824	(419) 867-7612	7487
NLR BRANDT, LLC	7901 Brandt Pike	HUBER HEIGHTS	OH	45424-2345	(937) 237-5075	9373
D & R MacDonald Enterprises, LLC	823 N Memorial Dr	LANCASTER	OH	43130-2577	(740) 653-7114	5672
D & R MacDonald Enterprises, LLC	1621 E Main St	LANCASTER	OH	43130-3438	(740) 654-8396	7507
Rensko Lewis Center, LLC	9007 Columbus Pike	LEWIS CENTER	OH	43035-9148	(740) 549-0503	5620
NLR Lima, LLC.	2387 Elida Rd	LIMA	OH	45805-1201	(567) 371-3052	4058
TH Mansfield, LLC	1072 Ashland Rd	MANSFIELD	OH	44905-2157	(419) 774-0073	6579
NLR MARIETTA, LLC	118 N 7th St	MARIETTA	OH	45750-2205	(740) 538-6007	10889
Rensko Marion, LLC	1325 Mount Vernon Ave	MARION	OH	43302-5626	(740) 386-6000	5656
Rensko Marysville,LLC	977 Delaware Ave	MARYSVILLE	OH	43040-1725	(937) 642-2010	4681
Rensko Maumee, LLC	161 W Dussel Dr	MAUMEE	OH	43537-1668	(419) 326-2526	11083
NLR MIAMISBURG, LLC[2]	150 Monarch Ln	MIAMISBURG	OH	45342-6458	(937) 530-8080	10851
NLR MONROE, LLC[2]	1255 Hamilton Lebanon Rd E	MONROE	OH	45050-1705	(513) 402-7205	5692
NLR MORAINE, LLC	3010 Kettering Blvd.	MORAINE	OH	45439	(937) 299-3340	6654
TH MOUNT VERNON, LLC	941 Coshocton Ave	MOUNT VERNON	OH	43050-1907	(740) 397-2913	10979
RSSUM New Albany LLC	7400 Fodor Rd	NEW ALBANY	OH	43054-8607	(614) 855-6176	5621
TH Johnstown Road LLC	9685 Johnstown Rd	NEW ALBANY	OH	43054-9750	(614) 939-1300	10986
TH NEWARK, LLC	963 N 21st St	NEWARK	OH	43055-2921	(740) 364-1206	8668
Angel Business Corporation	2621 Navarre Ave	OREGON	OH	43616-3206	(419) 698-3530	8670
Th Pataskala, LLC	105 E Broad St	PATASKALA	OH	43062-7516	(740) 963-8015	10885
Rensko Perrysburg, LLC	10711 Fremont Pike	PERRYSBURG	OH	43551	(419) 872-2224	4607
Rensko Pickerington, LLC	1085 Hill Rd N	PICKERINGTON	OH	43147-8666	(614) 866-1716	5619
NLR PIQUA, LLC	635 W Water St	PIQUA	OH	45356-2157	(937) 778-8334	10886
RSSUM Dublin Green, LLC	7290 E State Route 161	PLAIN CITY	OH	43064	(614) 504-6760	6499
TNHRS Inc.	1130 Chillicothe St	PORTSMOUTH	OH	45662-3440	(740) 353-3734	5673
TH Powell, LLC	3700 Discovery Ln	POWELL	OH	43065-5113	(740) 917-5099	4682
Wilson Empire LLC	6780 E Main St	REYNOLDSBURG	OH	43068-2248	(614) 861-0305	5636
Wilson Empire LLC	2445 Brice Rd	REYNOLDSBURG	OH	43068-3455	(614) 861-0600	5749
NLR HARSHMAN, LLC	1975 Harshman Road	RIVERSIDE	OH	45404-5021	(937) 813-8718	6667
NLR BUCK RD, LLC.	1011 Buck Rd	ROSSFORD	OH	43460-1601	(419) 661-1468	5727
NLR SIDNEY, LLC	1310 Michigan St	SIDNEY	OH	45365-2447	(937) 507-9205	11039
NLR BLOOMFIELD, LLC	5022 N Walnut St	SOUTH BLOOMFIELD	OH	43103-1018	(740) 983-8180	4337
NLR SPRINGBORO, LLC[2]	894 W Central Ave	SPRINGBORO	OH	45066-1116	(937) 806-3595	9356
NLR MAIN, LLC	2000 E Main St	SPRINGFIELD	OH	45503-4946	(937) 324-2186	4587
NLR NORTH, LLC	1521 W North St	SPRINGFIELD	OH	45504-2825	(937) 390-1502	5728
NLR LIMESTONE, LLC	1525 N Limestone St	SPRINGFIELD	OH	45503-3331	(937) 390-1502	10887
NLR STEUBENVILLE, LLC[2]	4234 Sunset Blvd	STEUBENVILLE	OH	43952-3618	(740) 266-9877	5650
Rensko Shell 71, LLC	7332 E State Route 37	SUNBURY	OH	43074-9210	(740) 965-6718	10884
TH SUNBURY, LLC	125 State Route 3	SUNBURY	OH	43074-6900	(740) 965-1407	10888
Rensko Alexis Road, LLC	5800 Alexis Rd	SYLVANIA	OH	43560-2365	(419) 517-0515	11149
Rensko Tiffin LLC	1630 W MARKET ST	TIFFIN	OH	44883	(567) 938-6162	6582
Rensko Reynolds Road, LLC[2]	1345 N Reynolds Rd	TOLEDO	OH	43615-4759	(419) 531-7711	3805
Rensko Airport Road, LLC[2]	5640 Airport Hwy	TOLEDO	OH	43615-7328	(419) 868-4933	5172
NLR Monroe Toledo LLC.	4735 Monroe St	TOLEDO	OH	43623-4307	(419) 472-7002	5719
Angel Business Corporation	1801 W Laskey Rd	TOLEDO	OH	43613-3525	(419) 480-1020	5738
Rensko Central Avenue, LLC	6815 W Central Ave	TOLEDO	OH	43617-1111	(419) 843-1802	7498
Angel Business Corporation	3125 Glendale Ave	TOLEDO	OH	43614-5813	(419) 382-9605	8917
Davlor, LLC.	1998 West Main Street	TROY	OH	45373	(937) 335-4333	6653
Nuvista, LLC	700 W Main St	TROY	OH	45373-2929	(937) 335-4000	9354

Exhibit G
List of Current Franchisees as of December 31, 2022

Franchise Group	Address	City	State	Zip	Telephone Number	Shop #
Rensko Henderson, LLC	4740 Reed Rd	UPPER ARLINGTON	OH	43220-3073	(614) 459-6773	11011
NLR URBANA, LLC	759 Scioto St	URBANA	OH	43078-2147	(937) 484-5577	10724
NLR WCH, LLC	520 Clinton Ave	WASHINGTON COURT HOUSE	OH	43160-1203	(740) 636-0979	11037
NLR Waverly LLC.	510 E Emmitt Ave	WAVERLY	OH	45690-1205	(740) 947-6007	5679
TH VALLEY QUAIL, LLC	6259 S Sunbury Rd	WESTERVILLE	OH	43081-7900	(614) 882-6033	4087
Rensko Westerville,LLC	772 S State St	WESTERVILLE	OH	43081-3300	(614) 895-9380	5637
LRW Maxtown, LLC	891 N State St	WESTERVILLE	OH	43082-8326	(614) 794-0494	7471
Rensko Dempsey, LLC	6010 Westerville Road	WESTERVILLE	OH	43081	(614) 423-8145	9398
NLR Whitehall, LLC	3965 E Broad St	WHITEHALL	OH	43213-1130	(614) 632-6041	11018
NLR XENIA, LLC	38 N Orange St	XENIA	OH	45385-2816	(937) 352-6145	9379
NLR MAYSVILLE, LLC	44 N Maysville Ave	ZANESVILLE	OH	43701-6111	(740) 588-9639	10723
NLR MAPLE, LLC	3231 Maple Ave	ZANESVILLE	OH	43701-1312	(740) 452-7748	10883
BDH Restaurants, LLC	701 HAMILTON ST	ALLENTOWN	PA	18101-2407	(484) 273-4508	5807
Reid Stores, Inc.	1002 E Main St	BRADFORD	PA	16701-3280	(814) 368-9502	11108
Winter Leaf Cafe LLC[1]	42 Ruthies Way	Chalfont	PA	18914	(843) 496-6827	
Reid Stores, Inc.	7 COLUMBUS AVE	CORRY	PA	16407	(814) 663-6058	5231
Liberty Bean, LLC	3298 SUSQUEHANNA TRL	DUNCANNON	PA	17020-7108	(888) 601-1616	6189
Scotian Enterprises, LLC	201 W Plum St	EDINBORO	PA	16412-2120	(814) 734-0636	3546
Reid Stores, Inc.	8030 Perry Hwy	ERIE	PA	16509-6621	(814) 866-5320	3976
Scotian Enterprises, LLC	815 E 38th St	ERIE	PA	16504-1768	(814) 825-2153	4184
Scotian Enterprises, LLC	4444 Buffalo Rd	ERIE	PA	16510-2203	(814) 899-0059	5198
Scotian Enterprises, LLC	6980 Peach St	ERIE	PA	16509-4701	(814) 868-8454	9351
Scotian Enterprises, LLC	2745 W 26th St	ERIE	PA	16506-3037	(814) 464-9161	9352
Scotian Enterprises, LLC	4231 Peach St	ERIE	PA	16509-1457	(814) 866-6125	10711
Scotian Enterprises, LLC	209 E 12th St	ERIE	PA	16503-1020	(814) 874-3000	10737
Scotian Enterprises, LLC	2565 West 12th Street	ERIE	PA	16505-3005	(814) 835-4955	10900
Scotian Enterprises, LLC	808 - Main St E	GIRARD	PA	16417-1722	(814) 622-0047	9817
Liberty Bean, LLC	25106 State Route 11	HALLSTEAD	PA	18822-8812	(570) 879-8107	4296
Liberty Bean, LLC	1174 MOUNT COBB RD	JEFFERSON TOWNSHIP	PA	18436-3319	(570) 689-3900	4802
Scotian Enterprises, LLC	16447 Conneaut Lake Rd	MEADVILLE	PA	16335-3813	(814) 333-2648	10958
Scotian Enterprises, LLC	1193 Park Ave	MEADVILLE	PA	16335-3108	(814) 336-5002	11041
Scotian Enterprises, LLC	36 Pennsylvania Ave E	WARREN	PA	16365-2527	(814) 726-3600	3531
BFS Foods Inc.	1 PARK PLACE	WASHINGTON	PA	15301	(724) 705-7606	5351
TH of Texas, LLC[1]	5312 W Richey Road	HOUSTON	TX	77066	(281) 919-1563	20062
TH of Texas, LLC	21811 Clay Rd	KATY	TX	77449	(346) 406-1450	20058
NLR Cross Lanes, LLC	5470 - Big Tyler Rd	CHARLESTON	WV	25313-1117	(614) 352-4287	11667
BFS Foods Inc.	608 Emily Dr	CLARKSBURG	WV	26301-5510	(304) 566-4007	5872
BFS Foods, Inc.	90 Wilsonburg Rd	CLARKSBURG	WV	26301-9401	(304) 566-7559	6112
BFS Foods, Inc.	9615 Mall Loop	FAIRMONT	WV	26554-3467	(304) 816-3628	5870
BFS Foods Inc.	1298 Suncrest Town Centre Dr	MORGANTOWN	WV	26505-1828	(304) 381-2814	5329
BFS Foods Inc.	2000 MEMORIAL CHURCH DR	MORGANTOWN	WV	26501-1500	(304) 241-4091	5331
NLR MURDOCH, LLC	3555 Murdoch Ave	PARKERSBURG	WV	26101-1024	(304) 424-0790	5676
NLR FIFTH STREET, LLC	555 5th St	PARKERSBURG	WV	26101-5109	(304) 428-4104	9353
NLR ST ALBANS, LLC	223 Maccorkle Ave	SAINT ALBANS	WV	25177-1825	(304) 722-3925	5681
BFS Foods, Inc.	41 Emerson Commons Blvd	VIENNA	WV	26104-9284	(304) 917-3778	6362
NLR WHEELING, LLC[2]	884 National Rd	WHEELING	WV	26003-6415	(304) 905-8141	10729

1. Denotes franchisee with a development agreement
2. Denotes operator with an Operator Agreement

EXHIBIT H

Exhibit H
List of Former Franchisees as of December 31, 2022

Shop #	Franchisee[1, 2]	City	State	Phone #
4683	DBN Donuts Corporation[3]	Dover	DE	dinsha65@gmail.com
5709	Joe & Dough, LLC	Fort Wayne	IN	Markjeifert@gmail.com
5823	Joe & Dough, LLC	Fort Wayne	IN	Markjeifert@gmail.com
5862	Joe and Dough LLC	Fort Wayne	IN	Markjeifert@gmail.com
6494	Joe & Dough, LLC	Fort Wayne	IN	Markjeifert@gmail.com
6567	Joe and Dough LLC	Fort Wayne	IN	Markjeifert@gmail.com
7886	Joe and Dough LLC	Roanoke	IN	Markjeifert@gmail.com
4165	Baker Enterprises 1 Aberdeen LLC	Aberdeen Proving Ground	MD	jzb70@hotmail.com
11119	Inukshuk Enterprises, LLC	Bloomfield Hills	MI	(586) 727-2404
3992	Coffee Capers, LLC	Clinton Township	MI	(586) 294-0332
4580	RPG Capital, LLC	Dearborn	MI	(313) 629-3618
11042	Boom-Hort Incorporated	Frankenmuth	MI	(989) 701-2077
8673	Coffee Capers,LLC	Fraser	MI	(586) 294-0332
5632	Sleneem Enterprise, LLC	Garden City	MI	(734) 762-9108
10880	Danlex, LLC	Livonia	MI	(313) 629-3618
5675	Sleneem Enterprise, LLC	Romulus	MI	(734) 467-4913
5682	Boom-Hort Incorporated	Saginaw	MI	(989) 701-2077
5933	Boom-Hort Incorporated	Saginaw	MI	(989) 701-2077
7504	Boom-Hort Incorporated	Saginaw	MI	(989) 701-2077
8667	Boom-Hort Incorporated	Saginaw	MI	(989) 701-2077
4685	Boom-Hort North, Inc.	West Branch	MI	(989) 701-2077
9361	MTTL Enterprises,LLC	White Lake	MI	Todd_Marcy_Deffendall@timzone.com
4164	Finger Lakes Racing Association, Inc.	Farmington	NY	kshanks@delawarenorth.com
3938	Faculty Student Association of State University College at Fredonia, New York	Fredonia	NY	Darrin.Schulz@fredonia.edu
4573	Faculty Student Association of State University College at Fredonia, New York	Fredonia	NY	Darrin.Schulz@fredonia.edu
5943	Faculty Student Association	Fredonia	NY	Darrin.Schulz@fredonia.edu
2544	AndLaur, LLC	Hamburg	NY	(716) 648-4838
3394	AndLaur, LLC	Hamburg	NY	(716) 648-4838
10730	AndLaur, LLC	Irving	NY	(716) 934-2350
5118	Sweet Tooth Inc,	New Rochelle	NY	zohra.s.ali@gmail.com
10995	Applegreen NY Travel Plazas, LLC.	Victor	NY	(347) 909-0738
7964	Rensko Akron, LLC	Akron	OH	(614) 352-4287
7941	Aramark Corporation	Cincinnati	OH	(513) 556-5779
4823	Wilson Empire LLC	Columbus	OH	(614) 940-8789
5171	Wilson Empire LLC	Columbus	OH	(614) 940-8789
5677	Wilson Empire LLC	Columbus	OH	(614) 940-8789
5703	Wilson Empire LLC	Columbus	OH	(614) 940-8789
6602	CDN Empire LLC	Columbus	OH	(614) 940-8789
7360	Wilson Empire LLC	Columbus	OH	(614) 940-8789

Exhibit H
List of Former Franchisees as of December 31, 2022

Shop #	Franchisee[1, 2]	City	State	Phone #
7939	Wilson Empire LLC	Columbus	OH	(614) 940-8789
11012	KS Empire LLC	Columbus	OH	(614) 940-8789
4757	KS Empire LLC	Gahanna	OH	(614) 940-8789
4058	Two Timothy Two,LLC	Lima	OH	roger@bizwoh.rr.com
5679	TNHRS Inc.	Waverly	OH	(740) 947-6007
11018	Wilson Empire LLC	Whitehall	OH	(614) 940-8789
3558	Kuber Java Corp	Norfolk	VA	(757) 289-9111

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

1. This chart does not include a transfer when the beneficial ownership of the franchise does not change.
2. Some of these franchisees may be operating other Tim Hortons Shops
3. Denotes operator who operated under an Operating Agreement

EXHIBIT I

Addendum to Disclosure Document Pursuant to
The California Franchise Investment Law

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dfpi.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

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

3. The Franchise Agreement contains a provision requiring application of the laws of Florida. This provision may not be enforceable under California law.

4. The Franchise Agreement requires venue to be limited to the jurisdiction where we have our principal place of business when the proceeding begins; currently, Miami, Florida. This provision may not be enforceable under California law.

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

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

7. The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.

8. You must sign a general release of claims if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

9. CALIFORNIA CORPORATIONS CODE, SECTION 31125 REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, APPROVED BY THE DEPARTMENT OF

CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

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

11. Neither the franchisor nor any person or franchise broker disclosed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

13. Item 21 of the Franchise Disclosure Document is amended by the addition of the following language:

    Also attached at Exhibit C is the unaudited consolidated balance sheet of THUSA, and its subsidiaries, as of December 31, 2022. THE UNAUDITED CONSOLIDATED BALANCE SHEET IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENTS AND FORM.

[*Remainder of page intentionally left blank*]

14. Exhibit C of the Franchise Disclosure Document is amended by the addition of the following:

TIM HORTONS USA INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In millions of U.S. dollars)

(unaudited)

	As of December 31, 2022
ASSETS	
Current assets:	
Cash and cash equivalents	$ 41.6
Accounts and notes receivable, net	36.3
Inventories, net	6.3
Prepaids and other current assets	20.2
Total current assets	104.4
Property and equipment, net	15.3
Intangible assets, net	661.9
Goodwill	626.0
Other assets, net	1.4
Total assets	$ 1,409.0
LIABILITIES AND EQUITY	
Current liabilities:	
Accounts and drafts payable	$ 46.2
Other accrued liabilities	9.7
Gift card liability	17.7
Current portion of long term debt and finance leases	0.2
Total current liabilities	73.7
Intercompany liabilities, net	131.7
Term debt and finance leases, net of current portion	1.3
Other liabilities, net	17.1
Deferred income taxes, net	149.5
Total liabilities	373.4
Total equity	1,035.6
Total liabilities and equity	$ 1,409.0

Each provision of this Addendum to the Franchise Disclosure Document is effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Relations Act and the California Franchise Investment Law are met independently without reference to this Addendum.

California Amendment to Franchise Agreement

In recognition of the requirements of the California Franchise Investment Law, Cal. Code § 31000 *et seq.* (the "Act"), the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

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

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

3. The Agreement contains a provision requiring application of the laws of Florida. This provision may not be enforceable under California law.

4. The Act supersedes any provisions of the Agreement or Florida law if such provisions are in conflict with the Act.

5. Any provision in the Agreement which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue, in a forum outside of California, is deleted from the Agreement.

6. The Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable under California law.

7. Nothing contained in Section 17.14 of the Agreement shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Act (as long as the jurisdictional requirements of the Act are met).

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

9. Section 17.21 of the Agreement, titled "The Franchisee's Acknowledgements", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

11. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this California Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this California Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this California Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this California Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

California Amendment to the Area Development Agreement

In recognition of the requirements of the California Franchise Investment Law, Cal. Code § 31000 *et seq.* (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

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

2. The Agreement contains a provision requiring application of the laws of Florida. This provision may not be enforceable under California law.

3. The Act supersedes any provisions of the Agreement or Florida law if such provisions are in conflict with the Act.

4. Any provision in the Agreement which designates jurisdiction or venue or requires Developer to agree to jurisdiction or venue, in a forum outside of California, is deleted from the Agreement.

5. The Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.

6. Nothing contained in Articles IX and XI of the Agreement shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Act (as long as the jurisdictional requirements of the Act are met). Section 31512 voids a waiver of your rights under the Franchise Investment Law. California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

8. Article XVII of the Agreement, titled "ACKNOWLEDGEMENT", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

10. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this California Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this California Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this California Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this California Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

California Amendment to Operator Agreement

In recognition of the requirements of the California Franchise Investment Law, Cal. Code § 31000 *et seq*. (the "Act"), the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

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

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

3. Any provision in the Agreement which designates jurisdiction or venue or requires Operator to agree to jurisdiction or venue, in a forum outside of California, is deleted from the Agreement.

4. Section 17 of the Agreement, titled "Acknowledgement", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this California Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this California Amendment to Operator Agreement may be executed by electronic signatures. The parties to this California Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this California Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document Pursuant to the Hawaii Franchise Investment Law

1. The general release language contained in the Franchise Agreement shall not relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Hawaii.

2. This proposed registration is exempt from the registration requirements of the states of California, Illinois, Indiana, Maryland, New York, North Dakota, Rhode Island, Virginia and Washington.

3. This proposed registration is or will shortly be on file in the states of Hawaii, Minnesota and Wisconsin; notice of filing is in effect in Michigan and South Dakota.

4. No states have refused, by order or otherwise, to register these franchises.

5. No states have revoked or suspended the right to offer these franchises.

6. The proposed registration of these franchises has not been withdrawn in any state.

Hawaii Amendment to the Franchise Agreement

In recognition of the requirements of Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.,* the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Article XII, under the heading "Termination," shall be amended by the addition of the following new paragraph 12.05, which shall be considered an integral part of the Agreement:

   12.05 **Hawaii Law:** Notwithstanding anything to the contrary in this Section 12.05, the Franchisor shall comply with Hawaii law which currently requires that the Franchisor compensate the Franchisee upon termination or refusal to renew the franchise for the fair market value, at the time of the termination or expiration of the franchise, of any inventory, supplies, equipment and furnishings which were purchased from the Franchisor or a supplier designated by the Franchisor. Personalized materials which have no value to the Franchisor need not be compensated for. If the Franchisor refuses to renew a franchise for the purpose of converting the Franchisee's business to one owned and operated by the Franchisor, the Franchisor, in addition, must compensate the Franchisee for the loss of goodwill. The Franchisor may deduct reasonable costs incurred in removing, transporting and disposing of the Franchisee's inventory, supplies, equipment and furnishings pursuant to these requirements, and may offset any moneys due the Franchisor.

2. No release, assignment, novation, or waiver set forth in the Agreement will relieve the Franchisor or any other person from liability imposed by the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq*.

3. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.,* are met independently without reference to this Amendment.

[No further text on this page. signature page follows.]

By entering into this Hawaii Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Hawaii Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Hawaii Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Hawaii Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Hawaii Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Hawaii Amendment to the Area Development Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.* (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Article 6 of the Agreement shall be supplemented by the addition of the following, which shall be considered an integral part of the Agreement:

   Hawaii Law: If any of the provisions of this Article 6 are inconsistent with Section Hawaii Rev. Stat. § 482E-6, then Hawaii Rev. Stat. § 482E-6 shall apply.

2. Section 9.3 of the Agreement shall be supplemented by the addition of the following, which shall be considered an integral part of the Agreement:

   Hawaii Law: If any of the provisions of this Section 9.3 are inconsistent with Section Hawaii Rev. Stat. § 482E-6, then Hawaii Rev. Stat. § 482E-6 shall apply.

3. No release, assignment, novation, or waiver set forth in the Agreement will relieve THUSA or any other person from liability imposed by the Act. Any condition, stipulation or provision binding any person acquiring any franchise to waive compliance with any provision of the Act or a rule promulgated thereunder shall be void. This paragraph shall not bar or affect the settlement of disputes, claims or civil suits arising or brought under the Act.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Hawaii Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Hawaii Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Hawaii Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Hawaii Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Hawaii Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

TIM HORTONS USA INC.

DEVELOPER

By: _____

Name: _____

Title: _____

THUSA

By: _____

Name: _____

Title: _____

Hawaii Amendment to the Operator Agreement

In recognition of the requirements of Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.,* the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. No release, assignment, novation, or waiver set forth in the Agreement will relieve THUSA or any other person from liability imposed by the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq*.

2. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.,* are met independently without reference to this Amendment.

By entering into this Hawaii Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Hawaii Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Hawaii Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Hawaii Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Hawaii Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document Pursuant to the Illinois Franchise Disclosure Act

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required by Law:

   THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. The provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon the Franchisee by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois franchisees.

3. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void".

4. The "Summary" section of Item 17 (v), entitled Choice of Forum is amended by adding the following language:

   However, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois.

5. The "Summary" section of Item 17 (w), entitled Choice of Law is amended by adding the following language:

   However, except for federal law, Illinois law applies if the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

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

7. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this addendum.

Illinois Amendment to the Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 to 705/44 (the "Act"), the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Act.

2. Illinois law governs the Agreement.

3. Franchisee may sue in Illinois for claims arising under the Act. Any claims arising under the Act must be brought within the periods of limitation set forth in Section 27 of the Act.

4. In conformance with Section 4 of the Act, any provision in the Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void.

5. In conformance with Section 41 of the Act, 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.

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

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

[No further text on this page; signature page follows.]

By entering into this Illinois Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Illinois Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Illinois Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Illinois Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Illinois Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Illinois Amendment to the Area Development Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 to 705/44 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Illinois law governs the Agreement.

2. Developer's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Act.

3. In conformance with Section 4 of the Act, any provision in the Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void.

4. Developer may sue in Illinois for claims arising under the Act. Any claims arising under the Act must be brought within the periods of limitation set forth in Section 27 of the Act.

5. In conformance with Section 41 of the Act, 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.

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

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Illinois Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Illinois Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Illinois Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Illinois Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Illinois Amendment to the Operator Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 to 705/44 (the "Act"), the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. Operator's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Act.

2. Illinois law governs the Agreement.

3. Operator may sue in Illinois for claims arising under the Act. Any claims arising under the Act must be brought within the periods of limitation set forth in Section 27 of the Act.

4. In conformance with Section 4 of the Act, any provision in the Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void.

5. In conformance with Section 41 of the Act, 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.

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

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

[No further text on this page; signature page follows.]

By entering into this Illinois Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Illinois Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Illinois Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Illinois Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Illinois Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum To Disclosure Document Pursuant to the
Indiana Franchise Disclosure Law
and the Indiana Deceptive Franchise Practices Act

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement or Florida law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. No release, waiver, or estoppel language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. Any provision in the Franchise Agreement which limits litigation brought for breach of the Franchise Agreement, including waiver of the right to a trial by jury or the right to collect punitive damages, in any manner whatsoever is deleted from any Franchise Agreement in the State of Indiana.

Indiana Amendment to the Franchise Agreement

In recognition of the requirements of Ind. Code tit. 23, art. 2, ch. 2.5, §§ 1 to 51 (the "Act"), the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. The Act supersedes any provisions of the Agreement or Florida law if such provisions are in conflict with the Act.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Agreement, will supersede the provisions of the Agreement to the extent they may be inconsistent with such prohibition.

3. No release, waiver, or estoppel language set forth in the Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the Act.

4. Any provision in the Franchise Agreement which limits litigation brought for breach of the Agreement, including Section 17.15 ("Waiver of Jury Trial and Punitive Damages"), in any manner whatsoever is deleted from the Agreement.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Indiana Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Indiana Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Indiana Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Indiana Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Indiana Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Indiana Amendment to the Area Development Agreement

In recognition of the requirements of the Ind. Code tit. 23, art. 2, ch. 2.5, §§ 1 to 51 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. The Act supersedes any provisions of the Agreement or Florida law if such provisions are in conflict with the Act.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Agreement, will supersede the provisions of the Agreement to the extent they may be inconsistent with such prohibition.

3. No release, waiver, or estoppel language set forth in the Agreement will relieve THUSA or any other person, directly or indirectly, from liability imposed by the Act.

4. Any provision in the Agreement which limits litigation brought for breach of the Agreement, in any manner whatsoever is deleted from the Agreement.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this Indiana Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Indiana Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Indiana Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Indiana Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indiana Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

TIM HORTONS USA INC.

DEVELOPER

THUSA

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Indiana Amendment to the Operator Agreement

In recognition of the requirements of Ind. Code tit. 23, art. 2, ch. 2.5, §§ 1 to 51 (the "Act"), the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. The Act supersedes any provisions of the Agreement if such provisions are in conflict with the Act.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Agreement, will supersede the provisions of the Agreement to the extent they may be inconsistent with such prohibition.

3. No release, waiver, or estoppel language set forth in the Agreement will relieve THUSA or any other person, directly or indirectly, from liability imposed by the Act.

4. Any provision in the Operator Agreement which limits litigation brought for breach of the Agreement, in any manner whatsoever is deleted from the Agreement.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Indiana Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Indiana Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Indiana Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Indiana Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Indiana Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document Pursuant to the Maryland Franchise Registration and Disclosure Law

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. The general release language contained in the Franchise Agreement shall not relieve the Franchisor or any other person, directly or indirectly, from liability under the Maryland Franchise Registration and Disclosure Law.

2. The laws of the State of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the Franchise.

3. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.

4. The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

Maryland Amendment to the Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree that the Agreement is amended as follows:

1. The general release language contained in the Agreement shall not relieve the Franchisor or any other person, directly or indirectly, from liability under the Maryland Franchise Registration and Disclosure Law.

2. The Maryland Franchise Registration and Disclosure Law may supersede the Franchise Agreement, including the areas of termination and renewal of the Franchise.

3. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.

4. Section 17.21 of the Agreement, titled "The Franchisee's Acknowledgements", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Maryland Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Maryland Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Maryland Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Maryland Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Maryland Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Maryland Amendment to the Area Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. The general release language contained in the Agreement shall not relieve THUSA or any other person, directly or indirectly, from liability under the Act.

2. The Act may supersede the Agreement, including the areas of termination and renewal of the franchise.

3. Developer may sue in Maryland for claims arising under the Act. Any claims arising under the Act must be brought within three years after the grant of the franchise.

4. Article XVII of the Agreement, titled "ACKNOWLEDGEMENT", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Maryland Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Maryland Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Maryland Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Maryland Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Maryland Amendment to the Operator Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree that the Agreement is amended as follows:

1. Any general release language contained in the Agreement shall not relieve THUSA or any other person, directly or indirectly, from liability under the Maryland Franchise Registration and Disclosure Law.

2. The Maryland Franchise Registration and Disclosure Law may supersede the Operator Agreement, including the areas of termination and renewal of the franchise.

3. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.

4. Section 17 of the Agreement, titled "Acknowledgement", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this Maryland Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Maryland Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Maryland Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Maryland Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Maryland Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document Pursuant to the Minnesota Franchise Investment Law

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

ITEM 13

1. Franchisor shall indemnify Franchisee against liability to third parties resulting from claims by third parties that the Franchisee's use of the trademarks of Franchisor infringes trademark rights of the third party. Franchisor does not indemnify Franchisee against the consequences of Franchisee's use of Franchisor's trademarks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim and tender the defense of the claim to Franchisor within ten (10) days after the claim is asserted. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

ITEM 17

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which requires that, except in certain specified cases, a franchisee must be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and that consent to the transferor of the franchise not be unreasonably withheld.

3. Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude such claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

4. Minnesota Rule 2860.4400J prohibits requiring a franchisee to consent to liquidated damages. Under the terms of the Franchise Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, all references to liquidated damages are deleted.

5. Minn. Rule 2860.4400J prohibits waiver of a jury trial. All references in the Franchise Agreement to waiver of a jury trial are deleted in their entirety.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Disclosure Document.

Minnesota Amendment to the Franchise Agreement

In recognition of the requirements of the Minnesota Franchise Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 17.16 of the Agreement, under the heading "Reduction of Statute of Limitations," shall be amended by the addition of the following paragraph at the end of the section:

   Notwithstanding the foregoing, any and all claims arising under the Minnesota Franchise Act, Minn. Stat. §§80C.01 — 80C.22, must be commenced within three (3) years after the cause of action arises.

2. Article XVII of the Agreement, under the heading "Miscellaneous," shall be supplemented by the following new subsection 17.29, which shall be considered an integral part of this Agreement:

   17.29 **Minnesota Law**: Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld. In addition, Minn. Stat § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes; and nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction. Finally, any general release executed pursuant to this Agreement shall exclude such claims that have arisen under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Department of Commerce.

3. Franchisor shall indemnify Franchisee against liability to third parties resulting from claims by third parties that the Franchisee's use of the trademarks of Franchisor infringes trademark rights of the third party. Franchisor does not indemnify Franchisee against the consequences of Franchisee's use of Franchisor's trademarks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim and tender the defense of the claim to Franchisor within ten (10) days after the claim is asserted. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the

Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Amendment to the Agreement.

By entering into this Minnesota Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Minnesota Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Minnesota Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Minnesota Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Minnesota Amendment to the Area Development Agreement

In recognition of the requirements of the Minnesota Franchise Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Article 6 of the Agreement, under the heading "Default and Termination," shall be supplemented by the following new Section 6.3, which shall be considered an integral part of this Agreement:

   6.3 **Minnesota Law**: Minnesota law provides certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently require, except in certain specified cases, that a Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Area Development Agreement, and that consent to transfer not be unreasonably withheld by THUSA. In addition, Minn. Stat § 80C.21 and Minn. Rule 2860.4400J prohibit THUSA from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring consent to liquidated damages, termination penalties or judgment notes; and nothing in the Agreement can abrogate or reduce any of Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or Developer's rights to a jury trial or any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction. Finally, any general release executed pursuant to this Agreement shall exclude such claims that have arisen under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Department of Commerce.

2. THUSA shall indemnify Developer against liability to third parties resulting from claims by third parties that the Developer's use of the trademarks of THUSA infringes trademark rights of the third party. THUSA does not indemnify Developer against the consequences of Developer's use of THUSA's trademarks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Developer must provide notice to THUSA of any such claim and tender the defense of the claim to THUSA within ten (10) days after the claim is asserted. If THUSA accepts the tender of defense, THUSA has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Minn. Stat. § 80C.17, subd. 5, which requires that claims under the Minnesota Franchise Law be commenced within 3 years of the date the cause of action accrues.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Amendment to the Agreement.

By entering into this Minnesota Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Minnesota Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Minnesota Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Minnesota Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

TIM HORTONS USA INC.

DEVELOPER

THUSA

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Minnesota Amendment to the Operator Agreement

In recognition of the requirements of the Minnesota Franchise Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit THUSA from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Operator to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Operator Agreement can abrogate or reduce (a) any of Operator's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Operator's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Operator cannot consent to THUSA obtaining injunctive relief. THUSA may seek injunctive relief.

2. With respect to franchises governed by Minnesota law, THUSA will comply with Minnesota Statutes, Section 80C.14, subd. 3-5, which require (except in certain specified cases) (a) that Operator be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the Operator Agreement; and (b) that consent to the transfer of the franchise will not be unreasonably withheld.

3. To the extent required by the Minnesota Franchise Act, THUSA will protect Operator's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify Operator from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided Operator is using the names in marks in accordance with the Operator Agreement.

4. Minnesota Rules 2860.4400(D) prohibits THUSA from requiring Operator to assent to a general release.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Amendment to the Agreement.

By entering into this Minnesota Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Minnesota Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Minnesota Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Minnesota Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document Pursuant to the New York Franchise Sales Act

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. The page entitled ***Special Risks to Consider About this Franchise*** is amended as follows:

Special Risk(s) to Consider About *This* Franchise

4. **Information**. Information comparing franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information. Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in this franchise disclosure document. If you learn that anything in the Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the appropriate state or provincial authority. The franchisor may, if it chooses, negotiate with you about items covered in the Franchise Disclosure Document. However, the franchisor cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in this Franchise Disclosure Document.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud;

embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added at the end of the first paragraph of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used in our sole discretion.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

New York Amendment to the Franchise Agreement

In recognition of the requirements of the New York franchise law, NY Gen. Bus. Law Art. 33, §§ 680 through 695, the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. No release language set forth in the Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the New York franchise law, NY Gen. Bus. Law Art. 33, §§ 680 through 695, or rule promulgated hereunder, shall be void.

3. The requirements of Sections 7.06 and 13.11 of the Agreement that you consent to the issuance of an injunction are modified in the State of New York to provide only that you consent to the seeking of such an injunction.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York Franchise Sales Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this New York Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this New York Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this New York Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this New York Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this New York Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

New York Amendment to the Area Development Agreement

In recognition of the requirements of the New York franchise law, NY Gen. Bus. Law Art. 33, §§ 680 through 695 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. No release language set forth in the Agreement will relieve THUSA or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act, or rule promulgated hereunder, shall be void.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this New York Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this New York Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this New York Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this New York Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

New York Amendment to the Operator Agreement

In recognition of the requirements of the New York franchise law, NY Gen. Bus. Law Art. 33, §§ 680 through 695, the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. No release language set forth in the Agreement will relieve THUSA or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the New York franchise law, NY Gen. Bus. Law Art. 33, §§ 680 through 695, or rule promulgated hereunder, shall be void.

3. Any requirement in the Agreement that you consent to the issuance of an injunction are modified in the State of New York to provide only that you consent to the seeking of such an injunction.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York Franchise Sales Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this New York Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this New York Amendment to Operator Agreement may be executed by electronic signatures. The parties to this New York Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this New York Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this New York Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to the Disclosure Document Pursuant to the North Dakota Franchise Disclosure Act

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Tim Horton USA Inc. shall be amended by the addition of the following language:

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

1. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

3. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

8. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

North Dakota Amendment to the Franchise Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17 (the "Act"), the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. The Act supersedes any provisions of the Agreement, the other agreements or Florida law if such provisions are in conflict with the Act. The Agreement will be governed by North Dakota law, rather than Florida law, as stated in Section 17.14 of the Agreement.

2. Any provision in the Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from the Agreement.

3. Any provision in the Agreement which requires you to waive your right to a trial by jury is deleted from the Agreement.

4. No release language set forth in the Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

5. Any references in the Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this North Dakota Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this North Dakota Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this North Dakota Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this North Dakota Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this North Dakota Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

North Dakota Amendment to the Area Development Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. The Act supersedes any provisions of the Agreement or Florida law if such provisions are in conflict with the Act. The Agreement will be governed by North Dakota law, rather than Florida law, as stated in Section 18.4 of the Agreement.

2. Any provision in the Agreement which designates jurisdiction or venue or requires Developer to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from the Agreement.

3. Any references in the Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

4. No release language set forth in the Agreement will relieve THUSA or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this North Dakota Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this North Dakota Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this North Dakota Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this North Dakota Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

North Dakota Amendment to the Operator Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17 (the "Act"), the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. The Act supersedes any provisions of the Agreement if such provisions are in conflict with the Act. The Agreement will be governed by North Dakota law.

2. Any provision in the Agreement which designates jurisdiction or venue or requires the Operator to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from the Agreement.

3. Any provision in the Agreement which requires Operator to waive your right to a trial by jury is deleted from the Agreement.

4. No release language set forth in the Agreement will relieve THUSA or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

5. Any references in the Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

[No further text on this page; signature page follows.]

By entering into this North Dakota Amendment to Operator Agreement, Operator expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this North Dakota Amendment to Operator Agreement may be executed by electronic signatures. The parties to this North Dakota Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this North Dakota Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this North Dakota Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum To Franchise Disclosure Document
Additional Information Required by
the State of Rhode Island

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 1928.1-1 through 19-28.1-34, the Franchise Disclosure Document for Tim Hortons USA Inc. for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph:

   § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this Addendum to the Disclosure Document.

Rhode Island Amendment to the Franchise Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 1928.1-1 through 19-28.1-34 (the "Act"), the parties to the attached Tim Hortons USA Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Article XVII of the Agreement, under the heading "Miscellaneous," shall be supplemented by the following new subsection 17.29, which shall be considered an integral part of this Agreement:

   17.29 **Rhode Island Law:** § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Section 6-50-4 of the Act may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

3. In the event of a conflict of laws, the provisions of the Act shall prevail.

4. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[No further text on this page; signature page follows.]

By entering into this Rhode Island Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Rhode Island Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Rhode Island Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Rhode Island Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Rhode Island Amendment to the Area Development Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Section 18.4 of the Agreement shall be supplemented by the following, which shall be considered an integral part of this Agreement:

   Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Section 6-50-4 of the Act may supersede the Agreement in your relationship with THUSA including the areas of termination and renewal of your franchise.

3. In the event of a conflict of laws, the provisions of the Act shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this Rhode Island Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Rhode Island Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Rhode Island Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Rhode Island Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Rhode Island Amendment to the Operator Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 1928.1-1 through 19-28.1-34 (the "Act"), the parties to the attached Tim Hortons USA Inc. Operator Agreement (the "Agreement") agree as follows:

1. A new Section 18 shall be added to the Agreement with the following language, which shall be considered an integral part of this Agreement:

   18. Rhode Island Law. § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Section 6-50-4 of the Act may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

3. In the event of a conflict of laws, the provisions of the Act shall prevail.

4. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[No further text on this page; signature page follows.]

By entering into this Rhode Island Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Rhode Island Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Rhode Island Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Rhode Island Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document
Pursuant to the Virginia Retail Franchise Act

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Tim Hortons USA Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. Item 17. The following statement is added to Item 17.h. of the table describing the Franchise Agreement:

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

Addendum to Disclosure Document Pursuant to the Washington Franchise Investment Protection Act

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Tim Hortons USA Inc. in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions

contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. Tim Hortons USA, Inc. Assurance of Discontinuance In Re Franchise No Poaching Provisions, Superior Court of Washington, King County Superior Court. On or about September 13, 2018, we entered into an Assurance of Discontinuance (No. 18-2-22885-9SEA) with the State of Washington entitled In Re: Franchise No Poaching Provisions under which we agreed to refrain from including "no-poach" language in our Franchise Agreement, which restricts a franchisee from recruiting and/or hiring the employees of other franchisees and/or employees of us or our affiliates, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have also agreed to refrain from enforcing the language in any of our existing Franchise Agreements, notify our current franchisees of the entry of the Assurance of Discontinuance, notify the Washington Attorney General if any of our franchisees attempted to enforce such a provision, offer to amend existing Franchise Agreements to delete the no-poach language and remove the language from existing Franchise Agreements as they come up for renewal. We satisfied the requirements in the Assurance of Discontinuance and submitted to the State of Washington a declaration of completion.

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

10. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the disclosure document.

Washington Amendment to the Franchise Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Tim Hortons USA Inc. Franchise Agreement agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. Section 17.21 of the Agreement, titled "The Franchisee's Acknowledgements", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

By entering into this Washington Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Washington Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Washington Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Washington Amendment to Franchise Agreement shall constitute an original for all purposes.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Washington Amendment to the Area Development Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Section 19.100.180 of the Act may supersede the Agreement in your relationship with THUSA including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Agreement in your relationship with THUSA including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Agreement, a Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

4. A release or waiver of rights executed by Developer shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a Developer, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Developer under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a Developer from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Agreement or elsewhere are void and unenforceable in Washington.

8. Article XVII of the Agreement, titled "ACKNOWLEDGEMENT", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

10. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this Washington Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Washington Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Washington Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Washington Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

	TIM HORTONS USA INC.
DEVELOPER	**THUSA**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Washington Amendment to the Operator Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Tim Hortons USA Inc. Operator Agreement agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. Section 17 of the Agreement, titled "Acknowledgement", shall be deleted in its entirety and replaced with the following language: "[Intentionally Deleted]".

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

By entering into this Washington Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Washington Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Washington Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Washington Amendment to Operator Agreement shall constitute an original for all purposes.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

Addendum to Disclosure Document Pursuant to the Wisconsin Fair Dealership Act

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. **REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.**

2. The following shall apply to Franchise Agreements in the State of Wisconsin:

   a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act") shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

   b. The Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of the Franchise Agreement to the extent they are inconsistent with the Act's requirements.

Wisconsin Amendment to the Franchise Agreement

In recognition of the requirements of the Wisconsin Fair Dealership Act, the parties to the attached Tim Hortons USA Inc. Franchise Agreement agree as follows:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act") shall apply to and govern the provisions of an Franchise Agreement issued in the State of Wisconsin.

2. The Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of the Franchise Agreement to the extent they are inconsistent with the Act's requirements.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this Wisconsin Amendment to Franchise Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Wisconsin Amendment to Franchise Agreement may be executed by electronic signatures. The parties to this Wisconsin Amendment to Franchise Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Wisconsin Amendment to Franchise Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Wisconsin Amendment to the Franchise Agreement in the United States of America on the same date as the Franchise Agreement was executed.

TIM HORTONS USA INC.

FRANCHISOR

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____
Managing Owner

Wisconsin Amendment to the Area Development Agreement

In recognition of the requirements of the Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), the parties to the attached Tim Hortons USA Inc. Area Development Agreement (the "Agreement") agree as follows:

1. The Act shall apply to and govern the provisions of the Agreement issued in the State of Wisconsin.

2. The Act's requirement, including the requirements that, in certain circumstances, Developer receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of the Agreement to the extent they are inconsistent with the Act's requirements.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this Wisconsin Amendment to Area Development Agreement, Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Wisconsin Amendment to Area Development Agreement may be executed by electronic signatures. The parties to this Wisconsin Amendment to Area Development Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Wisconsin Amendment to Area Development Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Wisconsin Amendment to Area Development Agreement in the United States of America on the same date as the Area Development Agreement was executed.

TIM HORTONS USA INC.

DEVELOPER

THUSA

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Wisconsin Amendment to the Operator Agreement

In recognition of the requirements of the Wisconsin Fair Dealership Act, the parties to the attached Tim Hortons USA Inc. Operator Agreement agree as follows:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act") shall apply to and govern the provisions of an Operator Agreement issued in the State of Wisconsin.

2. The Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of the Operator Agreement to the extent they are inconsistent with the Act's requirements.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

By entering into this Wisconsin Amendment to Operator Agreement, Operator expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Wisconsin Amendment to Operator Agreement may be executed by electronic signatures. The parties to this Wisconsin Amendment to Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Wisconsin Amendment to Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Wisconsin Amendment to the Operator Agreement in the United States of America on the same date as the Operator Agreement was executed.

TIM HORTONS USA INC.

THUSA

By: _____

Name: _____

Title: _____

OPERATOR

By: _____

Name: _____

Title: _____

EXHIBIT J

COLD STONE CREAMERY ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following modifications are to the Tim Hortons Franchise Disclosure Document and may supplement certain portions of the Franchise Disclosure Document, the Franchise Agreement or Operator Agreement:

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

We have entered into an arrangement with Kahala Franchising, L.L.C. ("**Cold Stone**") under which selected franchised and company-owned Cold Stone Creamery® and Tim Hortons® shops will offer each others' products in addition to their own product mix ("**Co-Branding Program**").

Cold Stone has developed a system for the sale of ice cream, cakes, pies, smoothies, shakes, specialty beverage products and other frozen dessert products ("**Cold Stone Products**") under the Cold Stone Creamery name and associated trademarks and service marks (the "**Cold Stone Marks**"). Cold Stone's predecessor, Kahala Franchise Corp. and Tim Hortons signed an Amended and Restated Master License Agreement dated November 6, 2009, which Master License Agreement was assigned to Cold Stone on August 6, 2010, and thereafter amended (collectively the "**Master License Agreement**"). Under the Master License Agreement Cold Stone has permitted Tim Hortons to grant to certain of its franchisees or Operators or company or affiliate-owned Shops the right to use the Cold Stone Marks in connection with the sale of selected Cold Stone Products within the premises of Tim Hortons Shops. Similarly, under the Master License Agreement Tim Hortons has permitted Cold Stone to grant to certain of its franchisees or company or affiliate-owned shops the right to use the Proprietary Marks in connection with the sale of Tim Hortons products within their Cold Stone Creamery shops.

In order to participate in the Co-Branding Program and sell the Cold Stone Products at your Shop, certain of the terms and conditions of your Franchise Agreement or Operator Agreement with us must be modified. If you have entered or will enter into a Franchise Agreement with us, you must sign an Amendment to Tim Hortons Franchise Agreement for Co-Branded Shop the form of which is attached as Attachment A. If you have entered or will enter into an Operator Agreement with us, you must sign an Amendment to Tim Hortons Operator Agreement for Co-Branded Shop the form of which is attached as Attachment B. The term "Amendment: as it is used in this Exhibit J refers to either or both forms, and should be construed to mean the appropriate form depending on whether you have entered into a Franchise Agreement or an Operator Agreement with us. We do not offer the right to operate under an Operator Agreement to those franchisees participating in the Co-Branding Program under an Area Development Agreement or if you will own or lease the property upon which the Shop is to be located.

We have also constructed a number of new shops that offer Tim Hortons products and Cold Stone Products. These new shops are similar in layout and function to existing Tim Hortons Shops that have been converted to allow for the sale of Cold Stone Products. Both newly-built Shops that offer Tim Hortons products and Cold Stone Products and existing Tim Hortons Shops that are renovated to allow for the sale of Cold Stone Products are referred to collectively as "**Co-Branded Shops**."

Cold Stone is an unaffiliated third party. We have no ownership rights or interests in the Cold Stone Marks or the Cold Stone Products. We have negotiated the Master License Agreement to, among other things,

permit us to sublicense to our franchisees and Operators the rights to use the Cold Stone Marks and to sell the Cold Stone Products. Nonetheless, those rights and our ability to sublicense them to you remain subject at all times to the Master License Agreement remaining in effect. If for any reason the Master License Agreement is terminated or expires before the expiration of the term of your Amendment your rights to use the Cold Stone Marks and to sell the Cold Stone Products will immediately cease.

ITEM 5

INITIAL FEES

The initial franchise fee for the right to operate a Co-Branded Shop is $20,000. This fee is in addition to the initial franchise fee that you pay to become a Tim Hortons franchisee. The initial franchise fee is non-refundable and, except as described in the next paragraph, is uniformly imposed on all franchisees. Operators will not be required to pay an initial franchise fee or to purchase the Cold Stone Assets. Instead, they will pay the Equipment Rent described in Item 6 below as an equipment rental fee for use of the Cold Stone Assets by the Operator and will make the following additional initial payments to us or one of our affiliates: grand opening advertising; a security deposit; and employee uniforms (See Item 7).

We will reduce your initial franchise fee if you are renovating an existing Tim Hortons Shop to become a Co-Branded Shop and the remaining term of your Tim Hortons Franchise Agreement is fewer than 10 years. In this circumstance, your initial franchise fee will be reduced to $2,000 multiplied by the number of full years remaining in the potential length of your term.

Before beginning to sell Cold Stone Products at an existing Shop you will need to renovate your Shop by installing new or used signage, equipment and leasehold improvements required to prepare and sell the Cold Stone Products. The interior signage (excluding menuboards), equipment and leasehold improvements necessary to sell Cold Stone Products are referred to collectively as the "**Cold Stone Assets**." We will offer to sell the Cold Stone Assets to you, but, if you prefer, you may instead purchase similar signage, equipment and leasehold improvements from approved third parties. You are not required to purchase any Cold Stone equipment and interior signage from us, but, if you acquire any of these items from third-party approved suppliers, the signage, equipment and leasehold improvements must be functionally equivalent to the Cold Stone Assets and purchased from approved suppliers in order to be permitted to sell Cold Stone Products. If you are opening a brand-new Co-Branded Shop, all Tim Hortons equipment must be purchased from us or an affiliate as disclosed in Item 5. No payments made to us are refundable.

With our approval, you may choose to own or lease the property upon which a brand-new Co-Branded Shop is located and to build and/or equip the Co-Branded Shop yourself. If you are approved to do this, you must pay us or our affiliates for any building components or fixtures that you order through us and you must use our designated and approved third party design architect to prepare the initial design drawings for your Shop. If we or our affiliate provide management and assistance through the site development process, we may charge a development and assistance fee of up to $50,000. You are solely responsible for conforming your Shop on real estate that you own or lease to all laws, including the Americans with Disabilities Act ("ADA") and obtaining all required permits.

If you choose to participate in the Co-Branding Program, and are offered a full-franchise purchase of a newly-built Co-Branded Shop, or are offered to renovate an existing Tim Hortons Shop to become a Co-Branded Shop, you must or may make, in addition to the initial franchise fee discussed above, the following payments in the corresponding tables to us or one of our affiliates at or before the time that you begin selling Cold Stone Products:

ESTIMATED INITIAL FEES FOR A NEWLY-BUILT CO-BRANDED SHOP

EXPENSE CATEGORY	AMOUNT	MANDATORY OR OPTIONAL PAYMENTS TO US OR AN AFFILIATE
COLD STONE ASSETS	$20,000 to $60,000	Optional
EQUIPMENT, FIXTURES AND SIGNAGE	$390,000 to $510,000	Mandatory
GRAND OPENING ADVERTISING	$5,000	Mandatory
EMPLOYEE UNIFORMS	$1,000 to $1,500	Mandatory
TOTAL	**$416,000 to $576,500**	

ESTIMATED INITIAL FEES TO RENOVATE EXISTING TIM HORTONS SHOP TO CO-BRAND

EXPENSE CATEGORY	AMOUNT	MANDATORY OR OPTIONAL PAYMENTS TO US OR AN AFFILIATE
SIGNAGE	$8,300 to $25,000	Optional
COLD STONE ASSETS	$61,400 to $110,100	Optional
GRAND OPENING ADVERTISING	$2,500 to $5,000	Mandatory
EMPLOYEE UNIFORMS	$1,000 to $1,500	Mandatory
CONSTRUCTION/LEASEHOLD IMPROVEMENTS	$20,000 to $50,000	Optional

EXPENSE CATEGORY	AMOUNT	MANDATORY OR OPTIONAL PAYMENTS TO US OR AN AFFILIATE
Grand Total	**$93,200 to $191,600**	

ITEM 6

OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty on Cold Stone sales	6% of Gross Sales from Cold Stone Products	Weekly	Note 1
Premises Rent	8.5% of Gross Sales from Cold Stone Products	Monthly	
Advertising payment on Cold Stone Product sales	2.5% of Gross Sales from Cold Stone Products	Weekly	Note 1
Initial Training	No charge for up to two people to attend the initial training program. $1,500 per person for more than two people	Prior to attendance	See Item 11 of this Exhibit J regarding training program
Continuing Training, Annual & Other Meetings	To be determined by Cold Stone, not to exceed $1,500 per year	As incurred	Payable to Cold Stone – Note 2
Digital menu boards	Varies: Currently $150 per month	Monthly	Note 3
Equipment Rent of Cold Stone Assets	$2,500 per month	Monthly	Note 4

Footnotes

[1] The sale of Cold Stone Products is included in the definition of Gross Sales in your Franchise Agreement for which you will pay us royalties and advertising fees. The sale of Cold Stone Products is included in the definition of Gross Sales in your Operator Agreement for which you will pay us an operator fee and

advertising fees. We, in turn, are responsible for any payments to Cold Stone attributable to your sale of Cold Stone Products. These fees are collected by us, are payable to us, and are non-refundable. The fees are uniformly imposed by us; however, we may, in our sole business judgment, reduce or waive an ongoing fee for a defined period of time.

[2] See Item 11 of this Exhibit J for further details. Does not include travel expenses or accommodation.

[3] See Item 8 of this Exhibit J for further details.

[4] See Item 10 of this Exhibit J for further details.

ITEM 7

ESTIMATED INITIAL INVESTMENT

New-Built Co-Branded Shop
Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee - Tim Hortons[1]	$50,000	Lump Sum	Within 10 business days of when you sign the Franchise Agreement	Us[2/]
Initial Franchise Fee - Cold Stone[1/]	$20,000	Varies	Either in full when you sign the Amendment or over 36 months	Us[2/]
Real Estate Taxes, Personal Property Taxes and CAM Charges[3/]	$1,000 to $22,000	As Arranged	As Incurred	Us, TDL, or other lessor or sublessor
Equipment and Signage [13/]	$425,000 to $575,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[2/]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Real Estate[4/]	See Note 4	See Note 4	See Note 4	Lessor or sublessor or Property Seller
Planning and Development and Design Costs[5/]	$20,000 to $100,000	As Arranged	Prior to Opening	Us, TDL, Government Agencies, and approved service providers[2/]
Site Development Costs[6/]	$100,000 to $400,000	As Arranged	As Arranged	Contractors
Building Costs[7/]	$25,000 to $500,000	As Arranged	As Arranged/ Prior to Opening	Us and Contractors
Insurance[8/]	$2,500 to $21,500	As Arranged	Annually	Us, Insurers or Lessor/Sublessor
Initial Inventory	$20,000 to $34,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Suppliers[2/]
Professional and License Fees[9/]	$1,500 to $10,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Grand Opening Advertising – Tim Hortons[10/]	$3,000 to $6,000	Lump sum	Before opening	Us[2/]
Grand Opening Advertising – Cold Stone[10/]	$5,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[2/]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Security Deposits[11/]	$0 to $10,000	As Arranged	As Incurred	Utilities, Lessor
Travel and Living Expenses While Training	$500 to $11,400	As incurred	As incurred	Airlines, hotels & shops
Employee Uniforms	$1,000 to $1,500	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[2/]
Development Assistance Fees[12/]	$0 to $50,000	As Incurred	Prior to Opening	Us
Additional Funds - 3 months	$21,000	As incurred	As Incurred	Employees, vendors, suppliers, utilities, etc.
Total	$695,500 to $1,837,400			

Footnotes follow all tables.

Sale of Cold Stone Products Within Renovated Tim Hortons Shop

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee – Cold Stone[1/]	$20,000	Varies	Either in full when you sign the Amendment or over 36 months	Us[2/]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Equipment and Signage [13/]	$84,700 to $150,100	Lump sum	Before commencing the sale of Cold Stone Products	Us[2/]
Real Estate Taxes, Personal Property Taxes and CAM Charges[3/]	$500 to $8,000	As Arranged	Monthly	Us, TDL, or other lessor or sublessor
Construction/Leasehold Improvements[14/]	$20,000 to $50,000	Lump sum	Before commencing the sale of Cold Stone Products	Us[2/]
Initial Inventory	$5,000 to $12,000	Lump sum	Before commencing the sale of Cold Stone Products	Suppliers[2/]
Grand Opening Marketing	$2,500 to $5,000	Lump sum	Before commencing the sale of Cold Stone Products	Us[2/]
Travel and Living Expenses While Training	$500 to $5,000	As incurred	As incurred	Airlines, hotels & shops
Employee Uniforms	$1,000 to $1,500	Lump sum	Before commencing the sale of Cold Stone Products	Us[2/]
Permits and Licenses	$100 to $1,000	Lump sum	Before commencing the sale of Cold Stone Products	Governmental entities

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds - 3 months	$1,000	As incurred	As incurred	Employees, vendors, suppliers, utilities, etc.
Total	$135,300 to $253,600			

Footnotes

[1/] Please see Item 5 for details about this expense. For details regarding the initial franchise fee owed to us for a Tim Hortons Shop, see Item 5 of the Tim Hortons Franchise Disclosure Document.

[2/] These fees are non-refundable.

[3/] If you are renovating an existing Shop, there are no additional real property expenses, security deposits or utility deposits due to your landlord as the Cold Stone Products will be sold in your existing Tim Hortons Shop. There will be additional personal property tax costs (in states that have a personal property tax) as a result of your higher equipment investment.

[4/] Real Estate costs vary considerably according to the type of Shop, real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, like labor and whether you or your landlord develop the Shop. A Standard Shop typically consists of approximately 1,340, 1,776 1,845, or 2,300 square feet. The recommended size site for a Standard Shop is one-half acre to 1.5 acres. A Non-Standard Shop/Kiosk will vary in size depending on the location, but would typically be between 200 and 1,000 square feet. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs. Lease terms are individually negotiated and may vary materially from one location or transaction to another. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential cost of real estate.

[5/] This category is only applicable if you are developing and will own or lease the property upon which the Shop premises are located. This estimate includes, among other items, architectural, engineering and design fees, zoning and planning costs and building, health and fire permits. These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc.

[6/] This category is only applicable if you are developing and will own or lease the property upon which the Shop premises are located. This estimate includes the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting,

etc. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants. These amounts are not included in the estimate provided. Costs can be higher if extensive storm water retention and landscaping is required or soil problems or other environmental issues are encountered. These ranges do not include unusual offsite costs like costs to bring utilities to the property for hookup or government imposed "impact fees". Some local governments may also require a performance bond, which is not included in the above estimate.

[7/] Building Costs include the cost to construct a building's shell structure prepped for installation of equipment. These costs only apply if you are building the Shop yourself. Building costs will vary by geographic region. Building costs for Kiosks can vary widely depending on kiosk type, physical location within a larger structure, and the size of the leased space. Adding a drive thru to any building type will increase the Building Costs. The costs estimated here are based on our experience and do not include metropolitan or unique development areas or special municipal building and zoning requirements that may present extraordinary acquisition costs.

[8/] This estimate is for the first year's insurance premium. If you lease or sublease your Shop premises from us or one of our affiliates, you may be required to pay these insurance expenses to us, and the lessor/sublessor will remit your payment to the insurer or utility.

[9/] This category covers legal and accounting fees, and various licenses and permits like occupancy and business licenses. Of this range, $7,000 is estimated to provide legal advice and services you may need if you are (with our approval) negotiating the purchase or lease of the Shop premises without assistance from us or our affiliates. This does not include legal fees for services provided to process and prepare necessary immigration documentation for non-U.S. citizens.

[10/] See Item 11 for more details of this expense. See Items 5 and 11 of the Tim Hortons Franchise Disclosure Document for details regarding the Grand Opening Advertising – Tim Hortons fee.

[11/] Security deposits may be required by the landlord, utilities, and suppliers. No Security Deposit is required by us if you renovate your existing Tim Hortons Shop to sell Cold Stone Products. See Items 1 and 5 of Tim Hortons Franchise Disclosure Document for details.

[12/] This category covers our and/or our affiliates' management and assistance through the site development process. These costs would only be incurred if you or your affiliate will develop and will own or lease the Shop's premises.

[13/] See Item 10 for more details about this expense. If you will execute a Franchise Agreement and Amendment and rent the Cold Stone Assets, you will not be required to purchase them at that time and your overall initial investment amount will decrease.

[14/] To avoid excessive construction costs while renovating an existing Shop it is strongly recommended that you choose contractors carefully by obtaining several competitive bids before beginning construction. These estimates are based on constructing the required leasehold improvements within an approximately 200 square foot area within your existing Shop and assumes the availability of electrical requirements of 400 amps 3-phase, and HVAC of one ton per 150 square feet.

New-Built Co-Branded Shop
Operator Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Real Estate Taxes, Personal Property Taxes and CAM Charges	$300 to $12,000	As Arranged	As Incurred	Us, TDL, or other lessor or sublessor
Insurance[3/]	$2,500 to $21,500	As Arranged	Annually	Us or Insurers
Initial Inventory	$20,000 to $34,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Suppliers[2/]
Professional and License Fees[4/]	$1,500 to $3,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Grand Opening Advertising[5]/	$5,500	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[1/]
Security Deposit[6/]	$5,000 to $35,000	As Arranged	As Incurred	Us
Travel and Living Expenses While Training	$500 to $11,400	As incurred	As Incurred	Airlines, hotels & restaurants [2/]
Employee Uniforms	$1,000 to $1,500	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[1/]

Permits and Licenses	$100 to $1,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Governmental entities
Equipment Rent of Cold Stone Assets[7/]	$2,500	Lump Sum	Monthly	Us
Additional Funds - 3 months	$21,000	As incurred	As incurred	Employees, vendors, suppliers, utilities, etc.
Total	$59,900 to $148,400			

Sale of Cold Stone Products Within Renovated Tim Hortons Shop Operator Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Personal Property Taxes[8/]	$500 to $8,000	As Arranged	Monthly	Us, TDL, or other lessor or sublessor
Initial Inventory	$5,000 to $12,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Suppliers[2/]
Professional and License Fees[4/]	$1,500 to $3,000	As Arranged	As Incurred	Attorneys, Accountants, government agencies
Grand Opening Advertising[5]/	$2,500 - $5,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[1/]

Travel and Living Expenses While Training	$500 to $5,000	As incurred	As Incurred	Airlines, hotels & restaurants [2/]
Employee Uniforms	$1,000 to $1,500	Lump sum	Before opening or commencing the sale of Cold Stone Products	Us[1/]
Permits and Licenses	$100 to $1,000	Lump sum	Before opening or commencing the sale of Cold Stone Products	Governmental entities
Equipment Rent of Cold Stone Assets[7/]	$2,500	Lump Sum	Monthly	Us
Additional Funds - 3 months	$1,000	As incurred	As incurred	Employees, vendors, suppliers, utilities, etc.
Total	$14,600 to $39,000			

Footnotes

[I/] Please see Item 5 for details about this expense.

[2/] These fees are non-refundable.

[3/] This estimate is for the first year's insurance premium. You may be required to pay these insurance expenses to us, and the lessor/sublessor will remit your payment to the insurer or utility.

[4/] This category covers legal and accounting fees, and various licenses and permits like occupancy and business licenses. This does not include legal fees for services provided in conjunction with processing and preparing necessary immigration documentation for non-U.S. citizens.

[5/] The grand opening advertising expenses for a Tim Hortons Standard Restaurant are included within the estimate for the new-built Co-Branded Restaurant. See Item 11 for more details of this expense.

[6/] Security deposits may be required by the landlord, utilities, and suppliers. Operators must furnish a security deposit for their Tim Hortons Restaurant. The security deposit for Operators will be refunded (less

any chargeable expenses as described in the Operator Agreement) when these agreements are terminated. See Items 1 and 5 of Tim Hortons Franchise Disclosure Document for details.

[7/] See Item 10 for more details about this expense. If you will execute an Operator Agreement and Amendment and rent the Cold Stone Assets, you will not be required to purchase them at that time and your overall initial investment amount will decrease.

[8/] If you are renovating an existing Restaurant, there are no additional real property expenses, security deposits or utility deposits due to your landlord as the Cold Stone Products will be sold in your existing Tim Hortons Restaurant There will be additional personal property tax costs (in states that have a personal property tax) as a result of your higher equipment investment.

The amounts of all of the non-fixed expenditures, other than the permits and licenses, will be determined when you contact and negotiate with the respective vendor, etc. The costs of permits and licenses will be determined by contacting the appropriate governmental entity.

Except as stated in Item 10 of this Exhibit J, no part of your initial investment to convert to a Co-Branded Shop will be financed by us or Cold Stone.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as stated below, you have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory or computer hardware relating to the establishment or operation of your Co-Branded Shop from us or from any of our designees. As described in Item 5 of this Exhibit J, you have the option to purchase the Cold Stone Assets from us. You also have the option to acquire these items and services from unaffiliated third-party suppliers approved by us.

Cold Stone or its affiliates may receive rebates or allowances from certain suppliers on purchases made by Cold Stone's franchisees, and will also include purchases made by you. These rebates usually range from 1% to 5%. The rebates and allowances will be included in Cold Stone's general revenue, and and may be used by us for salaries of personnel that assist franchisees increase their sales, maintaining the customer service hotline, handling of inquiries and complaints from our franchisees' customers, tracking consumer service hotline trends, product research and development, franchisee crew training, supply chain information management systems, and a variety of ongoing programs, including education, marketing, advertising, and franchisee meetings, seminars, conventions, conferences, and events. Cold Stone may use rebate and allowance funds received from suppliers to benefit the Cold Stone Creamery System, in its sole and absolute discretion.

Cold Stone has appointed designated or approved suppliers for nearly all of the Cold Stone Product purchases you must make. We estimate that approximately 95%-100% of your purchases and leases of goods and services relating to the sale of Cold Stone Products in your Co-Branded Shop will be for items purchased or leased from designated or approved vendors and suppliers.

Co-Branded Shops participating in the Co-Branding Program must install digital menu boards and purchase a service plan and subscription-based media updates, as required by Tim Hortons, that display product information for the co-branded Cold Stone products as well. These digital menu boards replace existing menu boards and are used to display product information, pricing and advertising. The digital menu boards are connected to a "media engine" that is an internet-enabled computer. The digital menu boards and media engine are included in the equipment described in Item 5 of this Exhibit J. The designated service provider for the service plan and subscription-based media updates is EK3 Technologies Inc. We estimate your monthly payments for this will be $50 per month.

In addition, your Co-Branded Shop must be consistent in color, design and style with the standards and specifications adopted and approved by us and Cold Stone, and we and they may modify those standards periodically. You must maintain the appearance and atmosphere of your Co-Branded Shop, and the equipment and premises used in connection with your Co-Branded Shop, in accordance with the standards we and Cold Stone may adopt. Any variations in color, design, style, appearance or atmosphere must be approved in writing by us. Cold Stone's current standards and specifications are included in their Operating Manual, that will be provided to you.

If you would like to purchase or lease any products, fixtures, furnishings, building components, equipment, decor, signs, paper goods, supplies, services, menu ingredients and other goods that will be used to sell Cold Stone Products or installed in a Co-Branded Shop from a vendor or supplier that is not on Cold Stone's then-current list of approved vendors and suppliers, you must follow the approval process for suppliers described in Item 8 of this Franchise Disclosure Document.

Neptune Equipment Services, LLC (**"Neptune"**), an affiliate of Cold Stone, is currently one of the approved distributors of certain proprietary products, including certain ingredients, uniforms, printed materials, and other logo items of various Cold Stone brands. There are currently other approved suppliers of certain ingredients, uniforms, printed materials and logo items which are not affiliated with Cold Stone. You may, but are not required to, purchase these items from Neptune.

None of our officers own an interest in any of the approved suppliers. None of Cold Stone's officers own an interest in any of the approved suppliers that are not affiliated with Cold Stone.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Amendment. It will help you find more detailed information about your obligations for participating in the Co-Branding Program in other items of this Exhibit J.

Obligation	Section in Amendment	Disclosure Document Item within this Exhibit J
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	2	Items 5, 7, and 8
c. Site development and other pre-opening requirements	2	Items 8 and 11
d. Initial and ongoing training	3	Items 7 and 11
e. Opening	2, 4, 8	Item 11
f. Fees	5	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	2, 4	Items 8, 11, and 14
h. Trademarks and proprietary information	6	Items 13 and 14
i. Restrictions on products/services offered	2, 4	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Item 8
n. Insurance	8	Items 7 and 8
o. Advertising	5	Items 6, 8 and 11
p. Indemnification	8	Not Applicable

Obligation	Section in Amendment	Disclosure Document Item within this Exhibit J
q. Owner's participation/management staffing	Not Applicable	Not Applicable
r. Records/reports	Not Applicable	Not Applicable
s. Inspection/audits	Not Applicable	Not Applicable
t. Transfer	Not Applicable	Not Applicable
u. Renewal	Not Applicable	Not Applicable
v. Post-termination obligations	7	Item 17
w. Non-competition covenants	8	Item 17
x. Dispute resolution	Not Applicable	Not Applicable
y. Taxes/permits	2	Not Applicable
z. Securing non-competition and confidentiality covenants from certain individuals	8	Item 11

Note: This table only describes the terms of the Amendment and, thus, supplements the table that appears at Item 9 of this Franchise Disclosure Document. Therefore, the disclosures that appear in that table also will apply to the Amendment.

ITEM 10

FINANCING

Except as stated below, we do not, directly or indirectly, offer you financing or guarantee any of your obligations. We have no intent to sell, assign or discount to a third party all or part of the financing disclosed below.

Installment Payments for Initial Franchise Fee

Whether you are going to operate a new Shop that offers Tim Hortons products and Cold Stone Products or renovate an existing Tim Hortons Shop to allow for the sale of Cold Stone Products, you may pay the $20,000 initial franchise fee in installments rather than in full at the time you sign the Amendment. The arrangement for the installment payment option is as follows:

1. You must make 36 equal consecutive monthly installments of $600 principal, which includes interest at 5%, the first payment being due on the first day of the first full month following the month when you begin selling Cold Stone Products. Each subsequent payment will be due on the first of the month.

2. The annual interest rate will be 5%.

3. Any balance owing after the 36 consecutive monthly payments will be payable by the Monday of the week immediately following the date that the 36th payment is due.

4. If a payment is not made when due, interest shall accrue at an additional 5% interest per annum on the full principal balance until all of the past-due amounts (including interest) are paid in full.

5. If any payment is not received within 10 days after the due date, we have the option, upon written notice to you, to declare the entire remaining initial franchise fee balance immediately due and payable. If we exercise this option, you must pay the balance due within 3 days; if you fail to do so, you will be in default under the Franchise Agreement, and we may terminate the Agreement.

6. You may prepay the initial franchise fee, in whole or in part, at any time, without penalty. All payments will be applied first to any unpaid interest due, and then to the monthly installments of principal. Any prepayment will be applied in reverse order beginning with the last monthly installment.

7. If you are leasing the Cold Stone Assets and then purchase these assets, you must prepay the balance of the initial franchise fee (plus any accrued interest) then owing, within 5 days after purchasing the Cold Stone Assets.

Rental Program for Operators

Operators will rent the Cold Stone Assets from us under a month-to-month rental agreement, the terms of which are found in the Amendment. The Cold Stone Assets, together with their costs, are described in Item 5 of this Exhibit J. You will pay rent as follows: (i) the initial partial month (if you commence selling Cold Stone Products on a day other than the 1st of the month) will be rent free; and (ii) commencing on the first full month following the date you commence the sale of Cold Stone Products from your Co-Branded Restaurant you will pay a monthly rent of $2,500, exclusive of any taxes, payable monthly in arrears. You will continue paying the monthly rent of $2,500 for the duration of your Operator Agreement. We may temporarily reduce this monthly Cold Stone Creamery equipment rental fee from $2,500 to 7% of gross sales. After allowing an equipment rental fee reduction, we can return the equipment rental fee to $2,500 per month at any time.

We reserve the right to enter into financing arrangements with franchisees on terms more favorable than those described in this Item 10.

ITEM 11

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

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

1. In Shop Assistance. Unless, in our determination, you or your general manager have sufficient prior training or experience we will send to your Co-Branded Shop 2 of our representatives who will provide you with up to 8 calendar days of on-site pre-opening and opening assistance, without charge. The timing, nature, and duration of this assistance will be at our sole discretion.

2. Cold Stone Training Program. After you sign the Amendment and before you open the Co-Branded Shop, we will train up to 2 people to operate the Co-Branded Shop using the Cold Stone Creamery's recipes, formulae, food preparation procedures and business policies and practices (the **"Training Program"**). The Cold Stone Training Program will consist of the topics outlined in the Table below. However, certain portions of the Cold Stone Training Program may be altered or eliminated, and/or the number of hours may be adjusted, depending upon your background and skill-set. The following Table indicates the general subject matter, the number of hours of classroom training, and the number of hours of "on-the-job" training for each subject to be covered during the Training Program, and the location of the training. Cold Stone's instructors at a minimum completed the entire Cold Stone Creamery Training Program, and have experience in training each of the subjects listed in the table below, with some trainers having five years' experience or more in training each of the subjects. Other personnel involved with on-the-job training of franchisees and Operators are Directors of Business Development and Managers of Regional Training, all who have more than 1 year experience with on-the-job training. Further, substitute instructors may present certain portions of the Training Program. During the Training Program, the following instructional materials will be used: manuals, videos, and tests.

You must satisfactorily complete the Cold Stone Training Program, in our sole judgment. Attendance at the entire Training Program is mandatory. The Cold Stone Training Program is conducted at Cold Stone's training facility in Scottsdale, Arizona or other designated location and is approximately 40 hours in length.

In connection with the Training Program, you may be tested and will be evaluated upon, among other things, your competence in performing the skills necessary to operate the Co-Branded Shop, your aptitude for operating the Co-Branded Shop, your suitability to operate within the Cold Stone system and the operation of your Co-Branded Shop's effect on Cold Stone's goodwill and reputation, the Cold Stone Products and the Cold Stone Marks. We may require you to attend additional training if, in our sole judgment, we determine that you have not satisfactorily completed the Training Program. If you fail to successfully complete the Cold Stone Training Program to our satisfaction, you will not be permitted to sell Cold Stone Products or convert your Shop to a Co-Branded Shop.

Neither you nor anyone else attending the Cold Stone Training Program will be deemed to be Cold Stone's franchisee or employee for any purpose.

The Training Program will be provided free of charge for up to 2 people. The fee payable to us for the third and any additional attendee is $1,500 per additional Training Program per person. Training of additional people may not be held at the same time as training of the initial two people. All Training Program attendees must pay their own travel, lodging and meal expenditures in connection with attending both Stages of the Training Program.

Additional training programs and refresher courses may be required from time to time. We may require you, in our sole discretion, to pay a fee for additional training programs, which will not exceed $1,500 per year for one person to attend. You must pay your own travel, lodging and meal expenditures in connection with attendance.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the-job training	Location
Cold Stone Brand Training	10	30	Online, Scottsdale, AZ or other designated location

3. Cold Stone Operating Manual. Before you open your Co-Branded Shop, we will loan to you a copy of Cold Stone's operating manual ("**Cold Stone Operating Manual**"), which contains standards of operations, the equipment and fixtures required to operate the franchise, operating procedures and policies. The Cold Stone Operating Manual presently contains approximately 385 pages of electronic and printed materials. The table of contents of the Cold Stone Operating Manual is contained in Attachment E to this Exhibit J.

You must operate your Co-Branded Shop strictly in accordance with the operating procedures and policies, as contained in the Cold Stone Operating Manual, as it may be amended from time to time. The Cold Stone Operating Manual is **strictly confidential** and must be returned promptly to us upon your Shop ceasing to be a Co-Branded Shop.

4. List of Approved Vendors and Suppliers; Coordinating Ordering and Delivery of Equipment and Signage. Before you open your Co-Branded Shop, we will provide you with a copy of the list of approved vendors and suppliers for all food, supplies, equipment, millwork, signage, decor and other goods and services for the Cold Stone portion of your Co-Branded Shop. In addition, we will coordinate the ordering and delivery of equipment, signage, leasehold improvements and construction for the Cold Stone portion of your Co-Branded Shop. Unless we approve otherwise, we or our designee will install these approved items in your Shop. You must coordinate all other matters identified in Item 5 of this Exhibit J.

Advertising

Please refer to Item 11 in Cold Stone's Franchise Disclosure Document for information on how Cold Stone spends advertising fees.

Under the Co-Branding Program all, or a portion, of the advertising contribution (equal to 2.5% of the Gross Sales attributable to the sale of Cold Stone Products) that you make to us will be remitted by us to the Cold Stone Advertising Fund for use in promoting the sale of Cold Stone Products and the Cold Stone system.

You must spend $5,000 to promote the grand opening of Cold Stone Product sales at your new-built Co-Branded Shop. We will, however, for renovated Co-Branded Shops reduce the amount you are required to spend to promote the grand opening of Cold Stone Product sales at your Co-Branded Shop from $5,000 to $2,500. Your grand opening promotion fees will be paid directly to us and we will promote the grand opening on your behalf or provide you with your grand opening advertising and promotional materials. We may, at our option, elect to contribute to the amount that you must spend on your grand opening promotion fees. We do not contribute any amount to Shops that are being opened in the Buffalo Designated Marketing Area. Franchisees or Operators who take over operations of an open Shop are not required to pay grand opening promotion fees.

Time between Signing the Amendment and the Commencement of Sales of Cold Stone Products in Existing Renovated Co-Branded Shops

If you are renovating your existing Shop, once you decide to participate in the Co-Branding Program, we estimate that the time period before you can commence the sale of Cold Stone Products in your Co-Branded Shop will range from zero to six weeks. The factors that will affect the time frame include (i) the installation of required leasehold improvements, fixtures, equipment, signage and other required modifications to your Co-Branded Shop premises; and (ii) satisfactory completion of the Cold Stone Training Program.

ITEM 12

TERRITORY

You will not receive an exclusive territory. You may face competition from other (i) Cold Stone Creamery franchisees or Cold Stone company or affiliate owned outlets, (ii) other Shops that will also sell Cold Stone Products, and (iii) other channels of distribution or competitive brands that Cold Stone controls. We (and/or our affiliates) may establish other franchised or company-owned Co-Branded Shops that may compete with your location, including across the street from your location or in the same venue as your location. One or more future Co-Branded Shops may have an adverse effect on the revenues and profitability of existing Co-Branded Shops, including your Co-Branded Shop.

If there are any conflicts that arise from the operation of your Co-Branded Shop concerning our distribution activities, or involving territory, customer or support, our management team will attempt to resolve the conflict after taking into account the specific facts and what is in the best interests of the Tim Hortons System.

The Amendment does not provide you with any options, rights of first refusal, or similar rights to acquire additional Co-Branded Shops.

There are no restrictions on the customers to whom you may sell the Cold Stone Products, but all sales must be made at your Co-Branded Shop premises. You may not sell any Cold Stone Products from or to any location other than your Co-Branded Shop premises.

ITEM 13

TRADEMARKS

Co-Branded Shops will have the right to use the following Cold Stone Marks which are registered on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"):

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
IT'S A GREAT DAY FOR ICE CREAM	2,492,521	September 25, 2001
COLD STONE CREAMERY	2,542,783	February 26, 2002
COLD STONE	2,691,919	March 4, 2003
	2,779,570	November 4, 2003
	2,789,528	December 2, 2003
	2,877,683	August 24, 2004
COLD STONE CREAMERY	3,161,605	October 24, 2006
CAKE BATTER ICE CREAM	3,167,072	November 7, 2006
MINE	3,352,116	December 11, 2007
OURS	3,352,117	December 11, 2007

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
EVERYBODY'S	3,356,183	December 18, 2007
10-MINUTE VACATION	3,392,391	March 4, 2008
	3,708,030	November 10, 2009
	3,708,156	November 10, 2009
	3,714,496	November 24, 2009
ULTIMATE ICE CREAM EXPERIENCE	4,535,838	May 27, 2014
COLD STONE EXPRESS	4,719,555	April 14, 2015
MY COLD STONE CLUB	4,719,563	April 14, 2015
	4,749,830	June 2, 2015
LIKE IT	4,815,807	September 22, 2015
LOVE IT	4,815,808	September 22, 2015
GOTTA HAVE IT	4,815,809	September 22, 2015
COLD STONE	5,311,081	October 17, 2017

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
	5,456,715	May 1, 2018

All affidavits of use required to be filed for the federally registered Cold Stone Marks have been filed. There are no (a) presently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, (b) pending infringement or cancellation proceedings or (c) pending material litigation involving the principal Cold Stone Marks.

Other than disclosed below, there are no agreements currently in effect that limit our right to use or license the use of the Cold Stone Marks that are in any manner material to you.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending opposition or cancellation proceeding, or any pending material litigation, involving the Cold Stone Marks which is relevant to their use by you.

We have entered into the Master License Agreement with Cold Stone. This Master License Agreement gives us the right to use, and to license our franchisees to use, the Cold Stone Marks listed above solely in connection with the sale of Cold Stone Products at Co-Branded Shops. Either party may terminate the Master License Agreement upon the occurrence of a material breach of the agreement or upon certain other events. For a set number of shops opened during the initial phase of our Master License Agreement (the "Phase One Shops"), the Master License Agreement expires the earlier of July 31, 2019 or the day the last Phase One Shop ceases to be open for business. For Shops opened during Phase Two (the "Phase Two Shops"), the Master License Agreement expires on the day the last Phase Two Shop ceases to be open for business. We are currently offering Co-Branded Shop franchises only under Phase Two of the Master License Agreement. If the Master License Agreement is terminated both we and our franchisees and Operators must immediately discontinue any further use of the Cold Stone Marks.

There are no superior prior rights or infringing uses of the principal Cold Stone Marks actually known to Cold Stone or its affiliate, which rights or uses could materially affect your use of the principal Cold Stone Marks in any state. There are no agreements currently in effect that significantly limit Cold Stone's rights to use or license the use of the principal Cold Stone Marks. You must promptly notify us of any suspected unauthorized use of, or challenge to the validity of, the Cold Stone Marks or any challenge to Cold Stone's ownership of, or right to use or license others to use, the Cold Stone Marks. Cold Stone can direct and control any administrative proceeding or litigation involving the Cold Stone Marks, including any settlement thereof. Cold Stone may take action against uses by others that may constitute infringement of

the Cold Stone Marks. We, or Cold Stone, will defend you against any third-party claim, suit, or demand arising out of your use of the Cold Stone Marks. If we, in our sole discretion, determine that you have used the Cold Stone Marks in a manner authorized by the Amendment, the cost of this defense, including the cost of any judgment or settlement, will be borne by us. If we, in our sole discretion, determine that you have not used the Cold Stone Marks in a manner authorized by the Amendment, the cost of such defense, including the cost of any judgment or settlement, will be borne by you. If any litigation relating to your use of the Cold Stone Marks arises, you must execute any and all documents and do the acts as may, in our opinion, be necessary to carry out the defense or prosecution, including, becoming a nominal party in any legal action. Except to the extent the litigation is the result of your use of the Cold Stone Marks in a manner inconsistent with the terms of the Amendment, we will reimburse you for your out-of-pocket litigation costs in doing these acts.

We, or Cold Stone, may require you to use different trademarks for use in identifying the Cold Stone Products if the Cold Stone Marks can no longer be used, or if Cold Stone, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the Cold Stone system. In these circumstances, the use of the substituted trademarks will be governed by the terms of the Amendment.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Cold Stone's affiliate owns proprietary information and rights in numerous items, like menu formats, advertising designs, packaging, processes, techniques, formulae for our ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks and other frozen dessert products and related products, the method of production and storage of the ice cream, cakes, pies, smoothies, shakes, specialty beverages, soft drinks and other frozen dessert products and related products, and information contained in the Cold Stone Operating Manual. Some of those items are suitable for patent and/or copyright protection and/or are protectable as trade secrets. Cold Stone and its affiliate claim all statutory copyrights that attach to all, or part of, any original materials used in the Cold Stone system, including their Cold Stone Operating Manual, advertising and promotional materials, and all other written materials we provide you.

To date, neither Cold Stone nor its affiliates have registered any items for copyright protection. However, their copyright protection will extend for 100 years from the date of each item's creation or 75 years from the date of each item's publication, whichever is shorter.

An affiliate of Cold Stone has obtained the following design patents from the USPTO:

Title	Patent Number	Issue Date
Combined Cake and Ice Cream Dessert	D550,927	September 18, 2007
Combined Cake and Ice Cream Dessert	D571,526	June 24, 2008

One issued design patent (D550,927) relates to ornamental features and the design of the ice cream cake sold under the trademark Midnight Delight®. This patent's term is 14 years from the issuance date of September 18, 2007. The other issued design patent (D571,526) related to ornamental features and the design of the ice cream cake sold under the trademark Strawberry Passion™. This patent's term is 14 years from the issuance date of June 24, 2008. Except as stated above, there are no: (a) presently effective material determinations of the USPTO, the United States Copyright Office, or any state or federal court; (b) pending infringement or cancellation proceedings; or (c) pending material litigation involving the design patents.

We do not know of any: (a) current material determinations of the USPTO, the United States Copyright Office, or any state or federal court; or (b) pending infringement or cancellation proceedings that could materially affect the franchisee or Operator.

The Cold Stone Operating Manual is an integral part of the Cold Stone system. All of the disclosures appearing at Item 14 of this Franchise Disclosure Document also apply to a) the Cold Stone Operating Manual and b) any confidential information you may receive about Cold Stone or the manner in which it conducts business.

You and your Shop may also be required to sign Cold Stone's Confidentiality and Non-Competition Agreement in the form appearing at Attachment C to the Amendment.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at your Co-Branded Shop the Cold Stone Products, in a manner consistent with Cold Stone's comprehensive standards and requirements. In addition, we may incorporate new products and services that we believe will be successful.

You must offer and sell those new Cold Stone Products and participate in any Cold Stone local and regional promotional programs, initiatives and campaigns adopted by us in which we require you to participate. We can designate which of our Co-Branded Shops may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may periodically develop. If we designate you for participation in any of these programs, initiatives or campaigns, you must participate when and as required by us. There are no limits on our right to require you to offer and sell those new products or to participate in those programs, initiatives and campaigns.

You may not offer or sell any products or services specified by us in any configuration, form or manner (including items for resale) other than that specifically approved by us. You may not market your Co-Branded Shop or use the Cold Stone Marks on the Internet.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

Franchise Agreement

The following table lists certain important provisions of the Amendment. You should read these provisions in the Amendment attached to this Addendum as Attachment A.

Provision	Section in Amendment to Franchise Agreement*	Summary
a. Length of the term	1.2	Up to 20 years
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	7.3	Immediately upon termination of the Master License Agreement.
f. Termination by us with cause	7.1, 7.2	See (g) and (h)
g. "Cause" defined – curable defaults	7.2	Failure to maintain standards; unauthorized business or sale of unauthorized products; failure to obtain consent as required by the Amendment; failure to comply with the Operating Manual; breach of related agreements.

Provision	Section in Amendment to Franchise Agreement*	Summary
h. “Cause” defined – non-curable defaults	7.1	Abandonment of the sale of Cold Stone Products; misuse of the Cold Stone Marks; unauthorized disclosure of confidential information; unauthorized transfer of your Co-Branded Shop; termination of the Franchise Agreement; transfer of your Tim Hortons Shop without transfer of the Cold Stone rights.
i. Your obligations on termination/nonrenewal	7.5	Cease to identify as a Co-Branded Shop; return Operating Manual; cease using any Cold Stone proprietary information and renovate the Shop to remove the Cold Stone Marks and the trade dress; Pay all amounts outstanding to us and our affiliates within 10 days of termination/expiration.
j. Assignment of the contract by us	Not Applicable	Not Applicable
k. “Transfer” by you – definition	Not Applicable	Not Applicable
l. Our approval of transfer by you	Not Applicable	Not Applicable
m. Conditions for our approval of transfer	Not Applicable	Not Applicable
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable

Provision	Section in Amendment to Franchise Agreement*	Summary
q. Non-competition covenants during the term of the franchise	8.6, 8.7	You and your principals (and their immediate family members) may not own, operate, or have any relationship with, any business that is the same or similar, or offers products or services that are the same or similar, to a Co-Branded Shop (collectively "**Similar Business**").
r. Non-competition covenants after the franchise is terminated or expires	8.6, 8.7	You and your principals may not for a period of 1 year following the termination of the Amendment own, operate, or have any relationship with, a Similar Business located (i) at the Co-Branded Shop premises; (ii) within a 2 mile radius of the Co-Branded Shop premises; or (iii) within a 2 mile radius of any other Shop operated by us, Cold Stone, or any of our respective franchisees or affiliates at the time you signed the Franchise Agreement.
s. Modification of the agreement	Not Applicable	Not Applicable
t. Integration/merger clause	Not Applicable	Not Applicable
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	Not Applicable	Not Applicable
w. Choice of law	Not Applicable	Not Applicable

Note: Section references are to the Amendment to Tim Hortons Franchise Agreement for Co-Branded Shop, unless stated otherwise. This table must be read in conjunction with the table relating to the Franchise Agreement which appears at Item 17 of this Franchise Disclosure Document. The Franchise Agreement provisions also are applicable and will apply to the sale of Cold Stone Products at your Co-Branded Shop.

Operator Agreement

The following table lists certain important provisions of the Amendment. You should read these provisions in the Amendment attached to this Addendum as Attachment B.

Provision	Section in Amendment to Operator Agreement*	Summary
a. Length of the term	1.2	During the term of the existing Operator Agreement.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	7.1	You may terminate only the Amendment in connection with a termination of the Operator Agreement.
e. Termination by us without cause	7.4 and 7.5	Immediately upon termination of the Master License Agreement and at any time upon 30 business days prior written notice.
f. Termination by us with cause	7.2, 7.3	See (g) and (h)
g. "Cause" defined — curable defaults	7.3	Failure to maintain standards; unauthorized business or sale of unauthorized products; failure to obtain consent as required by the Amendment; failure to comply with the Operating Manual; breach of related agreements.
h. "Cause" defined — non-curable defaults	7.2	Abandonment of the sale of Cold Stone Products; misuse of the Cold Stone Marks; unauthorized disclosure of confidential information; unauthorized transfer of your Co-Branded Restaurant; transfer of your Tim Hortons Restaurant without transfer of the Cold Stone rights.

Provision	Section in Amendment to Operator Agreement*	Summary
i. Your obligations on termination/nonrenewal	7.7	Cease to identify as a Co-Branded Restaurant; return Operating Manual; cease using any Cold Stone's proprietary information and renovate the Restaurant to remove the Cold Stone Marks and the trade dress; Pay all amounts outstanding to us and our affiliates within 10 days of termination/expiration.
j. Assignment of the contract by us	Not Applicable	Not Applicable
k. "Transfer" by you — definition	Not Applicable	Not Applicable
l. Our approval of transfer by you	Not Applicable	Not Applicable
m. Conditions for our approval of transfer	Not Applicable	Not Applicable
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable

q. Non-competition covenants during the term of the franchise	8.6, 8.7	You and your principals (and their immediate family members) may not own, operate, or have any relationship with, any Similar Business.
r. Non-competition covenants after the franchise is terminated or expires	8.6, 8.7	You and your principals may not for a period of 1 year following the termination of the Amendment own, operate, or have any relationship with, a Similar Business located (i) at the Co-Branded Restaurant premises; (ii) within a 2 mile radius of the Co-Branded Restaurant premises; or (iii) within a 2 mile radius of any other restaurant operated by us, Cold Stone, or any of our respective franchisees or affiliates at the time you signed the Operator Agreement.
s. Modification of the agreement	Not Applicable	Not Applicable
t. Integration/merger clause	Not Applicable	Not Applicable
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	Not Applicable	Not Applicable
w. Choice of law	Not Applicable	Not Applicable

Note: Section references are to the Amendment to Tim Hortons Operator Agreement for Co-Branded Restaurant, unless stated otherwise. This table must be read in conjunction with the table relating to the Operator Agreement which appears at Item 17 of this Franchise Disclosure Document. The Operator Agreement provisions also are applicable and will apply to the sale of Cold Stone Products at your Co-Branded Restaurant.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1*

Systemwide Outlet Summary
For years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	51	48	-3
	2021	48	21	-27
	2022	21	16	-5
Company- Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	51	48	-3
	2021	48	21	-27
	2022	21	16	-5

Table No. 2*

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022[i]

State	Year	Number of Transfers
Kentucky	2020	1
	2021	0
	2022	0
Michigan	2020	0
	2021	0
	2022	2
Ohio	2020	9
	2021	1
	2022	1

State	Year	Number of Transfers
West Virginia	2020	1
	2021	0
	2022	0
Totals	2020	11
	2021	1
	2022	3

Table No. 3*

Status of Franchised Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Maine	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
Michigan	2020	28	0	0	0	0	2	26
	2021	26	0	0	0	0	11	15
	2022	15	0	0	0	0	3	12
New York	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	5	0
	2022	0	0	0	0	0	0	0
Ohio	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	8	2
	2022	2	0	0	0	0	0	2
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0

West Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Total	2020	51	0	0	0	0	3	48
	2021	48	0	0	0	0	27	21
	2022	21	0	0	0	0	5	16

Table No. 4*

Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5*

Projected Openings As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Total	0	0	0

***** All Item 20 tables include all Co-Branded Shops. References to opened outlets include newly-built Co-Branded Shops and existing Tim Hortons outlets in which Cold Stone Creamery was added.

If you participate in the Co-Branding Program, your contact information may be disclosed to other franchisees when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Cold Stone Creamery

franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

A list of the Co-Branded Shops as of December 31, 2022 is attached as Attachment F. The name and last known home address and telephone number of every franchisee and Operator who operated a Co-Branded Shop who has had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement or under an Operator Agreement during our fiscal year ended December 31, 2022, or who has not communicated with us within 10 weeks of the date of this disclosure document, is also listed on Attachment F.

The Cold Stone Creamery franchise disclosure document contains a list of current and former Cold Stone franchisees. If you are considering participating in the Co-Branding Program by converting your Shop to a Co-Branded Shop you are encouraged to contact current and former Cold Stone franchisees.

ITEM 22
CONTRACTS

Attachment A	Form of Amendment to Tim Hortons Franchise Agreement for Co-Branded Restaurant
Attachment B	Form of Amendment to Tim Hortons Operator Agreement for Co-Branded Restaurant
Attachment C	Confidentiality and Non-Competition Agreement
Attachment D	Amendment to Tim Card Addendum to Allow for the Redemption of Cold Stone Creamery Gift Cards
Attachment E	Table of Contents to Cold Stone Operating Manual
Attachment F	List of Co-Branded Shops

AMENDMENT TO TIM HORTONS FRANCHISE AGREEMENT FOR CO-BRANDED RESTAURANT

THIS AMENDMENT ("**Amendment**") to the Tim Hortons Franchise Agreement is made effective as of _____, 20___, ("**Effective Date**") among Tim Hortons USA Inc., a Florida corporation ("**Franchisor**") and the undersigned "**Franchisee**."

WHEREAS, Kahala Franchising, L.L.C., an Arizona limited liability company ("**Cold Stone**"), has developed a system for the sale of ice cream, cakes, pies, smoothies, shakes, specialty beverage products and other frozen dessert products (**"Cold Stone Products**") under the Cold Stone Creamery® name and associated trademarks and service marks ("**Cold Stone Marks**"); the Cold Stone Products and Cold Stone Marks being collectively referred to as the "**Cold Stone System**"**;**

WHEREAS, Cold Stone's predecessor, Kahala Franchise Corp., a Delaware corporation and Franchisor have entered into an Amended and Restated Master License Agreement dated November 6, 2009 which Master License Agreement was assigned by Kahala Franchise Corp. to Cold Stone on August 6, 2010, as subsequently amended (collectively the "**Master License Agreement**") whereby Cold Stone has permitted Franchisor and Franchisor's franchisees to use the Cold Stone Marks and sell the Cold Stone Products in franchisees' Tim Hortons Shop Premises, as well as in Franchisor and Franchisor's affiliate-owned retail shops;

WHEREAS, Franchisee has entered into a Franchise Agreement dated _____, 20___, ("**Franchise Agreement**") with Franchisor for the operation of a Tim Hortons Shop at the Premises; and

WHEREAS, Franchisee wishes to enter into this Amendment to its Franchise Agreement in order to supplement its existing product offerings by also being able to sell certain Cold Stone Products and use certain Cold Stone Marks as part of its Tim Hortons Shop conducted at the Premises.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. **Grant**. Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, during the term of this Amendment, a limited right to use the Cold Stone System and Cold Stone Marks to produce and sell the Cold Stone Products at the Tim Hortons Shop Premises (the "**Cold Stone Rights**"). To effectuate the grant of the Cold Stone Rights, the term "TIM HORTONS SYSTEM" appearing in the first WHEREAS of the Franchise Agreement is amended to include the term "Cold Stone Products," and the term "TIM HORTONS TRADEMARKS" appearing in the second WHEREAS of the Franchise Agreement is amended to include the Cold Stone Marks set forth in Attachment A. Notwithstanding the foregoing, nothing in this Amendment will be construed to mean that Franchisor or Franchisee has any rights to the Cold Stone Products, (except for any rights Franchisor may have as provided in the Master License Agreement), or any ownership of the rights to, interest in, and goodwill of the Cold Stone Marks.

1.2. **Term of Grant**. The term of this Amendment shall commence on the Effective Date and, unless sooner terminated pursuant to Section 7 of this Amendment, shall end upon the earlier of: (a) the expiration or termination of the Franchise Agreement, or (b) the date which is 20 years from the date when Franchisee commenced selling the Cold Stone Products pursuant to Section 4.2.

2. DEVELOPMENT OF FRANCHISED BUSINESS PREMISES

2.1. **Conversion and Design**. Franchisee acknowledges that the layout, design, decoration and color scheme associated with the Cold Stone System is an integral part thereof; accordingly, Franchisee will convert, design and decorate that portion of the Premises as illustrated on the floor plan attached hereto as Attachment B as specified by Franchisor for use in the sale of Cold Stone Products, in accordance with the plans and specifications which are contained in the Confidential Operating Manual (the "**Manual**"), as set forth in Section 4.1(c).

2.2. **Signs**. Franchisee must acquire for use at the Premises all signage and other items that display the Cold Stone Marks which comply with the standards and specifications that are contained in the Manual, as set forth in Section 4.1(c). It is Franchisee's sole responsibility to ensure that any signs comply with applicable local ordinances, building codes and zoning regulations. Any modifications to the standards and specifications for signs that must be made due to local ordinances, codes or regulations must be submitted to Franchisor for prior written approval. Franchisee acknowledges the Cold Stone Marks, or any other name, symbol or identifying marks on any signs associated with the Cold Stone System may only be used in accordance with Franchisor's standards and specifications and only with the prior written approval of Franchisor.

2.3. **Equipment**. Franchisee must acquire for use at the Premises and in connection with the Cold Stone System, equipment of a type and in an amount which complies with the standards and specifications of Franchisor. Franchisee acknowledges that the type, quality, configuration, capability and/or performance of the equipment are all standards and specifications which are a part of the Cold Stone System and therefore such equipment must be purchased, leased, or otherwise obtained in accordance with Franchisor's standards and specifications and only from suppliers or other sources approved by Franchisor.

2.4. **Permits and Licenses**. Franchisee shall obtain all permits and certifications as may be required to lawfully sell Cold Stone Products, together with all certifications from government authorities having jurisdiction over the site. Franchisee must certify to Franchisor before commencing the sale of Cold Stone Products that all requirements for construction and operation have been met, including without limitation, zoning, access, sign, health, safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances.

3. TRAINING

3.1. **Initial Training Program**. Franchisee or, if Franchisee is not an individual, the person designated by Franchisee to assume primary responsibility for the management of the Tim Hortons Shop, ("**General Manager**") is required to attend and successfully complete the initial training program which is offered by Cold Stone at a Cold Stone training location designated by Cold Stone. Franchisee may at its option send an additional person to the training program. The initial training program will be provided without charge of a tuition or fee. Franchisee will be responsible for any and all travel and living expenses incurred in connection with attendance at the training program. Franchisee's attendee(s) must successfully complete the initial training program prior to Franchisee's sale of Cold Stone Products. The initial training program will consist of five (5) days of instruction online or at a location designated by Cold Stone; provided, however, that Cold Stone reserves the right to waive a portion of the training program or alter the training schedule, if in Cold Stone's sole discretion, Franchisee or General Manager has sufficient prior experience or training.

4. DEVELOPMENT ASSISTANCE

4.1. **Franchisor's Development Assistance**. Franchisor or its designee will provide Franchisee with the following assistance:

(a) Provision of the initial training program, as described in Section 3.

(b) Direction regarding the required size, conversion, design and decoration of the portion of the Premises to be used for the sale of Cold Stone Products, plus specifications concerning signs, seasonal graphics, equipment, and other required or recommended items.

(c) Lend Franchisee a copy of the Manual containing the standards, specifications, policies and other directives and information germane to the Cold Stone System and the preparation and sale of the Cold Stone Products. Franchisee must treat the Manual in the same manner and subject to the same rights and obligations as Franchisor's current Confidential Operating Manual under Article VII of the Franchise Agreement.

(d) Unless, in Franchisor's determination, Franchisee or the General Manager have sufficient prior training or experience Franchisor will send to Franchisee's Premises two representatives ("**Site Representatives**") who will be present for up to eight (8) days beginning approximately three (3) days prior to the commencement of Franchisee's sale of Cold Stone Products, but if Franchisee's commencement date is on or near a holiday, the Site Representatives will not begin the in-Shop assistance until three (3) days after the holiday. Holidays will include, but not be limited to, New Year's Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving, Hanukkah and Christmas. There will be no charge to Franchisee for the Site Representatives' assistance described in this subsection (d).

4.2. **Prior Approval for Commencing the Sale of Cold Stone Products**. Franchisee shall not commence sales of Cold Stone Products unless and until Franchisor has furnished written authorization to do so, which authorization is contingent on Franchisee's full compliance with all of its pre-opening obligations, as set forth in this Amendment.

5. PAYMENTS & REPORTS

5.1 **Gross Sales**. The term "Gross Sales" as defined in Franchise Agreement Section 4.06 is amended to also include the total amounts received from the sale of Cold Stone Products.

5.2 **Initial Franchise Fee**. In consideration of the Cold Stone Rights granted herein Franchisee shall pay to Franchisor at the time of execution of this Amendment an initial franchise fee of $20,000, which payment shall be deemed fully earned and non-refundable when made, in consideration of the administrative and other expenses incurred by Franchisor in entering into this Amendment.

[Alternate franchise fee provision where franchise fee paid over time]

Initial Franchise Fee. In consideration of the Cold Stone Rights granted herein Franchisee shall pay to Franchisor at the time of execution of this Amendment an initial franchise fee of $20,000, which payment shall be deemed fully earned and non-refundable when made, in consideration of the administrative and other expenses incurred by Franchisor in entering into this Amendment. The initial franchise fee, together with interest thereon at the rate of five percent (5%) and calculated annually in arrears, shall be amortized over 36 months paid in 36 equal, consecutive monthly installments of principal and interest. Payment of the initial franchise fee shall commence on the first day of the first full month following the date on which Franchisee

commences the sale of Cold Stone Products (the "**Commencement Date**"). Any balance owing with respect to this initial franchise fee and interest accruing thereon after 36 consecutive monthly payments shall be payable by the Monday of the week immediately following the date that the 36th payment is due. In the event a payment is not made when due, then interest shall accrue from the due date at the interest rate referenced above, plus five percent (5%), (the "**Default Rate**") and the Default Rate shall apply until such past due amounts (including interest), are paid in full. If any payment is not received within ten days after the due date, Franchisor may, upon written notice to Franchisee, declare the entire remaining initial franchise fee balance due and payable immediately; in such event, Franchisee shall pay the balance due within three (3) days thereafter, and failure to make such payment shall constitute a default under the Franchise Agreement. Franchisee may prepay the initial franchise fee, in whole or in part, at any time, without penalty. Any and all payments, including without limitation prepayments, shall be applied first to any unpaid interest due, and then to the monthly installments as set forth above, in reverse order beginning with the last monthly installment.

5.3. **Royalties on Gross Sales of Cold Stone Products**. The royalty fee payable pursuant to Franchise Agreement Section 4.03 that is attributable to the Gross Sales of Cold Stone Products is six percent (6%).

5.4. **Advertising Contribution on Gross Sales of Cold Stone Products**. The advertising contribution payable pursuant to Franchise Agreement Section 4.04 that is attributable to the Gross Sales of Cold Stone Products is two and one half percent (2.5%). Franchisee acknowledges and agrees that this advertising contribution will be remitted by Franchisor to Cold Stone, and that Cold Stone may use any such monies for the purpose of promoting the Cold Stone System. Franchisee acknowledges that Franchisor does not control the expenditure of any such advertising contributions remitted to Cold Stone.

5.5. **Initial Advertising and Promotion Fee**. Simultaneously with the execution of this Amendment, Franchisee shall pay Franchisor a grand opening promotion fee of Five Thousand Dollars ($5,000). Franchisor shall use the fee in the manner Franchisor deems appropriate, for the purpose of publicizing the availability of Cold Stone Products at the Premises.

5.6. **Reports**. The Gross Sales reports required by Sections 4.03 and 4.04 and Article IX of the Franchise Agreement shall separately detail the Gross Sales derived from the sale of Cold Stone Products. Franchisee acknowledges and agrees that Franchisor may share with Cold Stone the sales reports and profit and loss statements required by Sections 4.03 and 4.04 and Article IX of the Franchise Agreement.

6. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS

6.1 **Cold Stone Marks**. Franchisee acknowledges that Cold Stone and Franchisor have the right to use and to permit others to use the Cold Stone Marks listed in Attachment A. and that Franchisee's right to use the Cold Stone Marks is derived solely from this Amendment and is limited to the exercise of the Cold Stone Rights granted by and in compliance with this Amendment. Franchisee's use of the Cold Stone Marks in any manner other than as specifically authorized by this Amendment will constitute an infringement of Cold Stone and Franchisor's rights in and to the Cold Stone Marks. Franchisee acknowledges and agrees that usage of the Cold Stone Marks and any goodwill or reputation established thereby will inure to Cold Stone's and Franchisor's benefit, and that this Amendment does not confer any goodwill, reputation or other interests in the Cold Stone Marks upon Franchisee (other than the right to display the Cold Stone Marks in compliance with this Amendment). All provisions of this Amendment also will be applicable to any additional Cold Stone Marks that Cold Stone and Franchisor may hereinafter permit Franchisee to use. Franchisee acknowledges that it has not acquired any right, title or interest in any Cold Stone Marks except as is authorized and governed by this Amendment. Except as permitted in the Manual, Franchisee agrees not to use any Cold Stone Marks as part of an electronic mail address or on any sites on the Internet or World Wide Web and Franchisee agrees not to use or register any of the Cold Stone Marks as a domain name on the Internet.

6.2 **Cold Stone Products**. Franchisee hereby acknowledges that Cold Stone owns and controls the Cold Stone System, all of which constitute trade secrets of Cold Stone, and Franchisee acknowledges that Cold Stone has valuable rights in and to such trade secrets. Franchisee further acknowledges that it has not acquired any right, title or interest in the Cold Stone System except for the right to use the Cold Stone Marks and sell Cold Stone Products in strict compliance with the terms of this Amendment.

6.3. **Cold Stone's Reservation of Rights**. Franchisee acknowledges that the rights granted in this Amendment are non-exclusive and that, pursuant to the Master License Agreement, Cold Stone retains the rights, among others: (1) to use, and to license others to use, the Cold Stone System for the operation of Cold Stone Creamery shops, kiosks, satellite restaurants, temporary restaurants and other co-branded restaurants, at any location other than at the Premises; (2) to use the Cold Stone System to identify services and products, promotional and marketing efforts or related items, and to identify products and services similar to or the same as those which Franchisee will sell, but made available through alternative channels of distribution other than through traditional Cold Stone Creamery shops, at any location other than at the Premises, including, but not limited to, through satellite shops, temporary shops, kiosks, other co-branded shops, by way of mail order, (including electronic mail order), the Internet, catalog, telemarketing, other direct marketing methods, television, shop display or through the wholesale sale of its products to unrelated retail outlets or to candy distributors or outlets located in stadiums, arenas, airports, turnpike rest stops or supermarkets; and (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those which Franchisee will sell or in connection with the operation of shops selling ice cream and frozen confections, at any location other than at the Premises, which shops are the same as, or similar to, or different from a traditional Cold Stone Creamery shop or a satellite shop, a temporary shop, a co-branded shop or a kiosk, on any terms and conditions as Cold Stone deems advisable, and without granting Franchisee any rights therein.

6.4. **Creative Ownership**. All copyrightable works created by Franchisee or any of its owners, officers or employees in connection with the use of the Cold Stone System will be the sole property of Cold Stone. Franchisee assigns all proprietary rights, including copyrights, in these works to Cold Stone without additional consideration. Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Cold Stone System during the term of this Amendment, as Cold Stone may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to Cold Stone all right, title, and interest in said property. Franchisee will promptly disclose to Franchisor and Cold Stone all inventions, discoveries, improvements, recipes, creations, patents, copyrights, trademarks and confidential information relating to the Cold Stone System which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and will promptly create a written record of the same. In addition to the foregoing, Franchisee acknowledges and agrees that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the sale of Cold Stone Products, will be deemed to be a part of the Cold Stone System and will inure to the benefit of Cold Stone.

6.5 **Non-Disparagement**. Franchisee agrees that it will not take any action or make any statements to any third parties that would constitute a criticism, denigration or disparagement of Cold Stone or Franchisor, their employees, representatives or agents, or the Cold Stone System or that would tend to be injurious to the reputation or goodwill of Cold Stone or Franchisor, their employees, representatives or agents, or the Cold Stone System, or which may interfere in any manner with the business affairs or business relations of Cold Stone or Franchisor, their employees, representatives or agents.

6.6. **Gift Cards**. At Franchisor's request, Franchisee shall accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by Franchisor to enable Franchisee's customers to purchase the products offered by the Tim Hortons Shop. Franchisee shall acquire, at its expense, all necessary hardware

and/or software used in connection with these non-cash systems. Franchisee acknowledges and agrees that it will, at Franchisor's request, participate in Cold Stone's gift card program(s) and, at Franchisor's request, will enter into any agreement(s) with Franchisor, Cold Stone or the gift card service provider approved by Franchisor with respect to such participation.

7. TERMINATION

7.1. **Termination by Franchisor - Effective upon Notice**. Franchisor has the right, at its option, to terminate this Amendment and the Cold Stone Rights granted Franchisee hereunder, without affording Franchisee any opportunity to cure any default (subject only to any termination pre-requisites in any state franchise law whose applicability, as a matter of law supersedes the choice-of-law provision set forth in Franchise Agreement Section 17.14), effective upon receipt by Franchisee of written notice upon the occurrence of any of the following events:

(a) **Abandonment**. If Franchisee ceases to sell the Cold Stone Products for a period of five (5) consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue sale of the Cold Stone Products, unless and only to the extent that full operation of the Tim Hortons Shop is suspended or terminated due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(b) **Misuse of Cold Stone Marks**. If, within ten (10) days after notification from Franchisor, Franchisee fails, with respect to the Cold Stone Marks, either to correct any misuse, or to follow Franchisor's directions and guidelines concerning proper use;

(c) **Unauthorized Disclosure**. If Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of the Manual or any other trade secrets or confidential information;

(d) **Unauthorized Transfer**. If Franchisee sells, transfers or otherwise assigns the Cold Stone Rights granted by this Amendment, or attempts to transfer in any manner not in full compliance with the transfer provisions set forth in Franchise Agreement, Article XI; or attempts to transfer this Amendment except as part of the transfer of the Franchise Agreement. Franchisee specifically understands and agrees that this Amendment is indivisible from the Franchise Agreement, and may not be transferred except as part of an approved transfer of the Franchise Agreement.

(e) **Termination of Tim Hortons Franchise Agreement**. If Franchisee's Franchise Agreement terminates or expires for any reason.

7.2. **Termination by Franchisor - Thirty Days' Notice**. Franchisor has the right to terminate this Amendment and the Cold Stone Rights granted hereunder (subject only to any termination pre-requisites in any state franchise law whose applicability, as a matter of law supersedes the choice-of-law provision set forth in Franchise Agreement Section 17.14), effective upon thirty (30) days written notice to Franchisee, if Franchisee breaches any other provision of this Amendment and fails to cure the default during such thirty (30) day period. In that event, this Amendment will terminate without further notice to Franchisee, effective upon expiration of the thirty (30) day period. Defaults include, but are not limited to, the following:

(a) **Failure to Maintain Standards**. Franchisee fails to maintain the then-current operating procedures and adhere to the specifications and standards established by Franchisor as set forth herein or in the Manual or otherwise communicated to Franchisee;

(b) **Deceptive Practices**. Franchisee engages in any unauthorized business or practice or sells any unauthorized product or service under the Cold Stone Marks or under a name or mark which is confusingly similar to the Cold Stone Marks;

(c) **Failure to Obtain Consent**. Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Amendment;

(d) **Failure to Comply with Manual**. Franchisee fails or refuses to comply with the then-current requirements of the Manual; or

(e) **Breach of Related Agreement**. Franchisee defaults under any term of the Franchise Agreement, lease, sublease or lease assignment for the Premises, any equipment lease or any other agreement material to the Cold Stone Creamery shop or any other agreement or amendment between Franchisor and Franchisee and such default is not cured within the time specified in such lease, sublease, other agreement or other Amendment. Provided, however, so long as financing from the United States Small Business Administration remains outstanding, Franchisee will be given the same opportunity to cure defaults under any agreement between Franchisor or its affiliates and Franchisee, as Franchisee is given under this Amendment.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such thirty (30) day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such thirty (30) day period, Franchisee will be given an additional reasonable period of time to cure the same, and this Amendment will not automatically terminate without written notice from Franchisor.

7.3. **Termination of Master License Agreement**. Franchisee acknowledges that the Cold Stone Rights granted hereunder are granted pursuant to, and remain conditional upon, the continued existence of, the Master License Agreement. This Amendment and the Cold Stone Rights will automatically terminate upon the expiration or termination of the Master License Agreement, regardless of the cause of such termination.

7.4. **Scope of Termination**. At Franchisor's option, a termination under Sections 7.1 or 7.2 may relate solely to Franchisee's rights and obligations under this Amendment with respect to the Cold Stone System and shall not affect the validity or ongoing enforceability of the Franchise Agreement. Termination of this Amendment for any reason does not release Franchisee or Franchisor from their respective obligations under any other agreement, including any lease or promissory note, between the parties.

7.5. **Obligations of Franchisee upon Termination or Expiration of Cold Stone Rights**. Franchisee is obligated upon termination or expiration of its right to use the Cold Stone System to immediately:

(f) Cease use of and immediately remove all Cold Stone Marks, including but not limited to signs, symbols, devices, trade names, trademarks, or other materials.

(g) If deemed necessary by Franchisor, paint or otherwise change the interior and exterior of the Premises to remove any trade dress or other leasehold improvements, equipment, fixtures, etc. that are the identified with the Cold Stone System and to restore the Premises to conditions reasonably similar to those prior to the conversion pursuant to Section 2.1 of this Amendment.

(h) Deliver to Franchisor all items of inventory that bear a Cold Stone Mark including but not limited to logo, signs, sign-faces, advertising materials, forms and other materials.

(i) Deliver to Franchisor the Manual provided pursuant to Section 4.1(c) and all other information, documents and copies thereof associated with the Cold Stone System.

(j) Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Franchisee's use of any Cold Stone Marks which are under the exclusive control of Cold Stone or, at the option of Cold Stone, assign the same to the Cold Stone.

(k) If applicable, notify all telephone directory publishers of the termination or expiration of Franchisee's right to use any regular, classified or other telephone directory listings associated with any Cold Stone Mark and to authorize transfer thereof to Franchisor or its designee. Franchisee acknowledges that, as between Franchisee and Cold Stone, Cold Stone has the sole rights to and interest in all directory listings associated with any Cold Stone Mark. Franchisee authorizes Cold Stone, and hereby appoints Cold Stone and any of its officers as Franchisee's attorney-in-fact, to direct the telephone directory publishers to transfer or cancel any directory listings relating to the Cold Stone Creamery shop to Cold Stone or its designee. Should Franchisee fail or refuse to do so, the telephone directory publishers may accept such direction or this Amendment as conclusive of Cold Stone's exclusive rights in such directory listings and Cold Stone's authority to direct their transfer or cancellation.

(l) Sign a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, Cold Stone, their affiliates and their respective officers, directors, employees and agents.

(m) If applicable, take such action as may be required to remove from the Internet all sites referring to Franchisee's former association with the Cold Stone System and to cancel or assign to Cold Stone or its designee, in Cold Stone's sole discretion, all rights to any domain names for any sites on the Internet that refer to any such association.

8. MISCELLANEOUS PROVISIONS

8.1. **Indemnification**. Section 16.02 of the Franchise Agreement is hereby amended to include Cold Stone, its subsidiaries, parents, and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assigns as additional indemnified parties thereunder. All references in Section 16.02 to Franchisor shall be amended to also include "Cold Stone" to the extent applicable to the Cold Stone System.

8.2. **Insurance**. All of Franchisee's insurance obligations under Franchise Agreement Article X shall be expanded to also include Cold Stone, including, but not limited to, adding Cold Stone and its parents, subsidiaries, affiliates, directors, officers, and employees as additional insureds, with primary non-contributory coverage, on all insurance policies that Franchisee is obligated to maintain pursuant to the Franchise Agreement, and well as any additional insurance coverage, policy amounts, or other obligations that may be contained in the Manual.

8.3. **Ratification of Franchise Agreement**. This Amendment is an integral part of the Franchise Agreement. Except as modified or supplemented by this Amendment, the terms of the Franchise Agreement are ratified and confirmed.

8.4. **Entire Agreement**. This Amendment, the Attachments hereto, and the documents referred to herein, constitute the entire and complete agreement between the parties concerning the subject matter hereof, and supersede any and all prior agreements between the parties, no other representations having induced Franchisee to execute this Amendment. Franchisee acknowledges that it is neither aware of nor relying upon any oral or written representation or understanding which is contrary to the terms and conditions of this

Amendment or the contents of any document furnished to Franchisee. No amendment, change, or variance from this Amendment will be binding on either party unless mutually agreed to by the parties and executed by them or their authorized officers or agents in writing.

8.5. Construction of Amendment. Franchisor and Franchisee agree that the purpose of this Amendment is to supplement the Franchise Agreement and not to change or alter the terms of the Franchise Agreement, except as necessary to accomplish the objective of this Amendment. Therefore, the terms of the Franchise Agreement and the terms of this Amendment conflict, the agreements shall be construed, to the maximum extent possible, to avoid any direct conflict and, if such construction is unavoidable, then the terms of the Franchise Agreement govern. All capitalized terms not otherwise defined herein have the meanings set forth in the Franchise Agreement. Franchisee specifically acknowledges and agrees that all of the rights and obligations arising out of this Amendment, as well as all of the events relating to the negotiation, execution, performance or termination of this Amendment, have been, are and will in the future be strictly between Franchisee and Franchisor. Franchisee further acknowledges and agrees that Cold Stone (a) is not a party to this Amendment; (b) has not undertaken to perform any obligation directly to Franchisee in this Amendment or otherwise; and (c) has not assumed any duty directly to Franchisee in this Amendment or otherwise. Accordingly, Franchisee agrees to look solely to Franchisor with respect to the performance of all actions and circumstances described in this Amendment, as well as for any claims or causes of action that arise from or relate to the actions and circumstances described in this Amendment.

8.6. Covenant from Individuals. At Franchisor's request, each individual referenced in Franchise Agreement Section 13.09 will sign the Cold Stone non-competition and confidentiality covenant attached hereto as Attachment D.

8.7. Non-Competition. Franchisee acknowledges and agrees that the Cold Stone Products will be included in Section 13.05(a)(i) of the Franchise Agreement for purposes of the in-term and post-term non-competition covenants set forth in Franchise Agreement Sections 13.05 and 13.06. For purposes of Sections 13.05 and 13.06, any references to Franchisor shall also include Cold Stone.

8.8. Notices. Any notices required by this Amendment shall be provided in the manner specified in Franchise Agreement Section 17.02.

8.9. Third Party Beneficiary. The Parties agree that Cold Stone shall have the right to enforce as a third party beneficiary the provisions of Sections 2.1, 2.2, 2.3, 5.2, 5.3, 5.4, 5.6, 6.1, 6.2, 6.3, 6.4, 6.5, 7.1(a), 7.1(b), 7.1(c), 7.1(d), 7.2(a), 7.2(b), 7.2(d), 7.5(a), 7.5(b), 7.5(c), 7.5(d), 7.5(e), 7.5(f), 7.5(h), 8.5, 8.7, and 8.9 against Franchisee for Franchisee's breach of its contractual obligations therein and shall be entitled to proceed directly against Franchisee.

8.10. Limitation on Liability. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR AND COLD STONE HAVE PROVIDED POINT-OF-SALE SYSTEM SOFTWARE AND/OR SALES TAX INFORMATION THAT MAY BE USED BY FRANCHISEE WITH RESPECT TO THE OPERATION OF ITS POINT-OF-SALE CASH REGISTER SYSTEMS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR AND COLD STONE MAKE NO REPRESENTATIONS, GUARANTEE OR WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE SOFTWARE, SALES TAX INFORMATION, UPDATE OR UPGRADE (COLLECTIVELY THE "SOFTWARE") OR ITS INTENDED USE BY FRANCHISEE. SPECIFICALLY, FRANCHISOR AND COLD STONE PROVIDE ALL SOFTWARE "AS IS" WITHOUT ANY WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY. FRANCHISOR AND COLD STONE MAKE NO REPRESENTATIONS CONCERNING THE QUALITY OF THE SOFTWARE AND DO NOT PROMISE THAT THE SOFTWARE WILL BE ERROR FREE OR WILL OPERATE WITHOUT INTERRUPTION.

IN WITNESS WHEREOF, the parties have executed this Amendment in the United States of America as of the Effective Date defined above.

TIM HORTONS USA INC.

Date: _____

By: _____
Name: _____
Title: _____

FRANCHISEE:

Date: _____

By: _____
Name: _____
Title: _____

Consent to terms and Guarantee:

Guarantors, pursuant to the Guarantee, Indemnification and Acknowledgement ("Guarantee") attached to the Franchise Agreement, acknowledge and agree that their Guarantee extends to Franchisee's duties and obligations pursuant to this Amendment.

_____
Guarantor

_____
Guarantor

ACKNOWLEDGED AND CONSENTED TO ONLY:

KAHALA FRANCHISING, L.L.C.

_____
By: _____
Title: _____

AMENDMENT TO TIM HORTONS OPERATOR AGREEMENT
FOR CO-BRANDED RESTAURANT

THIS AMENDMENT **("Amendment")** to the Tim Hortons Operator Agreement is made effective as of _____, 20___, **("Effective Date")** among Tim Hortons USA Inc., a Delaware corporation **("THUSA")** and the undersigned **"Operator."**

WHEREAS, Kahala Franchising, L.L.C., an Arizona limited liability company **("Cold Stone"),** has developed a system for the sale of ice cream, cakes, pies, smoothies, shakes, specialty beverage products and other frozen dessert products **("Cold Stone Products")** under the Cold Stone Creamery® name and associated trademarks and service marks **("Cold Stone Marks");** the Cold Stone Products and Cold Stone Marks being collectively referred to as the **"Cold Stone System";**

WHEREAS, Cold Stone's predecessor, Kahala Franchise Corp., a Delaware corporation and Franchisor have entered into an Amended and Restated Master License Agreement dated November 6, 2009 which Master License Agreement was assigned by Kahala Franchise Corp. to Cold Stone on August 6, 2010 **("Master License Agreement")** whereby Cold Stone has permitted THUSA and THUSA's franchisees to use the Cold Stone Marks and sell the Cold Stone Products in franchisees' Franchised Business Premises, as well as in THUSA and THUSA's affiliate-owned restaurants;

WHEREAS, Operator has entered into an Operator Agreement dated _____, 20 __, **("Operator Agreement")** with THUSA for the operation of a Tim Hortons Restaurant at the Premises; and

WHEREAS, Operator wishes to enter into this Amendment to its Operator Agreement in order to supplement its existing product offerings by also being able to sell certain Cold Stone Products and use certain Cold Stone Marks as part of its operation of the Restaurant conducted at the Premises.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. **Grant.** THUSA grants to Operator, and Operator accepts from THUSA, during the term of this Amendment, a limited right to use the Cold Stone System and Cold Stone Marks to produce and sell the Cold Stone Products at the Premises (the **"Cold Stone Rights").** To effectuate the grant of the Cold Stone Rights, the term "Tim Hortons System" as defined in the Operator Agreement is hereby amended to include the term "Cold Stone Products," and the term "Proprietary Marks" as defined in the Operator Agreement is hereby amended to include the Cold Stone Marks set forth in Attachment A. Notwithstanding the foregoing, nothing in this Amendment will be construed to mean that THUSA or Operator has any rights to the Cold Stone Products, (except for any rights THUSA may have as provided in the Master License Agreement), or any ownership of the rights to, interest in, and goodwill of the Cold Stone Marks.

1.2. **Term of Grant.** The term of this Amendment shall commence on the Effective Date and continue until terminated pursuant to Section 7 of this Amendment.

2. DEVELOPMENT OF PREMISES

2.1. **Conversion and Design.** Operator acknowledges that the layout, design, decoration and color scheme associated with the Cold Stone System is an integral part thereof; accordingly, THUSA will convert, design and decorate that portion of the Premises as illustrated on the floor plan attached hereto

as Attachment B as specified by THUSA for use in the sale of Cold Stone Products, in accordance with the plans and specifications which are contained in the Confidential Operating Manual (the **"Manual"),** as set forth in Section 4.1(c).

2.2. Signs. Operator must use at the Premises all signage and other items that display the Cold Stone Marks which comply with the standards and specifications that are contained in the Manual, as set forth in Section 4.1(c), as may be provided by THUSA. It is Operator's sole responsibility to ensure that any signs comply with applicable local ordinances, building codes and zoning regulations. Any modifications to the standards and specifications for signs that must be made due to local ordinances, codes or regulations must be submitted to THUSA for prior written approval. Operator acknowledges the Cold Stone Marks, or any other name, symbol or identifying marks on any signs associated with the Cold Stone System may only be used in accordance with THUSA's standards and specifications and only with the prior written approval of THUSA.

2.3. Equipment. Before the Operator will be permitted to use the Cold Stone System, the Premises must be equipped with equipment, fixtures and signage of a type and in an amount which complies with the standards and specifications of THUSA. THUSA agrees to rent to the Operator the equipment, fixtures and signage described in Attachment C (and any additional equipment in connection with the preparation of the Cold Stone Products as may be provided by THUSA from time to time) (hereinafter the **"Cold Stone Assets")** on an "as is, where is" basis during the currency of this Amendment commencing on the date first set out above upon the following terms and conditions:

(a) The Operator's right to possession of the Cold Stone Assets arises solely out of this Amendment.

(b) The Operator shall pay rent as follows: (i) the initial partial month (if sale of Cold Stone Products commences on a day other than the 1st of the month) will be rent free; and (ii) commencing on the first full month following the date on which the sale of Cold Stone Products from your Co-Branded Restaurant commences the Operator shall pay a monthly rent of $2,500, exclusive of any taxes, payable monthly in arrears.

(c) The Operator shall continue paying monthly rent until this Amendment expires or is terminated.

(d) The Operator acknowledges that the Cold Stone Assets are the sole and exclusive property of THUSA. The Operator shall deliver up possession of the Cold Stone Assets to THUSA upon the expiration or termination of this Amendment.

(e) The Operator shall not grant a security interest in the Cold Stone Assets to any other party, nor shall the Operator permit or suffer the Cold Stone Assets to be liened or encumbered in any way.

(f) The Operator shall be responsible for paying any and all sales and use taxes, business taxes or personal property taxes exigible in connection with the rental of the Cold Stone Assets.

2.4. Permits and Licenses. Operator shall obtain all permits and certifications as may be required to lawfully sell Cold Stone Products, together with all certifications from government authorities having jurisdiction over the site. Operator must certify to THUSA before commencing the sale of Cold Stone Products that all requirements for construction and operation have been met, including without limitation,

zoning, access, sign, health, safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances.

3. TRAINING

3.1. **Initial Training Program.** Operator or, if Operator is not an individual, the person designated by Operator to assume primary responsibility for the management of the Restaurant, **("General Manager")** is required to attend and successfully complete the initial training program which is offered by Cold Stone at a Cold Stone training location designated by Cold Stone. Operator may at its option send an additional person to the training program. The initial training program will be provided without charge of a tuition or fee. Operator will be responsible for any and all travel and living expenses incurred in connection with attendance at the training program. Operator's attendee(s) must successfully complete the initial training program prior to Operator's sale of Cold Stone Products. The initial training program will consist of five (5) days of instruction at a location designated by Cold Stone; provided, however, that Cold Stone reserves the right to waive a portion of the training program or alter the training schedule, if in Cold Stone's sole discretion, Operator or General Manager has sufficient prior experience or training.

4. DEVELOPMENT ASSISTANCE

4.1. **THUSA's Development Assistance.** THUSA or its designee will provide Operator with the following assistance:

(a) Provision of the initial training program, as described in Section 3.

(b) Direction regarding the required size, conversion, design and decoration of the portion of the Premises to be used for the sale of Cold Stone Products, plus specifications concerning signs, seasonal graphics, equipment, and other required or recommended items.

(c) Lend Operator a copy of the Manual containing the standards, specifications, policies and other directives and information germane to the Cold Stone System and the preparation and sale of the Cold Stone Products. The Operator must treat the Manual in the same manner and subject to the same rights and obligations as THUSA's current Confidential Operating Manual under Section 3 of the Operator Agreement.

(d) Unless, in THUSA's determination, Operator or General Manager have sufficient prior training or experience, THUSA will send to Operator's Premises two (2) representatives (the **"Site Representatives")** who will be present for up to eight (8) days beginning approximately three (3) days prior to the commencement of Operator's sale of Cold Stone Products, but if Operator's commencement date is on or near a holiday, the Site Representatives will not begin the in-Restaurant assistance until three (3) days after the holiday. Holidays will include, but not be limited to, New Years Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving, Hanukkah and Christmas. There will be no charge to Operator for the Site Representatives' assistance described in this subsection (d).

4.2. **Prior Approval for Commencing the Sale of Cold Stone Products.** Operator shall not commence sales of Cold Stone Products unless and until THUSA has furnished written authorization to do so, which authorization is contingent on Operator's full compliance with all of its pre-opening obligations, as set forth in this Amendment.

5. PAYMENTS & REPORTS

5.1. **Gross Sales.** The term "Gross Sales" as defined in Section 6 of the Operator Agreement is amended to also include the total amounts received from the sale of Cold Stone Products.

5.2. **Operator Fee on Gross Sales of Cold Stone Products.** The operator fee payable pursuant to Section 6 of the Operator Agreement that is attributable to the Gross Sales of Cold Stone Products is fourteen and one half percent (14.5%).

5.3. **Advertising Fee on Gross Sales of Cold Stone Products.** The advertising fee payable pursuant to Section 6 of the Operator Agreement that is attributable to the Gross Sales of Cold Stone Products is two and one half percent (2.5%). Operator acknowledges and agrees that this advertising contribution will be remitted by THUSA to Cold Stone, and that Cold Stone may use any such monies for the purpose of promoting the Cold Stone System. Operator acknowledges that THUSA does not control the expenditure of any such advertising contributions remitted to Cold Stone.

5.4 **Initial Advertising and Promotion Fee.** Simultaneously with the execution of this Amendment, Operator shall pay THUSA a grand opening promotion fee of Five Thousand Dollars ($5,000). THUSA shall use the fee in the manner THUSA deems appropriate, for the purpose of publicizing the availability of Cold Stone Products at the Premises.

5.5. **Reports.** The Gross Sales reports required by Section 6 of the Operator Agreement shall separately detail the Gross Sales derived from the sale of Cold Stone Products. Operator acknowledges and agrees that THUSA may share with Cold Stone the sales reports and profit and loss statements required by Section 6 of the Operator Agreement.

6. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS

6.1. **Cold Stone Marks.** Operator acknowledges that Cold Stone and THUSA have the right to use and to permit others to use the Cold Stone Marks listed in Attachment A. and that Operator's right to use the Cold Stone Marks is derived solely from this Amendment and is limited to the exercise of the Cold Stone Rights granted by and in compliance with this Amendment. Operator's use of the Cold Stone Marks in any manner other than as specifically authorized by this Amendment will constitute an infringement of Cold Stone and THUSA's rights in and to the Cold Stone Marks. Operator acknowledges and agrees that usage of the Cold Stone Marks and any goodwill or reputation established thereby will inure to Cold Stone's and THUSA's benefit, and that this Amendment does not confer any goodwill, reputation or other interests in the Cold Stone Marks upon Operator (other than the right to display the Cold Stone Marks in compliance with this Amendment). All provisions of this Amendment also will be applicable to any additional Cold Stone Marks that Cold Stone and THUSA may hereinafter permit Operator to use. Operator acknowledges that it has not acquired any right, title or interest in any Cold Stone Marks except as is authorized and governed by this Amendment. Except as permitted in the Manual, Operator agrees not to use any Cold Stone Marks as part of an electronic mail address or on any sites on the Internet or World Wide Web and Operator agrees not to use or register any of the Cold Stone Marks as a domain name on the Internet.

6.2. **Cold Stone Products.** Operator hereby acknowledges that Cold Stone owns and controls the Cold Stone System, all of which constitute trade secrets of Cold Stone, and Operator acknowledges that Cold Stone has valuable rights in and to such trade secrets. Operator further acknowledges that it has not acquired any right, title or interest in the Cold Stone System except for the right to use the Cold Stone Marks and sell Cold Stone Products in strict compliance with the terms of this Amendment.

6.3. **Cold Stone's Reservation of Rights.** Operator acknowledges that the rights granted in this Amendment are non-exclusive and that, pursuant to the Master License Agreement, Cold Stone retains the rights, among others: (1) to use, and to license others to use, the Cold Stone System for the operation of Cold Stone Creamery restaurants, kiosks, satellite restaurants, temporary restaurants and other co-branded restaurants, at any location other than at the Premises; (2) to use the Cold Stone System to identify services and products, promotional and marketing efforts or related items, and to identify products and services similar to or the same as those which Operator will sell, but made available through alternative channels of distribution other than through traditional Cold Stone Creamery restaurants, at any location other than at the Premises, including, but not limited to, through satellite restaurants, temporary restaurants, kiosks, other co-branded restaurants, by way of mail order, (including electronic mail order), the Internet, catalog, telemarketing, other direct marketing methods, television, restaurant display or through the wholesale sale of its products to unrelated restaurants or to candy distributors or outlets located in stadiums, arenas, airports, turnpike rest stops or supermarkets; and (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those which Operator will sell or in connection with the operation of restaurants selling ice cream and frozen confections, at any location other than at the Premises, which restaurants are the same as, or similar to, or different from a traditional Cold Stone Creamery restaurant or a satellite restaurant, a temporary restaurant, a co-branded restaurant or a kiosk, on any terms and conditions as Cold Stone deems advisable, and without granting Operator any rights therein.

6.4. **Creative Ownership.** All copyrightable works created by Operator or any of its owners, officers or employees in connection with the use of the Cold Stone System will be the sole property of Cold Stone. Operator assigns **all** proprietary rights, including copyrights, in these works to Cold Stone without additional consideration. Operator hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Cold Stone System during the term of this Amendment, as Cold Stone may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to Cold Stone all right, title, and interest in said property. Operator will promptly disclose to THUSA and Cold Stone all inventions, discoveries, improvements, recipes, creations, patents, copyrights, trademarks and confidential information relating to the Cold Stone System which it or any of its owners. officers or employees has made or may make solely, jointly or commonly with others and will promptly create a written record of the same. In addition to the foregoing, Operator acknowledges and agrees that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the sale of Cold Stone Products, will be deemed to be a part of the Cold Stone System and will inure to the benefit of Cold Stone.

6.5. **Non-Disparagement.** Operator agrees that it will not take any action or make any statements to any third parties that would constitute a criticism, denigration or disparagement of Cold Stone or THUSA, their employees, representatives or agents, or the Cold Stone System or that would tend to be injurious to the reputation or goodwill of Cold Stone or THUSA, their employees, representatives or agents, or the Cold Stone System, or which may interfere in any manner with the business affairs or business relations of Cold Stone or THUSA, their employees, representatives or agents.

6.6. **Gift Cards.** Operator acknowledges and agrees that it will, at THUSA's request, participate in Cold Stone's gift card program(s) and, at THUSA's request, will enter into any agreement(s) with THUSA, Cold Stone or the gift card service provider approved by THUSA with respect to such participation.

7. TERMINATION

7.1. **Termination by Operator**. Operator shall not be permitted to terminate this Amendment except in conjunction with a termination of the Operator Agreement pursuant to, and in accordance with, Section 11 of the Operator Agreement.

7.2. **Termination by THUSA - Effective upon Notice.** THUSA has the right, at its option, to terminate this Amendment and the Cold Stone Rights granted to Operator hereunder, without affording Operator any opportunity to cure any default (subject only to any termination pre-requisites in any state franchise law whose applicability, as a matter of law supersedes the choice-of-law provision set forth in Section 3 of the Operator Agreement), effective upon receipt by Operator of written notice upon the occurrence of any of the following events:

(a) **Abandonment.** If Operator ceases to sell the Cold Stone Products for a period of five (5) consecutive days, or any shorter period that indicates an intent by Operator to discontinue sale of the Cold Stone Products, unless and only to the extent that full operation of the Restaurant is suspended or terminated due to fire, flood, earthquake or other similar causes beyond Operator's control and not related to the availability of funds to Operator;

(b) **Misuse of Cold Stone Marks**. lf, within ten (10) days after notification from THUSA, Operator fails, with respect to the Cold Stone Marks, either to correct any misuse, or to follow THUSA's directions and guidelines concerning proper use;

(c) **Unauthorized Disclosure**. If Operator intentionally or negligently discloses to any unauthorized person the contents of or any part of the Manual or any other trade secrets or confidential information;

(d) **Unauthorized Transfer.** If Operator sells, transfers or otherwise assigns the Cold Stone Rights granted by this Amendment or the Operator Agreement in any manner not in full compliance with the transfer provisions set forth in Section 9 of the Operator Agreement. Operator specifically understands and agrees that this Amendment is indivisible from the Operator Agreement, and may not be transferred except as part of an approved transfer of the Operator Agreement.

(e) **Termination of Operator Agreement.** If the Operator Agreement terminates or expires for any reason.

7.3. **Termination by THUSA - Thirty Days Notice.** THUSA has the right to terminate this Amendment and the Cold Stone Rights granted hereunder (subject only to any termination pre-requisites in any state franchise law whose applicability, as a matter of law supersedes the choice-of-law provision set forth in Section 3 of the Operator Agreement), effective upon thirty (30) days written notice to Operator, if Operator breaches any other provision of this Amendment and fails to cure the default during such thirty (30) day period. In that event, this Amendment will terminate without further notice to Operator, effective upon expiration of the thirty (30) day period. Defaults include, but are not limited to, the following:

(a) **Failure to Maintain Standards.** Operator fails to maintain the then-current operating procedures and adhere to the specifications and standards established by THUSA as set forth herein or in the Manual or otherwise communicated to Operator;

(b) **Deceptive Practices.** Operator engages in any unauthorized business or practice or sells any unauthorized product or service under the Cold Stone Marks or under a name or mark which is confusingly similar to the Cold Stone Marks;

(c) **Failure to Obtain Consent.** Operator fails, refuses or neglects to obtain THUSA's prior written approval or consent as required by this Amendment;

(d) **Failure to Comply with Manual.** Operator fails or refuses to comply with the then-current requirements of the Manual; or

(e) **Breach of Related Agreement.** Operator defaults under any term of the Operator Agreement, lease, sublease or lease assignment for the Premises, any equipment lease or any other agreement material to the Cold Stone Creamery restaurant or any other agreement or amendment between THUSA and Operator and such default is not cured within the time specified in such lease, sublease, other agreement or other Amendment. Provided, however, so long as financing from the United States Small Business Administration remains outstanding, Operator will be given the same opportunity to cure defaults under any agreement between THUSA or its affiliates and Operator, as Operator is given under this Amendment.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such thirty (30) day period and Operator has commenced and is continuing to make good faith efforts to cure the breach during such thirty (30) day period, Operator will be given an additional reasonable period of time to cure the same, and this Amendment will not automatically terminate without written notice from THUSA.

7.4. Termination of Master License Agreement. Operator acknowledges that the Cold Stone Rights granted hereunder are granted pursuant to, and remain conditional upon, the continued existence of, the Master License Agreement. This Amendment and the Cold Stone Rights will automatically terminate upon the expiration or termination of the Master License Agreement, regardless of the cause of such termination.

7.5. Termination by THUSA. THUSA may terminate this Amendment at any time, on its own or in conjunction with the termination of the Operator Agreement pursuant to, and in accordance with, Section 11 of the Operator Agreement.

7.6. Scope of Termination. At THUSA's option, a termination under Section 11 of this Amendment may relate solely to Operator's rights and obligations under this Amendment with respect to the Cold Stone System and shall not affect the validity or ongoing enforceability of the Operator Agreement. Termination of this Amendment for any reason does not release Operator or THUSA from their respective obligations under any other agreement, including any lease or promissory note, between the parties.

7.7. Obligations of Operator upon Termination or Expiration of Cold Stone Rights. Operator is obligated upon termination or expiration of its right to use the Cold Stone System to immediately:

(a) Cease use of and immediately remove all Cold Stone Marks, including but not limited to signs, symbols, devices, trade names, trademarks, or other materials.

(b) If deemed necessary by THUSA, paint or otherwise change the interior and exterior of the Premises to remove any trade dress or other leasehold improvements, equipment, fixtures, etc that are the identified with the Cold Stone System.

(c) Deliver to THUSA all items of inventory that bear a Cold Stone Mark including but not limited to logo, signs, sign-faces, advertising materials, forms and other materials.

(d) Deliver to THUSA the Manual provided pursuant to Section 4.1(c) and all other information, documents and copies thereof associated with the Cold Stone System.

(e) Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Operator's use of any Cold Stone Marks which are under the exclusive control of Cold Stone or, at the option of Cold Stone, assign the same to the Cold Stone.

(f) If applicable, notify all telephone directory publishers of the termination or expiration of Operator's right to use any regular, classified or other telephone directory listings associated with any Cold Stone Mark and to authorize transfer thereof to THUSA or its designee. Operator acknowledges that, as between Operator and Cold Stone, Cold Stone has the sole rights to and interest in all directory listings associated with any Cold Stone Mark. Operator authorizes Cold Stone, and hereby appoints Cold Stone and any of its officers as Operator's attorney-in-fact, to direct the telephone directory publishers to transfer or cancel any directory listings relating to the Cold Stone Creamery restaurant to Cold Stone or its designee. Should Operator fail or refuse to do so, the telephone directory publishers may accept such direction or this Amendment as conclusive of Cold Stone's exclusive rights in such directory listings and Cold Stone's authority to direct their transfer or cancellation.

(g) Sign a general release, in a form satisfactory to THUSA, of any and all claims against THUSA, Cold Stone, their affiliates and their respective officers, directors, employees and agents.

(h) If applicable, take such action as may be required to remove from the Internet all sites referring to Operator's former association with the Cold Stone System and to cancel or assign to Cold Stone or its designee, in Cold Stone's sole discretion, all rights to any domain names for any sites on the Internet that refer to any such association.

8. MISCELLANEOUS PROVISIONS

8.1. **Guarantee and Indemnification.** Section 7 of the Operator Agreement is hereby amended to include Cold Stone, its subsidiaries, parents, and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assigns as additional indemnified parties. All references in Section 7 to THUSA shall be amended to include "Cold Stone" to the extent applicable to the Cold Stone System. The Guarantee attached as Exhibit C to the Operator Agreement is hereby amended to include Cold Stone as an additional guaranteed party. All references in the Guarantee to THUSA shall be amended to include "Cold Stone" to the extent applicable to the Cold Stone System.

8.2. **Insurance.** All of Operator's insurance obligations under Sections 3 and 4 of the Operator Agreement shall be expanded to also include Cold Stone, including, but not limited to, adding Cold Stone and its affiliates and their respective directors, shareholders, employees and agents as additional insureds, with primary non-contributory coverage, on all insurance policies that Operator

is obligated to maintain pursuant to the Operator Agreement, and well as any additional insurance coverage, policy amounts, or other obligations that may be contained in the Manual.

8.3. **Ratification of Operator Agreement.** This Amendment is an integral part of the Operator Agreement. Except as modified or supplemented by this Amendment, the terms of the Operator Agreement are ratified and confirmed.

8.4. **Entire Agreement.** This Amendment, the Attachments hereto, and the documents referred to herein, constitute the entire and complete agreement between the parties concerning the subject matter hereof, and supersede any and all prior agreements between the parties, no other representations having induced Operator to execute this Amendment. Operator acknowledges that it is neither aware of nor relying upon any oral or written representation or understanding which is contrary to the terms and conditions of this Amendment or the contents of any document furnished to Operator. No amendment, change, or variance from this Amendment will be binding on either party unless mutually agreed to by the parties and executed by them or their authorized officers or agents in writing.

8.5. **Construction of Amendment.** THUSA and Operator agree that the purpose of this Amendment is to supplement the Operator Agreement and not to change or alter the terms of the Operator Agreement, except as necessary to accomplish the objective of this Amendment. Therefore, the terms of the Operator Agreement and the terms of this Amendment conflict, the agreements shall be construed, to the maximum extent possible, to avoid any direct conflict and, if such construction is unavoidable, then the terms of the Operator Agreement govern. All capitalized terms not otherwise defined herein have the meanings set forth in the Operator Agreement. Operator specifically acknowledges and agrees that all of the rights and obligations arising out of this Amendment, as well as all of the events relating to the negotiation, execution, performance or termination of this Amendment, have been, are and will in the future be strictly between Operator and THUSA. Operator further acknowledges and agrees that Cold Stone (a) is not a party to this Amendment; (b) has not undertaken to perform any obligation directly to Operator in this Amendment or otherwise; and (c) has not assumed any duty directly to Operator in this Amendment or otherwise. Accordingly, Operator agrees to look solely to THUSA with respect to the performance of all actions and circumstances described in this Amendment, as well as for any claims or causes of action that arise from or relate to the actions and circumstances described in this Amendment.

8.6. **Covenant from Individuals.** At THUSA's request, each individual referenced in the Operator Agreement will sign the Cold Stone non-competition and confidentiality covenant attached hereto as Attachment D.

8.7. **Non-Competition.** Operator acknowledges and agrees that the Cold Stone Products will be included within the meaning of the phrase "same or similar" that appears in-term and post-term non-competition covenant set forth in Section 14 of the Operator Agreement. For purposes of Section 14 of the Operator Agreement, any references to THUSA shall also include Cold Stone.

8.8 **Notices.** Any notices required by this Amendment shall be provided in the manner specified in Section 12 of the Operator Agreement.

8.9. **Third Party Beneficiary.** The Parties agree that Cold Stone shall have the right to enforce as a third party beneficiary the provisions of Sections 2.1, 2.2, 2.3, 5.2, 5.3, 5.5, 6.1, 6.2, 6.3, 6.4, 6.5, 7.2(a), 7.2(b), 7.2(c), 7.2(d), 7.3(a), 7.3(b), 7.3(d), 7.7(a), 7.7(b), 7.7(c), 7.7(d), 7.7(e), 7.7(f), 7.7(h). 8.5, 8.7 and 8.9 of this Amendment against Operator for Operator's breach of its contractual obligations therein and shall be entitled to proceed directly against Operator.

8.10. Limitation on Liability. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OPERATOR ACKNOWLEDGES THAT THUSA AND COLD STONE HAVE PROVIDED POINT-OF-SALE SYSTEM SOFTWARE AND/OR SALES TAX INFORMATION THAT MAY BE USED BY OPERATOR WITH RESPECT TO THE OPERATION OF ITS POINT-OF-SALE CASH REGISTER SYSTEMS. OPERATOR ACKNOWLEDGES THAT THUSA AND COLD STONE MAKE NO REPRESENTATIONS, GUARANTEE OR WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE SOFTWARE, SALES TAX INFORMATION, UPDATE OR UPGRADE (COLLECTIVELY THE "SOFTWARE") OR ITS INTENDED USE BY OPERATOR. SPECIFICALLY, THUSA AND COLD STONE PROVIDE ALL SOFTWARE "AS IS" WITHOUT ANY WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY. THUSA AND COLD STONE MAKE NO REPRESENTATIONS CONCERNING THE QUALITY OF THE SOFTWARE AND DO NOT PROMISE THAT THE SOFTWARE WILL BE ERROR FREE OR WILL OPERATE WITHOUT INTERRUPTION.

IN WITNESS WHEREOF, the parties have executed this Amendment in the United States of America as of the Effective Date defined above.

TIM HORTONS USA INC.

Date: _____

By: _____
Name: _____
Title: _____

OPERATOR:

Date: _____

_____

By: _____
Title: _____

Consent to terms and Guarantee:

Guarantors, pursuant to the Guarantee, Indemnification and Acknowledgement ("Guarantee") attached to the Operator Agreement, acknowledge and agree that their Guarantee extends to Operator's duties and obligations pursuant to this Amendment.

_____ _____
Guarantor Guarantor

ACKNOWLEDGED AND CONSENTED TO ONLY:

KAHALA FRANCHISING, L.L.C.

_____
By: _____
Title: _____

Attachment C to Exhibit J

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This **AGREEMENT** is made effective as of _____, 201 , ("**Effective Date**") by and among Kahala Franchising, L.L.C., Cold Stone Creamery, Inc., and their affiliates (collectively "**Cold Stone**") and _____, the undersigned owner, manager or employee ("**Party**") of _____ ("**Franchisee**"), a franchisee of Tim Hortons USA Inc. ("**Tim Hortons**").

Cold Stone's predecessor, Kahala Franchise Corp. and Tim Hortons entered into an Amended & Restated Master License Agreement dated November 6, 2009 which Master License Agreement was assigned by Kahala Franchise Corp. to Kahala Franchising, L.L.C. on August 6, 2010, and subsequent amendments (collectively the "**Master License Agreement**") to permit Tim Hortons to grant permission to its franchisees ("**Tim Hortons Franchisees**") to use Cold Stone's trademarks and to sell Cold Stone products within their Tim Hortons shops. In addition, Tim Hortons will under the terms of the Master License Agreement permit Cold Stone to grant permission to its franchisees ("**Cold Stone Franchisees**") to use Tim Hortons' trademarks to sell Tim Hortons products within their Cold Stone Creamery shops. Cold Stone will be responsible for training the Tim Hortons Franchisees in the production and sale of Cold Stone products; however Tim Hortons will be supporting the Tim Hortons Franchisees after they begin operations.

Franchisee and Tim Hortons have entered, or will enter, into an Amendment to Franchise/Operator Agreement for Co-Branded Shop (the "**Amendment**") to permit Franchisee to use Cold Stone's trademarks and to sell Cold Stone products within its Tim Hortons shop.

Party, in consideration of the receipt and/or use of the Operations Manual and other information proprietary to Cold Stone, including but not limited to, methods, strategies, trade secrets, recipes and other confidential data and techniques developed by Cold Stone relating to the operations, marketing, training and advertising of Cold Stone products, (collectively referred to as "**Proprietary Information**"), agrees with Cold Stone as follows:

(1) Party acknowledges that the Operations Manual and other Proprietary Information now or hereafter provided to Party by Cold Stone is proprietary to Cold Stone and must be held in the utmost and strictest confidence.

(2) Party represents and agrees that Party will not, without the prior written consent of Cold Stone, engage in any of the following actions:

(i) Duplicate or otherwise reproduce the Operations Manual or other Proprietary Information, except as necessary to train and support an employee of Franchisee;

(ii) Deliver or make available the Operations Manual or other Proprietary Information to any person other than an authorized representative of Cold Stone, an authorized representative of Tim Hortons or an employee of Franchisee;

(iii) Discuss or otherwise disclose the contents of the Operations Manual or other Proprietary Information to any person other than an authorized representative of Cold Stone, an authorized representative of Tim Hortons or an employee of Franchisee; or

(iv) Use the Operations Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the production and sale of Cold Stone Products

by Franchisee.

(3) Party, nor any member of his or her immediate family, shall engage in, or participate as an owner, officer, partner, member, manager, director, agent, employee, shareholder or otherwise in any Competitive Business for a period of one year (1) year from the date on which Party ceases to be associated with or an employee of Franchisee without having first obtained Cold Stone's written consent. For the purposes of this Agreement, "**Competitive Business**" shall mean any shop business that manufactures, produces, markets or sells ice cream, ice cream cakes or ice cream pies, (other than as an ancillary menu item) within, or for consumption within, a ten (10) mile radius of a Cold Stone Creamery shop, excluding businesses operated pursuant to agreements with Cold Stone.

(4) Party has acquired from Cold Stone confidential information regarding Cold Stone's trade secrets and franchised methods which, in the event of a termination or expiration of the Master License Agreement, could be used to injure Cold Stone. As a result, Party covenants and agrees not to use for any purpose, or disclose or reveal, during the term of his or her employment or other association with Franchisee and forever thereafter, to any person any Proprietary Information. In connection therewith, Party will fully and strictly comply with all security measures prescribed by Tim Hortons and/or Cold Stone for maintaining the confidentiality of all Proprietary Information. Upon the termination of Party's employment or other association with Franchisee, Party will deliver promptly to Tim Hortons or Cold Stone all documents containing Proprietary Information, whether or not prepared by or for Party.

(5) Notwithstanding the foregoing, Party may disclose Proprietary Information to a person who is bound by the terms of a similar provision or agreement regarding confidentiality to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee. In addition, notwithstanding the foregoing, Party may use the Proprietary Information as shall be necessary in connection with the training of other employees of Franchisee or the production or sale of Cold Stone products within Franchisee's Tim Hortons shop.

(6) In addition, the following will not be subject to the provisions of Section 4:

(i) Information which is in the public domain as of the date of receipt by Party or which has subsequently been made part of the public domain without the fault of Party;

(ii) Information which is known to Party prior to the date of receipt by Party;

(iii) Information which becomes known to the Party or the public without a breach of any confidentiality agreement or provision in favor of Cold Stone; and

(iv) Information which is required by law to be disclosed or revealed, but only strictly to the extent required by law.

(7) Party agrees that during the term of the Amendment, and for a period of one (1) year thereafter, it shall in no way divert or attempt to divert the business of customers to any Competitive Business or otherwise intentionally interfere with the business relationship established with customers of any Cold Stone Franchisee's shop. It is understood that for purposes of this Agreement the business of Tim Hortons shops shall not be considered a Competitive Business.

(8) The provisions of this Agreement shall survive any termination of Party's employment with Franchisee and the obligations hereunder shall continue even in the event of a termination or expiration

of either the Master License Agreement or the Amendment.

(9) This Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary. Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Maricopa County, Arizona, and each party consents to the jurisdiction of those courts; provided, however, that Cold Stone may seek to obtain injunctive relief in any court that Cold Stone may select. PARTY HEREBY WAIVES THE RIGHT TO A JURY TRIAL, WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION, AND WAIVES THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, PARTY AND COLD STONE AGREE THAT ANY CLAIMS UNDER, ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE BROUGHT WITHIN TWO YEARS OF THE DATE ON WHICH THE UNDERLYING CAUSE OF ACTION ACCRUED, AND PARTY HEREBY WAIVES ANY RIGHT TO BRING ANY SUCH ACTION AFTER SUCH TWO-YEAR PERIOD.

IN WITNESS WHEREOF, this Agreement is executed in the United States of America and is deemed to be effective as of the Effective Date.

AGREED TO BY:

PARTY

_____
Signature

_____
Print Name

FRANCHISEE

By:_____
Name: _____
Title:_____

KAHALA FRANCHISING, L.L.C.

By:_____
By: _____
Title: _____

AMENDMENT TO TIM CARD ADDENDUM TO ALLOW FOR THE REDEMPTION OF COLD STONE CREAMERY GIFT CARDS

THIS AMENDMENT ("AMENDMENT") is made AS OF THE DATE EXECUTED BY Franchisor, Franchisee and Guarantors (as defined on the execution page) below and supplements, amends and forms a part of the Tim Card Addendum (hereinafter "Tim Card Addendum") entered into by the parties hereto.

WHEREAS Franchisor, Franchisee and Guarantors have entered into a franchise agreement (the "Franchise Agreement") with respect to the operation of the Co-Branded Shop located at the address described on the execution page hereof (the "Shop");

AND WHEREAS, pursuant to the Franchise Agreement, Franchisee operates the Shop;

AND WHEREAS, pursuant to the Tim Card Addendum, Franchisee agreed to participate in the program (the "Tim Card Program") to offer stored value cards (each, a "Tim Card") and related services to customers of Tim Hortons Shops, which such cards can be used by customers to purchase goods and services at participating Tim Hortons Shops;

AND WHEREAS, Franchisor has entered into a master license agreement with Kahala Franchise Corp. ("Cold Stone"), as amended by Franchisor and Cold Stone from time to time (the "Master License Agreement"), under which certain of Franchisor's authorized franchisees will sell Cold Stone products at their retail locations, as well as redeem Cold Stone Gift Cards;

AND WHEREAS Franchisor and Cold Stone have entered into an Addendum to the Master License Agreement in order to allow for the redemption of Cold Stone Creamery Gift Cards ("Cold Stone Cards") at Tim Hortons Shops in the United States (the "Cold Stone Addendum");

AND WHEREAS Franchisee has entered into a Participation Agreement (the "Participation Agreement") with ValueLink, LLC aka First Data Prepaid Services, the operator of the Tim Card Program (the "Program Provider");

AND WHEREAS Franchisor has entered into an Amendment to its agreement with Program Provider whereby Program Provider has agreed to process the redemption of Cold Stone Cards at participating Co-Branded Shops in the United States (the "FDPS Amendment");

AND WHEREAS Franchisor, Franchisee and Guarantor wish to amend the Tim Card Addendum so that Franchisee may redeem Cold Stone Cards at the Shop;

NOW THEREFORE, in consideration of the mutual covenants herein contained, Franchisor, Franchisee and Guarantors agree to amend the Tim Card Addendum as follows:

1) Franchisee agrees to process redemptions of Cold Stone Cards at the Shop to permit Franchisor or its designee and/or Program Provider to manage the funds collected from customers in relation to same, and to co-operate in the maintenance, management and reconciliation of such funds.

2) Franchisee agrees that all of its obligations as described in the Tim Card Addendum relating to the processing of Tim Cards shall now apply mutatis mutandis to the processing of Cold Stone Cards, save and except as follows:

a) The Cold Stone Cards and any related software or hardware shall not be considered Program Equipment and shall not form part of the TIM HORTONS SYSTEM;

b) The Cold Stone Cards shall not form part of the Program Marks and shall not constitute TIM HORTONS TRADEMARKS as defined in the Franchise Agreement.

c) Settlements for transactions using Cold Stone Cards will be completed in a parallel process to the existing settlement process used for Tim Card transactions, using a separate ACH funds movement, and in coordination with the Cold Stone's gift card procedures, as applicable. At the end of each settlement period, Program Provider will initiate an ACH transaction for the net settlement of the Cold Stone Card activity which occurred at Franchisee's shop(s) through debits and credits to the location banking account and the Cold Stone corporate banking account associated with the Cold Stone gift card program.

d) Franchisee acknowledges and agrees that Franchisor shall not be liable for, without limitation, any damages incurred by Franchisee as a result of Cold Stone or Program Provider having insufficient funds in their respective bank accounts to reimburse/credit Franchisee for any amounts owing to Franchisee, or as a result of a processing error by Program Provider or Cold Stone.

e) Franchisee agrees to purchase any and all equipment necessary to commence processing Cold Stone Cards, as well as any installation costs associated therewith, which equipment shall be used solely for the processing of Cold Stone Cards and shall not be tampered with, manipulated or re-engineered for any other purpose or use whether during or after the end of the term of this Agreement.

f) Franchisee shall permit Cold Stone or its designee and/or Program Provider to manage the funds collected from customers relating to Cold Stone Card redemptions. Such management shall include the movement of funds from Cold Stone's account to the account of Franchisee to pay for products or services purchased by customers at the Shop using Cold Stone Cards, and collection from Franchisee of fees due to Cold Stone in relation to the Cold Stone Cards. In addition, Franchisee must co-operate in the maintenance, management and reconciliation of such funds. The processes, procedures and rules governing funds management are set forth in Schedule A to this Amendment. Franchisee agrees to abide by all processes and procedures (including, but not limited to, the processes and procedures described in Schedule A) proscribed by Cold Stone from time to time in relation to the redemption of Cold Stone Cards (the "Cold Stone Procedures"), as well as any processes and/or procedures established by Franchisor in connection with same.

g) Franchisee hereby consents to the management of funds in relation to the Cold Stone Cards by Cold Stone and Program Provider in accordance with Schedule A, and shall comply with its obligations set forth in this Amendment, in the Schedules hereto, and in the Cold Stone Procedures as such Amendment, Schedules or the Cold Stone Procedures may be modified by Cold Stone, Program Provider or Franchisor from time to time.

h) Franchisee shall pay the fees relating to the redemption of Cold Stone Cards at the Shop as set forth in Schedule B attached hereto. Franchisee shall pay all applicable taxes on such fees, if any.

i) In the event that Franchisor is required or elects to modify either the Cold Stone Addendum or the FDPS Amendment that results in a change to the processing of Cold Stone Cards by Franchisee in any way (or the fees payable by Franchisee in relation to same), Franchisee agrees to implement those changes immediately in order to comply with Franchisor's requirements under either the Cold Stone Addendum or the FDPS Amendment or any amendments thereto, as the case may be.

3) Except as specifically amended hereby, the Tim Card Addendum will remain in full force and effect as in existence on the date hereof and is hereby ratified and confirmed in all respects.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK SIGNATURE PAGES IMMEDIATELY FOLLOW

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed in the United States of America by their authorized representatives as of the date set forth below.

Authorization and Agreement:

Legal Dept. Approved: _____

Part 1 – To be Completed by Tim Hortons USA Inc.

Franchisor's Signatures	
Signature:_____ Name:_____ Title: _____	Signature:_____ Name:_____ Title: _____
Legal Department _____	

Part 2 - To be Completed by Operator

Operator's Signature (for the Franchisee Company/ Legal Entity)	
Name of Franchisee: _____ Company/Legal Entity of Franchisee (which can be found on your most recent franchise agreement for the shop)	Municipal Address of Shop: _____ Street # _____ Street Name
Shop Number: _____ One Shop # per Agreement Only)	_____ City _____ State Zip Code
Signing Officer 1: (Insert signature, name and title of the officer signing on behalf of the Franchisee e.g. "John Smith, Title – President") Signature:_____ (Please Sign) Name: _____ (Please Print) Title:_____ (Please Print) Date:_____ (Please Print)	Signing Officer 2: (Insert signature, name and title of other officer if also required to bind Franchisee e.g. "Jane Smith, Title – Treasurer") Signature:_____ (Please Sign) Name: _____ (Please Print) Title:_____ (Please Print) Date:_____ (Please Print)

We have authority to bind the Corporation

Part 3 - To be completed by Shop Guarantors

Guarantors Signatures (Where Guarantors are persons e.g. Mr. John Smith)	
Shop Number:_____ One Shop # per Agreement Only)	
Guarantor 1: (Insert signature, name and date of guarantor listed on the shop's franchise agreement) Signature:_____ (Please Sign) Name: _____ (Please Print) Date:_____ (Please Print)	Guarantor 2: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement) Signature:_____ (Please Sign) Name: _____ (Please Print) Date:_____ (Please Print)
Guarantor 3: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement) Signature:_____ (Please Sign) Name: _____ (Please Print) Date:_____ (Please Print)	Guarantor 4: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement) Signature:_____ (Please Sign) Name: _____ (Please Print) Date:_____ (Please Print)
Guarantor 5: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement) Signature:_____ (Please Sign) Name: _____ (Please Print) Date:_____ (Please Print)	Guarantor 6: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement) Signature:_____ (Please Sign) Name: _____ (Please Print) Date:_____ (Please Print)

Part 4 - To be completed by Shop Guarantors

Guarantors Signatures (Where Guarantors are Corporations or other)

Shop Number:_____

One Shop # per Agreement Only)

Name of Guarantor: _____

(Print: Guarantor Company/Legal Entity (which can be found on your most recent franchise agreement for the shop)

Signing Officer 1: (Insert signature, name and date of officer signing on behalf of the Guarantor)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

Signing Officer 2: (If applicable, insert signature, name and date of other officer signing on behalf of the Guarantor)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

Name of Guarantor: _____

(If Applicable, include other Guarantor Company/Legal Entity (which can be found on your most recent franchise agreement for the shop)

Signing Officer 1: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

Signing Officer 2: (If applicable, insert signature, name and date of other guarantors listed on the shop franchise agreement)

Signature:_____
(Please Sign)

Name: _____
(Please Print)

Date:_____
(Please Print)

I/we have authority to bind the Corporation

SCHEDULE A — MANAGEMENT OF COLD STONE CARD FUNDS

Cold Stone Creamery, Inc. ("Cold Stone") is using a centralized approach to manage the movement of Program funds. In this approach, funds are moved between Franchisee's bank account and a Cold Stone-controlled central bank account each week. All fund movements are managed by the Program Provider through its settlement process (described below) on Cold Stone's behalf, meaning that the funds are moved by Program Provider between Franchisee's bank account and Cold Stone's central bank account.

From Franchisee's perspective, the process works as follows:

Customers activate and load a **Cold Stone Gift Card -** that is, a customer comes into a Shop and puts for example, $20 on a **Cold Stone Gift Card.** This represents a deposit to the central bank account from the Shop's bank account. Other customers come in to purchase product with their cards. This represents a withdrawal from the central bank account and becomes a deposit into the Shop's bank account to pay for the product.

Each Thursday, the net amount of all the deposits and withdrawals for the previous Wednesday through Tuesday are either pushed or pulled from the central bank account.

Example 1 of the weekly net settlement is as follows:

Total Redemptions (product purchases)	$ 500
Total Activations or Reloads	$(300)*
Net Settlement (credit to Franchisee's bank account)	$200

* Shop keeps $300 received from either Cash or Credit deposit Example 2

of the weekly net settlement is as follows:

Total Redemptions (product purchases)	$ 300
Total Activations or Reloads	$(500)*
Net Settlement (Debit to Franchisee's bank account)	$(200)

* Shop keeps $500 received from either Cash or Credit deposit

Reconciliation

- It is Franchisee's obligation to reconcile the amount settled weekly with the bank statement to ensure the amounts match, in addition to performing the normal end of day reconciliations at the POS terminal level.

Monthly Fees

In addition to the weekly settlements, there will be a pull from the Franchisee's bank account once a month of the following fees: 9% of all of the value of redemption transactions occurring from the 24th of the previous month through the 23rd of the current month. The debit to the Franchisee's bank account will occur on the 25[1]" of each month for the prior month's activity. If the 25th of the month occurs on a Saturday, Sunday or holiday, the debit to the Franchisee's account will occur on the next business day.
Example of the Monthly Fee calculation is as follows:

Total Redemptions in the Month (product purchases)	$ 1200
Monthly Fee is 9% x $1200	$108

It is the Franchisee's obligation to ensure that its bank account contains sufficient funds at all times to cover any "pull" to the central bank account (including pulls to cover the weekly pull in respect of Cold Stone gift card loads, and all other fees payable by Franchisee in respect of the Program).

Also, in order to facilitate the management of the weekly and monthly settlements, all participating Franchisees will have to complete an ACH enrolment form with the Program Provider in order to provide electronic funds transferor net settlement and Monthly Fees as described above.

SCHEDULE B — COLD STONE CARD FEES

The CSC Transaction fee shall be 9% of each successful redemption transaction involving a CSC Gift Card. "**CSC Transaction"** is defined as redemptions only performed with a Cold Stone Card. Said fee shall be in US dollars, all-inclusive, and there shall be no other fees (including, but not limited to, IVR, Help Desk, administration, transaction, balance confirmation/inquiries, voids, activations, loads, reloads, online transactions, settlement tees, third party service provider tees, maintenance or inactivity fees).

ATTACHMENT E

Operations Manual

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CONFIDENTIAL

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ATTACHMENT F

LIST OF CURRENT FRANCHISEES OF CO-BRANDED TIM HORTONS/COLD STONE CREAMERY SHOPS

TH STORE OPEN LIST AS OF 12.31.22						
Kahala Id	**Tim Hortons Restaurant #**	**Address**	**City**	**State**	**Zip**	**Phone**
22456	910739	594 Broadway Street	Bangor	ME	4401	2072620171
22954	919342	290 North Street	Houlton	ME	4730	2075210100
23004	914758	5180 Lake Michigan Dr	Allendale	MI	49401	6168954000
23007	914686	7642 North Alger Rd.	Alma	MI	48801	9894630899
22399	917499	3460 Wilder Road	Bay City	MI	48706	9896867219
22451	919308	1085 South Gratiot	Clinton Twp	MI	48043	5864690362
23009	915226	10401 Ford Rd	Dearborn	MI	48126	3135816648
22586	913783	1307 West Main St	Gaylord	MI	49735	9894482222
22585	913743	10833 Highland Rd.	Hartland	MI	48353	8106329902
22983	914649	1924 Latson Rd.	Howell	MI	48843	5175528780
22398	911072	1715 W. Michigan Avenue	Jackson	MI	49201	5177951648
22400	918676	1448 N. Telegraph Rd.	Monroe	MI	48162	7344572181
22644	913891	3334 Henry Street	Norton Shores	MI	49441	2313456485
22608	910875	28877 Schoenherr Road	Warren	MI	48088	5867511821
22472	918671	1020 North Bridge St	Chillicothe	OH	45601	7407792163
22651	914058	2387 Elida Rd	Lima	OH	45807	5677126349

LIST OF FORMER FRANCHISEES

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

TH Coldstone 2022 Closures						
Kahala Id	**Tim Hortons #**	**State**	**City**	**Zip**	**Address**	**Phone**
22457	911001	ME	Brewer	4412	394 Chamberlain Street	(207) 989-6319
22401	917504	MI	Saginaw	48602	4870 State Street	(989) 793-5288
23251	915933	MI	Saginaw	48604	3195 Tittabawassee Rd	(989) 401-7611
22450	910874	MI	Oxford	48371	590 N. Lapeer Rd	(248) 572-4069
22501	913558	VA	Norfolk	23511	9230 7th Avenue Bldg Sp-28, Gate 5	(757)222-0285

EXHIBIT K

TIM HORTONS®
FRANCHISE APPLICATION

Submitted By _____

A Resident Of _____

Your submission of the completed Personal Profile begins the Franchise Application process with Tim Hortons USA, Inc. ("TH"). TH will use the information you submit and other information in making assessments about your franchise application. A separate Personal Profile must be submitted for each individual you propose to be involved in your business as (i) an operator or (ii) an equity owner with at least ten percent (10%) ownership interest in the entity proposed to be the franchisee.

Submitting this Personal Profile does not obligate you to enter into any agreement relating to a restaurant franchise with TH and does not obligate TH to grant a franchise to you. Neither you nor TH will have any contractual obligation concerning a restaurant franchise unless and until a formal written agreement is executed by you and by an authorized TH representative.

Provide complete and accurate information as requested. Attach Additional Information Sheets as necessary to provide a complete response. Please type or print legibly.

Please send application to: RFerranti@rbi.com

1. CONTACT INFORMATION

Name _____
Last *First* *Middle* *Nickname*

Address: _____
Including Apartment Number, if applicable

_____
City *State/Province* *Zip/Postal Code* *Country*

Residence Telephone (___)_____

Mobile Telephone (___)_____

E-mail Address_____

Previous Address: _____
Including Apartment Number, if applicable

_____
City *State/Province* *Zip/Postal Code* *Country*

List any other countries you have lived in after the age of twenty-one (21), other than indicated above, and how long you have lived in that country: _____

2. PERSONAL INFORMATION

2.1 General

Social Security/Insurance Number_____ Driver's License Number _____

Date of Birth_____ Marital Status_____

I am a citizen of _____ I have permanent residence rights in _____

Number of Dependents_____ Age of Dependents_____

Home: Own ☐ Rent ☐ How long?_____ Gender: ☐ Female ☐ Male ☐ Other

2.2 My immigration status, if applicable, is _____
(Attach supporting documentation.)

2.3 Military Service_____ From_____ to_____

Branch of Service_____ Rate or Rank_____

Type of Discharge or Current Status_____

3. BACKGROUND AND RELATIONSHIPS

3.1	Have you ever been convicted of a felony or misdemeanor or are such charges pending, being appealed, or are you under indictment? (Do not include minor traffic violations)	Yes ☐	No ☐
3.2	Have you ever sought protection under bankruptcy or other similar laws?	Yes ☐	No ☐
3.3	Have you been an owner or executive of a company in bankruptcy (other than a passive owner of publicly traded shares)?	Yes ☐	No ☐

3.4	Have you ever been an officer, director, employee or franchisee of Restaurant Brands International ("RBI"), the Burger King® brand, the Tim Hortons® brand, the Firehouse Subs® brand, or the Popeyes® brand?	Yes ☐ No ☐
3.5	Are you related to any officer, director, employee or franchisee of RBI, the Burger King® brand, the Tim Hortons® brand, the Firehouse Subs® brand, or the Popeyes® brand?	Yes ☐ No ☐
3.6	Do you or your employer have a business relationship (including as a supplier of goods or services) to RBI, the Burger King® brand, the Tim Hortons® brand, the Firehouse Subs® brand, or the Popeyes® brand?	Yes ☐ No ☐
3.7	Are you now, or have you ever been a franchisee in any system, including but not limited to a competitor of the Tim Hortons® brand? If yes, identify system, your location, and time period.	Yes ☐ No ☐
3.8	Have you ever been an investor in or operator of any quick service restaurant, including but not limited to a competitor of the Tim Hortons® brand?	Yes ☐ No ☐
3.9	Are you involved in any pending litigation?	Yes ☐ No ☐
3.10	Have you ever had a business failure?	Yes ☐ No ☐

If you answered "yes" to any of the above questions, please provide details on an Additional Information Sheet.

4. EXPERIENCE

4.1 Present Occupation

From:_____ to _____

Company:_____ Position/Title:_____

Address:_____ Telephone: (____)_____

_____

Annual Salary:_____ Supervisor:_____

Describe the company's business, duties and responsibilities, and number of employees you supervise:

_____

_____

May we contact your present employer? Yes ☐ No ☐

May we contact you at your business? Yes ☐ No ☐

4.2 Previous Experience (Use Additional Information Sheets as needed.)

From:_____ to _____

Company:_____ Position:_____

Address:_____ Telephone: (____)_____

_____ Supervisor:_____

Describe duties, responsibilities and number of employees supervised:_____

_____

_____

_____

5. EDUCATION

Name and location of schools, years completed and degrees earned.

_____

_____

6. BUSINESS INTEREST

6.1	Will any person other than you (including your spouse) contribute any funds or resources (including real estate) to the franchise opportunity you are seeking? (If yes, provide details on Additional Information Sheet.)	Yes ☐	No ☐
6.2	I am interested in buying an existing Restaurant.	Yes ☐	No ☐
6.3	I have identified one or more specific Restaurants that I am interested in buying. (If yes, provide details on Additional Information Sheet.)	Yes ☐	No ☐
6.4	I am interested in opening a new Restaurant.	Yes ☐	No ☐
6.5	I have identified one or more specific locations at which I am interested in operating a Restaurant.	Yes ☐	No ☐
6.6	I have the resources and interest to own multiple Restaurants.	Yes ☐	No ☐
6.7	The following are my geographic preferences:		
	1st_____ 2nd_____ 3rd_____		
6.8	Are you willing to relocate?	Yes ☐	No ☐
6.9	Do you intend to spend full time operating your restaurant business if you become a franchisee?	Yes ☐	No ☐
6.10	Do you currently have an ownership interest in any business venture, including commercial real estate? If yes, provide details on separate sheet.	Yes ☐	No ☐

7. FINANCIAL RESOURCES AND ORGANIZATION

7.1 How much cash can you personally invest in a restaurant business? $_____

7.2 What is the source of those funds? _____

7.3 What is your approximate net worth? $_____

7.4 What cash or liquid funds do you currently have? $_____

7.5 If you will not be the only owner in the business, list all owners and investors below and describe their participation.

	Name of Owner	Percent Ownership	Expected Cash Investment	Approximate Net Worth
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____

3. _____ _____ _____ _____

4. _____ _____ _____ _____

7.6 Which owner will function as the "chief executive" in your group? _____

7.7 Who will be full time in charge of restaurant operations? _____

7.8 Which owner/s plan to devote full time to the restaurant business? _____

_____

7.9	Will any person or entity other than the partners be entitled to receive, directly or indirectly, part of the profits from the operation of the restaurant? If so, provide details on Additional Information Sheet.	Yes ☐	No ☐
7.10	If you are approved for a restaurant franchise, will any partner be involved in any business activity other than the restaurant business? (If so, provide details on Additional Information Sheet.)	Yes ☐	No ☐
7.11	Will the Operating Partner receive income from any source other than the restaurant? (If so, provide details on Additional Information Sheet.)	Yes ☐	No ☐

8. REFERENCES/OTHER

Please provide contact information for at least three references who are familiar with your character and business accomplishments. References from family members will not be considered.

Name	Relationship	Telephone	E-mail

Attachments:

Resume	_____ pages attached
Personal Financial Statement	_____ pages attached
Additional Information (for Application Questions)	_____ pages attached
Tax Returns (last 2 years)	_____ pages attached
Proof of Bank Financing	_____ pages attached
Asset Verification documents	_____ pages attached
Proof of Salary	_____ pages attached
Broker Statement of Account for Investments	_____ pages attached
Current Loan Statements for Outstanding Loans	_____ pages attached
Real Estate Valuation from Registered Agent	_____ pages attached
Other (Discretionary)	_____ pages attached

Applicant's Statement and Verification:

I am submitting this Personal Profile as part of my application for a TH restaurant franchise. I confirm and represent that the personal and financial information I am submitting is true and complete as of the date below. I understand that TH and its affiliates consider this information important and may rely on the information I submit in making decisions about whether to continue processing my franchise application, to allow me access to training programs and confidential materials, and to enter into an agreement with me. If there is any material change in the information submitted here or later submitted by me during the franchise application process with TH, I will promptly notify TH in writing of the change or formally withdraw my application so that TH does not rely on information that to my knowledge has become incorrect or incomplete in any material way.

I authorize TH to check my character, my background, my motor vehicle record, and my financial and credit history. I expressly authorize any past or present employer, any law enforcement agency, and any person who has knowledge of my character, experience and activities (including by way of example, education and work experience), or financial or credit history to release this information to TH. I understand that one or more credit reporting agencies may make credit histories available to TH upon which it may rely, and that financial institutions with which I have relationships may also supply information about their relationship with me. If any person authorized by me provides true and accurate information to TH about me, then to the extent that person is or would be liable to me in any way as a result of furnishing such information, I release such person from such liability. I authorize TH to release to prospective financing sources such financial and other information concerning me in its files as may be requested.

In addition, I authorize the procurement of an investigative background search in accordance with anti-terrorism legislation, such as the USA Patriot Act and Section 1 of U.S. Executive Order 13224, issued September 23, 2001, if applicable. I also certify that neither I nor any of my funding sources, is or has ever been a terrorist or suspected terrorist, or a person or entity described in the aforementioned legislation. I understand that my application will not be approved if I have ever been a suspected terrorist or associated in any way with terrorist activities.

By submitting this application, I consent to TH and its agents or designees collecting, using, disclosing, and retaining my personal information as is reasonably required in the course of TH's evaluation of my application, including to assess my eligibility, process my application, and respond to me. For further information concerning how TH collects, uses, discloses, and retains personal information, please refer to TH's privacy policy at www.timhortons/us.com or send an email to privacy@rbi.com and ask for a copy.

I acknowledge and consent to the collection of additional information and investigation with respect to the information provided above, and with respect to my financial status, litigation history, criminal record history, educational credentials, employment history, driving record, reputation, and mode of living. I also hereby consent to TH's collecting, using, disclosing, and retaining such information and conducting further investigations with respect to such information. I consent to the updating of this information from time to time, when necessary.

_____ _____

Print Name **Date**

_____

Signature

TH is an equal opportunity franchisor committed to expanding franchise ownership opportunities for members of minority groups. You are not required to identify your ethnic group. The following is solely intended to assist TH in measuring its progress against those commitments.

O Asian Pacific	**O Hispanic**	**O African American**
O Native American	**O Caucasian**	**O Indian/Pakistan/Middle Eastern**
O Two or more races		

Additional Information Sheet (may add more sheets as necessary)

Page _____

Applicant Name _____ Date _____

Question Number(s) _____

PERSONAL FINANCIAL STATEMENT

As of _____:

ASSETS		
	LIQUID ASSETS	
(A)	**Cash (Unrestricted) (see attached Schedule No. 1)**	**$**
(B)	**Publicly Traded Stocks, Bonds and Government Securities (see attached Schedule No. 2)**	**$**
(C)	**TOTAL LIQUID ASSETS (A & B)**	**$**
	NON-LIQUID ASSETS	
(D)	**Real Estate (See attached Schedule No. 3)**	**$**
(E)	**Market Based Equity in Restaurant Business (See attached Schedule No. 4)**	**$**
(F)	**Personal Property (Automobiles, Jewelry, Household Other) (see attached Schedule 5)**	**$**
(G)	**Other Assets, as applicable, (IRA's, 401K's, RSP's, Pension Plans, Cash Value of Life Insurance, Notes Receivables, Value on Non- Restaurant business) (See attached Schedule No. 6)**	**$**
(H)	**TOTAL NON-LIQUID ASSETS (D + E + F + G)**	**$**
(I)	**TOTAL ASSETS (C & H)**	**$**
LIABILITIES		
(J)	**Notes Payable – Unsecured (See attached Schedule No. 7)**	**$**
(K)	**Notes Payable – Secured (See attached Schedule No. 7)**	**$**
(L)	**Mortgages Payable – Real Estate (See attached Schedule No. 3)**	**$**
(M)	**All other Liabilities (See attached Schedule No. 7)**	**$**
(N)	**TOTAL LIABILITIES (J + K + L + M)**	**$**
NET WORTH (I & N)		**$**

The undersigned certifies that the information furnished in this personal financial statement is true, correct, and complete.

Name (Type or Print)	**Name (Type or Print)**
Signature	**Signature**
Date	**Date**

Personal Financial Statement
Supplementary Schedules

No. 1 – Cash (Unrestricted)

Name of Institution/Description	Type of Account	Date of Statement	Balance
	Total		

Ties to (A)

No. 2 – Publicly Trade Stocks, Bonds and Government Securities

Name/Description	Type	# of Shares	Estimated Value
	Total		

Ties to (B)

No. 3 – Real Estate
(Attach a separate list if necessary)

Type of Property	Street Address City, State	Estimated Market Value	Mortgage Balance	Equity in Real Estate
	Total			

Ties to (D) **Ties to (L)**

No. 4 – Market Based Equity in Restaurant Business (Include ONLY your existing financial stake in Restaurant Business. Do NOT include projected equity in a contemplated transaction.)

(A)	(B)	(C)	(D)	(E)	(F)	
EBITDA	EBITDA Multiple	Market Value of Business (A) X (B)	Liabilities	Market Based Value of Business (C) – (D)	Percent Ownership	Market Based Equity in Restaurant Business (E) x (F)

Ties to (E)

No. 5 Personal Property
(include Automobiles, Jewelry, Household, Other)

Asset Description	Estimate Value
Total	

Ties to (F)

No. 6 Other Assets
(include IRA's, 401K's, RSP'S, pension plans, notes receivable, cash value of insurance, etc.)

Asset Description	Estimate Value
Total	

Ties to (G)

Non- Restaurant Business:

(A)	(B)	(C)	(D)	(E)	(F)	
EBITDA	EBITDA Multiple	Market Value of Business (A) X (B)	Liabilities	Market Based Value of Business (C) – (D)	Percent Ownership	Market Based Equity in Non-Restaurant Business (E) x (F)

Ties to (G)

No. 7 – Notes, Loans, Accounts Payable and Other Liabilities
(Attach a separate list if necessary)

Name of Lender	Description/ Type Of Debt	Collateral (if any)	Monthly Payment	Balance
Total Unsecured			**Ties to (J)**	
Total Secured			**Ties to (K&L)**	
Total Other Liabilities			**Ties to (M)**	

EXHIBIT L

LEASE OPTION AGREEMENT

This Lease Option Agreement ("**Agreement**") is made effective this ___ day of _____, 20__, by and among _____, a(n) _____ ("**[Owner/Franchisee]**"), **[**_____, a(n) _____ ("**Franchisee**"),**]** and TIM DONUT U.S. LIMITED, INC., a Florida corporation ("**Grantee**").

Background:

A. **[**Owner/Franchisee**]** is the owner in fee simple of certain land and improvements more particularly described on Exhibit A (the "**Real Property**"), being commonly known as _____, _____, _____ County, _____. **[**Franchisee has entered into a lease agreement ("**Franchisee Lease**") with Owner to lease a **[**portion of a building/building**]** constructed on the Real Property containing approximately _____ rentable square feet ("**Leased Premises**"), as depicted on Exhibit B.**]**

B. Concurrent with the execution of this Agreement, Grantee's affiliate, Tim Hortons USA Inc. ("**THUSA**"), is granting to Franchisee a franchise to operate a Tim Hortons Shop (as defined in the Franchise Agreement) on the Leased Premises per the terms of a franchise agreement dated _____, 20__ (the "**Franchise Agreement**").

C. Grantee desires to acquire an option to lease the Leased Premises in order to ensure the continued use of the Leased Premises as a Tim Hortons Shop.

D. THUSA would not have granted to Franchisee a franchise to operate a Tim Hortons Shop unless [Owner/Franchisee**] [**and Franchisee**]** agreed to enter into this Agreement.

E. **[**Owner will realize a significant benefit from having Franchisee obtain a Tim Hortons Shop franchise.**]**

Agreement:

For good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties to this Agreement covenant and agree as follows:

1. **[**Owner Covenants. During the term of the Franchisee Lease, Owner covenants that it shall:

(a) send to Grantee copies of all letters or notices sent to Franchisee with respect to the Franchise Lease at the same time the letters or notices are sent to Franchisee and (ii) promptly notify Grantee if Franchisee does not exercise a renewal option granted under the Franchise Lease.

(b) provide to Grantee and its agents the right to enter the Leased Premises to make reasonable alterations and modifications to de-identify the Leased Premises as a Tim Hortons Shop, including, without limitation, changing the color scheme and other distinctive design

features, (ii) remove personal property from the Leased Premises that Grantee or its affiliates owns or has a security interest in, and (iii) take any other steps reasonably necessary to protect Grantee's rights to its trademarks, proprietary marks, trade secrets, confidential information, and distinctive forms, slogans, signs, symbols, or devices associated with the Tim Hortons system, provided, however, that Grantee shall repair any damage to the Leased Premises resulting therefrom at its sole cost.

(c) not amend, modify or extend the Franchisee Lease without the prior written consent of Grantee, such consent not to be unreasonably withheld by Grantee; and

Owner acknowledges that all information obtained by Owner or Owner's agents, officers, employees or directors (collectively, "**Owner Parties**") relating to the unique and distinctive features of Franchisee's or Grantee's plans and specifications, business and operating methods, and any financial data relating to Grantee (collectively, "**Confidential Information**") are of a confidential nature. Owner shall ensure that no Confidential Information is used or disclosed by any of the Owner Parties except as may be required by a court of law. Owner shall not issue any press release or other public disclosure using the name, logo, or otherwise referring to Grantee or any of its affiliates, and shall not permit any of the Owner Parties or Owner's broker, press agent or other party to do so, without the prior written consent of Grantee, to be given or withheld in Grantee's sole and absolute discretion. Owner acknowledges that any unauthorized use or disclosure of Confidential Information or the issuance of any such press release or other public disclosure will cause immediate and irreparable injury to Grantee, and that Grantee shall be entitled to an immediate court injunction to enjoin and to restrain any unauthorized use of Grantee's name or logo or disclosure of Confidential Information in addition to any other remedies to which Grantee may be entitled to at law or in equity.**]**

2. Grant of Lease Option. Pursuant to the Franchise Agreement THUSA has the right to terminate the Franchise Agreement upon default by Franchisee at any time during the term of the Franchise Agreement or upon Franchisee's failure to satisfy a renewal condition (any such termination by THUSA being referred to in this Agreement as a "**Termination**"). In addition, pursuant to the Franchise Agreement Franchisee has a limited right to transfer its interest in the Franchise Agreement, subject to the consent of THUSA ("**Transfer**"). If a Termination or Transfer occurs **[**or if Franchisee or Owner otherwise seeks to terminate the Franchisee Lease**]**, Grantee shall have the option ("**Option**"), exercisable in its sole discretion within thirty (30) days following the date of Termination or Transfer **[**or receipt by Grantee of written notice of Franchisee's or Owner's intent to terminate the Franchisee Lease**]**, to lease the Leased Premises from **[**Owner/Franchisee**]** pursuant to the terms of this Agreement. **[**If Grantee exercises the Option, then the Franchisee Lease shall terminate concurrently with such exercise, notwithstanding any provision of the Franchisee Lease to the contrary.**]**

3. Replacement Lease Terms. If Grantee exercises the Option, Grantee (or its affiliate or assignee) will prepare a lease (the "**Lease**") having a term of [ten (10) years and four (4) renewal options of five (5) years each] in the then-current standard form of lease Grantee uses when leasing from entities unaffiliated with Grantee for the type of property the Leased Premises comprises (i.e. in-line lease, building lease, etc.), except that the monthly rent payable under the Lease shall be

equal to five percent (5%) of monthly gross sales at the Leased Premises. Notwithstanding the foregoing, if, as part of the Franchise Agreement, Franchisee executed an Addendum to Tim Hortons USA Inc. Franchise Agreement in connection with financing through the Small Business Administration and the Addendum remains in full force and effect at the time Grantee exercises the Option, the term of the Lease shall equal the remainder of the unexpired term of the Franchise Agreement (including renewal options).

Upon preparation of the Lease, Grantee (or its affiliate or assignee) and **[**Owner/Franchisee**]** shall execute the Lease and all ancillary documents contemplated by the Lease, such as a memorandum of lease.

4. Due Diligence Investigation. At any time during which Grantee has the right to exercise its Option under this Agreement, Grantee shall have the right to make such investigations of the Real Property and Leased Premises as it desires, including on-site physical inspections and testing. All such investigations shall be done at Grantee's sole cost and expense.

5. Recording. This Agreement may be recorded in the official records in the county where the Real Property is located.

6. Assignment. Grantee may assign its rights and obligations under this Agreement without the consent of any other party to this Agreement. This Agreement may not be assigned by **[**Owner/Franchisee**] [**or Franchisee**]** without the prior written consent of Grantee.

7. Termination. This Agreement shall terminate upon the earliest to occur of the following:

(a) **[**Owner/Franchisee**]** and Grantee (or its assign) entering into the Lease; **[**or**]**

(b) The failure of Grantee to exercise the Option within the time period provided by this Agreement**[**; or

(c) The expiration of the term (and all renewal options) of the Franchisee Lease**]**.

8. Notices. Notices delivered pursuant to this Agreement shall be in writing signed by the party serving the same and shall be sent to the following addresses:

If intended for **[**Owner/Franchisee**]**: _____
_____
_____
Attn: _____

[If intended for Franchisee: _____
_____
_____
Attn: _____**]**

If intended for Grantee: Tim Donut U.S. Limited, Inc.
Attention: Real Estate Legal Department
5707 Blue Lagoon Drive
Miami, Florida 33126

with a copy sent to: Tim Donut U.S. Limited, Inc.
Attention: Legal Department
130 King Street West, Suite 300,
Toronto, Ontario M5X 1K6

All notices, demands and requests by a party pursuant to this Agreement shall be deemed effective (a) upon personal delivery, (b) three (3) days after deposit in United States registered or certified mail, service prepaid, return receipt requested, or (c) one (1) day after deposit with a nationally-recognized overnight courier service for next day delivery, with postage prepaid, all addressed to each party at its address set forth above, or at such other place as each party may from time to time designate in a written notice to the other parties. Notices given by a party's legal counsel shall be deemed given by such party.

9. Miscellaneous Provisions.

(a) Modification; Waiver. Any amendment, change or modification of this Agreement shall be void unless in writing and signed by all parties to this Agreement. No failure or delay by any party to this Agreement in exercising any right, power or privilege under this Agreement, and no course of dealing between or among any of the parties, shall operate as a waiver of any such right, power or privilege. No waiver of any default on any one occasion shall constitute a waiver of any subsequent or other default. No single or partial exercise of any such right, power or privilege shall preclude the further or full exercise of such right, power or privilege.

(b) Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed, either by the parties to this Agreement or by any third party, to create the relationship of principal and agent or create any partnership, joint venture or other association between the parties to this Agreement.

(c) Severability. If any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable, this Agreement shall be considered divisible and inoperative as to such provision to the extent it is deemed to be illegal, invalid or unenforceable, and in all other respects this Agreement shall remain in full force and effect.

(d) Successors and Assigns. This Agreement shall be binding upon and inure to the

benefit of the parties to this Agreement and their respective heirs, personal representatives, successors and permitted assigns.

(e) Headings. The headings in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement.

(f) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter contained in this Agreement and supersedes all prior agreements, representations, warranties, statements and understandings, whether oral or written, express or implied, with respect to the subject matter contained in this Agreement.

(g) Costs and Attorneys' Fees. If a party brings an action to recover any sum due pursuant to this Agreement or for any breach of this Agreement and obtains a judgment or decree in its favor, the court may award to the prevailing party its reasonable costs and reasonable attorneys' fees, specifically including reasonable attorneys' fees incurred in connection with any appeals (whether or not taxable as such by law).

(h) Time Frames. If any date set forth in this Agreement falls on a Saturday, Sunday or legal holiday, such date automatically shall be extended until the next following business day. For purpose of this Agreement, Saturday is not a "business day".

(i) Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state in which the Real Property is located without regard to conflict of laws principles.

(j) Counterparts; Drafting. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. This Agreement has been drafted jointly by counsel for each of the parties and accordingly, no presumptions shall attach in the interpretation of this Agreement more strictly or favorably to any particular party.

(k) Exhibits. Each exhibit and schedule (if any) attached to and referred to in this Agreement is incorporated by reference as though set forth in full where referred to (by letter or description) in this Agreement.

(l) Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED ON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ACCEPT AND ENTER INTO THIS AGREEMENT.

(m) Joint and Several Obligations. If any party to this Agreement is comprised of more than one person or entity, the obligations of such persons or entities shall be joint and several.

(n) Run with Land. It is intended that the provisions of this Agreement shall run with the land and be binding upon every person having any fee, leasehold or other interest in the Real Property.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Agreement in the United States of America as of the date first set forth above.

[*No further text on this page; signature pages follow*.]

[OWNER/FRANCHISEE]:

_____,
a(n) _____

By:_____
Name:_____
Title:_____

STATE OF _____ }
}
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____, the _____ of _____, on behalf of the _____.

_____
Notary Public

[NOTE: Notary block to be revised, as necessary, to reflect state requirements.]

[*Signatures continue on following pages.*]

[**FRANCHISEE]**:

_____,
a(n) _____

By:_____
Name:_____
Title:_____

STATE OF _____ }
}
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____, the _____ of _____, on behalf of the _____.

_____
Notary Public

[NOTE: Notary block to be revised, as necessary, to reflect state requirements.]

[*Signatures continue on following page*.]

GRANTEE:

TIM DONUT U.S. LIMITED, INC.,
a Florida corporation

By:_____
Name:
Title:

Legal Approval: _____

STATE OF FLORIDA }
}
COUNTY OF MIAMI-DADE}

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____, the _____ of Tim Donut U.S. Limited, Inc., a Florida corporation, on behalf of the corporation.

_____
Notary Public

This document was prepared by and upon recording should be returned to:

_____, Esq.
Tim Donut U.S. Limited, Inc.
5707 Blue Lagoon Drive
Miami, Florida 33126

EXHIBIT A

Legal Description of Real Property

EXHIBIT B

Depiction of Leased Premises

EXHIBIT M

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That **TIM HORTONS USA INC.,** a Florida corporation (hereinafter "**Seller**"), for and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby bargain, sell, transfer, convey and deliver to ***,** a * ("**Purchaser**"), its successors and/or assigns:

All of Seller's right, title and interest in certain equipment (the "**Assets**") located or used in connection with the Tim Hortons restaurant # ***** situated at ***** (the "**Franchised Restaurant**") and listed on **Schedule 1.01** hereto.

TO HAVE AND TO HOLD, the Assets to the Purchaser, its successors and assigns.

Subject to the rights of any fee owner of the premises which is leased to Seller or any affiliate of Seller, Seller hereby covenants with the Purchaser that Seller is the lawful owner of the Assets; that it is in possession of the same; and that Seller has good right to sell the same as aforesaid.

THE PURCHASER AND SELLER HEREBY AGREE AND THE PURCHASER HEREBY ACKNOWLEDGES THAT THE ASSETS ARE SOLD IN AN "AS IS" CONDITION AND, EXCEPT AS EXPRESSLY PROVIDED ABOVE, SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES, INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS.

Seller agrees to transfer to Purchaser any existing warranties which are transferable with regards to the Assets transferred herein.

Purchaser agrees to assume all responsibility for any and all retail sales taxes generated by the transfer of the within mentioned Assets, to promptly pay same when due to the appropriate governmental entity or entities, and to hold Seller harmless as against any and all claims or actions pertaining to same.

Purchaser and Seller agree that this Bill of Sale shall be effective as of the date on which the Seller delivers possession of the Franchised Restaurant and Assets to the Purchaser.

[No further text on this page; signature page follows.]

By entering into this Bill of Sale, Purchaser expressly consents to transact business with Tim Hortons USA Inc. electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Bill of Sale may be executed by electronic signatures. The parties to this Bill of Sale agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Bill of Sale shall constitute an original for all purposes.

IN WITNESS WHEREOF, this Bill of Sale has been duly executed by the authorized representatives of each party as of the day and year specified at the beginning hereof:

SELLER:

TIM HORTONS USA INC.

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

PURCHASER:

*****

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

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

Schedule 1.01

ASSETS

Tim Hortons restaurant No. ***** (the "Franchised Restaurant")

All of the equipment, machinery, point of sale systems, interior and exterior signs, trade fixtures, furnishings, furniture, small wares and tangible personal property owned by Seller and which is located in and used in the operation of the Store as of the Effective Time, **including** the equipment set out on the list attached hereto, **excluding** therefrom however any and all leasehold improvements, equipment, machinery, systems, fixtures, furnishings, small wares or interior or exterior signs which are located in or about the Store and to which a fee owner of the premises which is leased to Seller or to Seller's associated company, Tim Donut U.S. Limited, Inc. has or may claim rights.

EXHIBIT N

POTENTIAL FRANCHISE SELLERS

As required by the amended FTC rule, listed below are the persons who may be classified as "Franchise Sellers." The Franchise Seller(s) of your franchise are checked below.

NAME	PRINCIPAL BUSINESS ADDRESS	TELEPHONE NUMBER
☐ Avery Batchelor	5707 Blue Lagoon Drive, Miami, FL 33126	(305) 378-7013
☐ Erica Call	5707 Blue Lagoon Drive, Miami, FL 33126	(248) 826-437
☐ Gregory Coppola	5707 Blue Lagoon Drive, Miami, FL 33126	(716) 523-4014
☐ Ryan Ferranti	5707 Blue Lagoon Drive, Miami, FL 33126	(305) 338-7111
☐ Jeffrey David Galletly	5707 Blue Lagoon Drive, Miami, FL 33126	(201) 739-5377
☐ Jeremy Gwizdala	5707 Blue Lagoon Drive, Miami, FL 33126	(989) 415-3587
☐ Tomas Kwong	130 King Street West, Suite 300, Toronto, ON M5X 1E1, Canada	(905) 339-6211
☐ Brian Lindley	5707 Blue Lagoon Drive, Miami, FL 33126	(404) 772-1328
☐ William Lopez	5707 Blue Lagoon Drive, Miami, FL 33126	(754) 236-4888
☐ Pierre Montagna	5707 Blue Lagoon Drive, Miami, FL 33126	(917) 710-3863
☐ Corey Morris	5707 Blue Lagoon Drive, Miami, FL 33126	(614) 519-6782
☐ Dominic Nicosia	5707 Blue Lagoon Drive, Miami, FL 33126	(815) 760-2067
☐ Saad Pasha	130 King Street West, Suite 300, Toronto, ON M5X 1E1, Canada	(905) 845-6511
☐ Jay Pritchett	5707 Blue Lagoon Drive, Miami, FL 33126	(507) 269-5460
☐ Naira Saeed	130 King Street West, Suite 300, Toronto, ON M5X 1E1, Canada	(917) 710-3863
☐ Earl Schroeder	5707 Blue Lagoon Drive, Miami, FL 33126	(248) 826-4372
☐ Samantha Trapasso	5707 Blue Lagoon Drive, Miami, FL 33126	(516) 551-4273
☐ Daniel Urbisci	5707 Blue Lagoon Drive, Miami, FL 33126	(305) 378-3004
☐ John Velasquez	5707 Blue Lagoon Drive, Miami, FL 33126	(407) 712-5591
☐ William Washington	5707 Blue Lagoon Drive, Miami, FL 33126	(305) 379-3026
☐ Other: _____		

EXHIBIT O

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made as of _____, by and among **TIM HORTONS USA INC.**, a Florida corporation ("THUSA"), and _____, a _____ ("BUYER"), and _____ (each a "**GUARANTOR**", and collectively, "**GUARANTORS**").

R E C I T A L S

A. THUSA has acquired the exclusive right to use the unique Tim Hortons® System and the Tim Hortons® Marks for the development and operation of quick service restaurants known as *Tim Hortons® Shops* throughout the United States.

B. THUSA is engaged in the business of developing, operating and granting franchises to operate Tim Hortons Shops throughout the United States using the Tim Hortons System and the Tim Hortons Marks and such other marks as THUSA may authorize from time to time for use in connection with Tim Hortons Shops.

C. THUSA has established a reputation and image with the public as to the quality of products and services available at Tim Hortons Shops, which reputation and image have been and continue to be unique benefits to THUSA and its franchisees.

D. THUSA wishes to sell, transfer and convey to BUYER and BUYER wishes to purchase from THUSA, the assets relating to the Franchised Restaurants on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the following mutual covenants and representations, the parties agree as follows:

1. DEFINITIONS

As used in this Agreement, the terms below have the following meanings. Any of such terms, unless the context otherwise requires, may be used in the singular or plural, depending upon the context.

1.1 "**Affiliate**" means a Person which directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a specified Person.

1.2 "**Agreement**" means this Asset Purchase Agreement.

1.3 "**Always Fresh Report**" means a report prepared by THUSA or its designee that identifies deficiencies in Tim Hortons Shops with respect to their compliance with THUSA Standards (defined below).

1.4 "**Ancillary Agreements**" means the following: (a) the Franchise Agreements, (b) the Leases, (c) the Bill of Sale, (d) the DRA and (e) any other written agreement entered into in connection with the Closing.

1.5 "**Assets**" means the Equipment and POS Assets at each of the Franchised Restaurants.

1.6 "**Approved Plans and Specifications**" means the plans and specifications for the construction, renovation, reimaging or fit-out of a new or renovated Tim Hortons Shop (including requirements as to signage and equipment) which may be approved in writing from time to time by THUSA in its sole and reasonable discretion.

1.7 "**Authority**" means any federal, state, municipal, local or other governmental department, commission, board, bureau, agency or instrumentality, or any administrative, judicial or arbitration court or panel, with jurisdiction over the applicable matter.

1.8 "**Bill of Sale**" means the conveyance document pursuant to which the Assets will be conveyed to BUYER hereunder, the form of which is attached hereto as Exhibit "I".

1.9 "**BUYER**" means _____ [*insert name and legal entity*].

1.10 "**Claim**" means any lawsuit, litigation, dispute, claim, demand, arbitration or mediation, or any other proceeding before a judicial, administrative or arbitration court or panel whether known or unknown, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal or equitable.

1.11 "**Closing**" means the simultaneous payment of funds from BUYER to THUSA and the transfer and conveyance of the Assets from THUSA to BUYER before Takeover as required under this Agreement.

1.12 "**Closing Date**" means the date on which the Closing occurs, which shall be on or before the _____.

1.13 "**Collection Boxes**" is defined in Section 18 of this Agreement

1.14 "**Damages**" means any and all losses, shortages, damages, liabilities (contingent or otherwise), diminution of value, payments, obligations, expenses (including reasonable and documented attorneys' and accountants' fees), assessments or taxes sustained, suffered or incurred by THUSA or BUYER arising from or in connection with any such matter that is the subject of indemnification under Section 16 of this Agreement.

1.15 "**Deposit**" means the non-refundable earnest money deposit paid by BUYER to THUSA in the amount of _____ 00/100 Dollars ($_____).

1.16 "**Development Cure Period**" is defined in Section 8.4.3 of this Agreement.

1.17 "**Development Default**" is defined in Section 8.4.3 of this Agreement.

1.18 "**Development Deposit**" is defined in Section 8.4.2 of this Agreement.

1.19 "**Development Default Payments**" is defined in Section 8.4.3 of this Agreement.

1.20 "**Development Plan**" is defined in Section 8.4.1 of this Agreement.

1.21 *"***DMA***"* means designated market area as determined by THUSA in its sole discretion

1.22 "**Equipment***"* means all furniture, trade fixtures, and restaurant equipment used in connection with and located at each Franchised Restaurant at Takeover.

1.23 "**Foundation**" is defined in Section 18 of this Agreement.

1.24 *"***Franchise Agreement***"* and collectively, "**Franchise Agreements**" means the form of franchise agreement authorized by THUSA to be used in the United States which grants the franchisee the right to operate a Tim Hortons Shop at a specific location.

1.25 "**Franchised Restaurant**" and collectively, "**Franchised Restaurants**" means each Tim Hortons Shop shown on Exhibit "A" whose Assets are being acquired from THUSA by BUYER hereunder.

1.26 "**Guarantee**" means the form of Guarantee authorized by THUSA to be used in the United States, and disclosed in THUSA's FDD, pursuant to which GUARANTORS guarantee BUYER's performance under the Ancillary Agreements to which BUYER is a party.

1.27 "**GUARANTOR**" and collectively "**GUARANTORS**" are defined in the preamble.

1.28 "**Inventory**" is defined in Section 2.2.

1.29 *"***Law***"* and collectively, "**Laws**" means any laws, rules, statutes, decrees, regulations, circulars, ordinances or orders, including all applicable public, environmental, and competition laws and regulations; and any administrative decisions, judgments and other pronouncements enacted, issued, promulgated enforced or entered by any Authority.

1.30 "**Lease**" and collectively, "**Leases***"* means the form of lease or sublease agreement authorized by THUSA to be used in the United States for Tim Hortons Shop premises that are leased or subleased to THUSA franchisees by TDUSL, an Affiliate of THUSA.

1.31 "**New Franchised Restaurant**" means the Tim Hortons Shop to be developed by BUYER in the DMA pursuant to Section 8.4 of this Agreement.

1.32 "**Person***"* means any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Authority.

1.33 **"POS Assets***"* means the point of sale equipment and computers used in connection with and located at each Franchised Restaurant at Takeover.

1.34 "**Property Taxes***"* means any and all real estate (other than real property transfer or gains) and personal property taxes, assessments, and charges (either certified and/or pending) which may be levied upon the Premises, Franchised Restaurants

or any of the Assets.

1.35 "**Premises**" individually and collectively, means the real property upon which the Franchised Restaurants are located, together with the Franchised Restaurant building and any other improvements thereon. The addresses of the Premises are listed on Exhibit "A" attached to this Agreement.

1.36 "**Renovation**" and collectively "**Renovations**" are defined in Section 15.3 of this Agreement.

1.37 "**Renovation Cure Period**" is defined in Section 15.6 of this Agreement.

1.38 "**Renovation Default**" is defined in Section 15.6 of this Agreement.

1.39 **"Renovation Default Payments**" is defined in Section 15.6 of this Agreement.

1.40 "**Renovation Requirements**" is defined in Section 15.4 of this Agreement.

1.41 "**Renovation Schedule**" is defined in Section 15.3 of this Agreement.

1.42 "**Restaurant Bank Amount**" is defined in Section 2.3 of this Agreement.

1.43 "**Restricted Payment**" is defined in Section 15.3 of this Agreement.

1.44 "**Software**" means the computer software programs used by, with and on the POS Assets.

1.45 "**Standards**" means the standards, specifications and procedures for Tim Hortons Shops issued, directed and amended by THUSA and/or its Affiliates from time to time, in their sole discretion, including those contained from time to time in THUSA's operations manual and such superseding or additional documents as may be issued by THUSA and/or its Affiliates from time to time.

1.46 "**Takeover**" means the transfer of possession of the operation of the Franchised Restaurants, which shall occur at 12:00 a.m. on the Takeover Date.

1.47 "**Takeover Date**" means the date on which Takeover occurs, which shall be 12:00 a.m. on the day after the Closing Date.

1.48 "**TDUSL**" means Tim Donut U.S. Limited, Inc., a Florida corporation, which is an Affiliate of THUSA and which owns or leases the real property upon which the Restaurants are located.

1.49 "**THUSA**" means Tim Hortons USA Inc., a Florida corporation.

1.50 "**Tim Hortons Marks**" means the trademarks, service marks, trade dress, logos, slogans, designs and other commercial symbols and source-identifying indicia (and the goodwill associated therewith) used in the operation of quick service restaurants known as Tim Hortons Shops throughout the United States, whether registered, applied for or unregistered.

1.51 "**Tim Hortons Shops**" means a quick service or fast food restaurant operated by THUSA or by legitimate franchisees of THUSA under the Tim Hortons System and utilizing the Tim Hortons Marks.

1.52 "**Tim Hortons System**" means the unique restaurant format and operating system developed by THUSA and or its Affiliates for the development and operation of quick service or fast food restaurants.

2. SUBJECT MATTER

2.1. Transfer of Assets.

Upon the terms and subject to the conditions contained in this Agreement, at Closing, THUSA shall sell, convey, transfer, assign and deliver THUSA's interest in the Assets, and BUYER shall purchase the Assets.

2.2. Franchised Restaurant Inventory.

BUYER acknowledges that: (i) THUSA does not own the paper products, uniforms and other miscellaneous inventory items located at each Franchised Restaurant (the "**Inventory**"); (ii) some or all of the Inventory may not be saleable and usable in the ordinary course of the Franchised Restaurants' business; (iii) if any of the Inventory is in fact saleable and usable in the ordinary course of the Franchised Restaurants' business then BUYER must purchase such Inventory from the owner thereof separate and apart from the property being acquired by BUYER pursuant to this Agreement; and (iv) BUYER may need to order all new Inventory at some or all of the Franchised Restaurants in order to commence operations at Takeover in accordance with the Standards.

2.3. Franchised Restaurant Bank.

The total, aggregate amount of any cash left by the operators of the Franchised Restaurants at Takeover is known as the "**Franchised Restaurant Bank Amount**." BUYER acknowledges that: (i) THUSA does not own the Franchised Restaurant Bank Amount; (ii) if any Franchised Restaurant Bank Amount is left then BUYER must reimburse the operator of the applicable Franchised Restaurant(s); and (iii) BUYER may need to supply some or all of the Franchised Restaurants with a sufficient amount of cash in order to commence operations at Takeover in accordance with the Standards.

2.4. Liabilities Assumed.

Before the Closing Date, BUYER agrees to examine all existing equipment and maintenance contracts, music contracts and all other executory contracts concerning the operation, use and occupancy of the Franchised Restaurants and Premises, and BUYER shall be solely liable for all obligations under such contracts.

3. CLOSING

The Closing shall take place on the Closing Date at such time and place as shall be mutually agreed upon by the parties. THUSA and BUYER agree that the delivery of the Assets and the effective date for each of the Ancillary Agreements shall be the Takeover Date.

4. PAYMENT

The Purchase Price is _____ and No/100 Dollars ($_____). BUYER paid the non-refundable Deposit to THUSA prior to execution of this Agreement. On the Closing Date, BUYER shall pay to THUSA the Purchase Price plus or minus the following:

(i) plus the franchise fees for the Franchised Restaurants as set forth in Section 8.1 of this Agreement;

(ii) the amount of any sales or transfer taxes to be collected under Section 11 of this Agreement;

(iii) plus the Development Deposit due under Section 8.4.2 of this Agreement;

(iv) plus or minus net pro-rations (as hereinafter provided), including, without limitation, the adjustments in Section 12 of this Agreement; and

(v) minus the Deposit,

by wire transfer to THUSA's account as directed by THUSA on the Closing Date.

5. REPRESENTATIONS AND WARRANTIES OF THUSA

5.1 Corporate Existence.

THUSA is a corporation duly organized, validly existing and in good standing under the Laws of the State of Florida and has the corporate power to own the Assets and to carry on its business as it is now being conducted.

5.2 Title.

THUSA has good and marketable title to all of the Assets, subject to no liens, restrictions, pledges, encumbrances or charges of any kind.

5.3 No Additional Representations.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, NEITHER THUSA NOR ANY OF ITS AGENTS OR PERSONS ACTING ON ITS BEHALF MAKES ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, RELATING TO THE ASSETS OR OTHER PROPERTY THAT IS THE SUBJECT OF THIS AGREEMENT, AND THUSA HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY NOT SET FORTH IN THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

6. REPRESENTATIONS AND WARRANTIES OF BUYER

6.1 Existence.

BUYER is a _____[*corporation OR limited liability company*] duly organized, validly existing and in good standing under the Laws of the State of _____ and

has the _____[*corporate OR limited liability company*] power to carry on its business as it is now being conducted.

6.2. Authorization.

BUYER has all requisite power and authority, and has taken all action necessary to sign and deliver this Agreement and the Ancillary Agreements to which it is a party, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. Each of this Agreement and the Ancillary Agreements is a legal, valid and binding obligation of BUYER, enforceable in accordance with its terms. Neither the execution nor the delivery of this Agreement, nor any of the Ancillary Agreements nor the consummation of the transactions contemplated by any such agreements, will result in a breach of, or give rise to termination of, or accelerate the performance required by any terms of any agreement to which BUYER is a party, or constitute a default thereunder, or result in the creation of any lien, charge or encumbrance upon any of the assets of BUYER.

6.3 Consents.

The consent or approval of a third party is not required in order that BUYER may enter into this Agreement or into any Ancillary Agreement.

6.4 Brokers.

BUYER knows of no broker, finder, intermediary, or other Person acting in a similar capacity who may have been involved in this transaction that would be entitled to a fee or commission upon its consummation.

6.5 Solvency.

BUYER covenants that it is not insolvent and has sufficient funds on hand at this time and sufficient borrowing capacity with responsible financial institutions to purchase the Assets and other property that is the subject of this Agreement on the terms and conditions set forth in this Agreement.

6.6 Employment Matters.

BUYER acknowledges and agrees that THUSA is not and never has been the employer of the employees of the Franchised Restaurants. It is understood and agreed that all Persons employed at the Franchised Restaurants are employees of BUYER. BUYER is fully responsible for any labor performed by these Persons before and after Takeover.

6.7. Certain Acknowledgements.

BUYER acknowledges and agrees that THUSA has not made any representations or warranties regarding THUSA, the Tim Hortons System, the Assets or operations of the Franchised Restaurants or otherwise in connection with the transactions contemplated hereby or under the Ancillary Agreements, other than the representations and warranties expressly made by THUSA in Section 5 of this Agreement. BUYER acknowledges and agrees that, while it has made its own inquiry and investigation into THUSA, the Tim Hortons System, the Assets and the operations of the Franchised Restaurants, it is relying on (and only on) the express representations and warranties of THUSA set forth in Section 5 of this Agreement with respect to

THUSA, the Tim Hortons System and the Assets.

7. THUSA'S OBLIGATIONS CONDITIONAL

The obligations of THUSA herein are subject to the following conditions:

7.1 Representations and Warranties.

All representations and warranties of BUYER contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

7.2 Full Performance.

BUYER shall have performed and complied with the terms and conditions of this Agreement in all material respects prior to or at the Closing.

7.3 Development and Renovation Agreement.

THUSA and BUYER shall have executed the DRA, and BUYER shall have, pursuant to the DRA, paid to THUSA the Development Deposit.

8. ANCILLARY AGREEMENTS

8.1 Franchise Agreements and Leases.

As part of the consideration for the execution of this Agreement, at Closing, THUSA and BUYER shall enter into a Franchise Agreement and Lease for each of the Franchised Restaurants. At Closing, BUYER shall pay to THUSA a franchise fee in the amount of _____ and No/100 Dollars ($_____) for each of the Franchised Restaurants. There may be an addendum or addenda attached to each Franchise Agreement and/or Lease with specific information pertaining to the individual Franchised Restaurant that is the subject of the particular Franchise Agreement or Lease. Each addendum shall become a part of the applicable Franchise Agreement or Lease. The effective date for each of the Franchise Agreements and Leases shall be as of the Takeover Date.

8.2 Royalty and Rents.

The royalty rate under the Franchise Agreements for each of the Franchised Restaurants shall be ____ percent (____ %) of Gross Sales (as defined in the Franchise Agreement). Ad fund and other charges shall be as provided in the Franchise Agreement. BUYER shall pay _____ percent (___ %) of monthly Gross Sales (as defined in the Lease) as rent under the Lease for each of the Franchised Restaurants. For clarity, common area maintenance charges, taxes and other charges related to the Franchised Restaurants, if applicable, are in addition to any rents under the Leases. In connection with the payments due to THUSA under the Franchise Agreements, Leases or any other agreement signed with THUSA, BUYER shall make such payments pursuant to any electronic payment system then in use by THUSA for collecting royalties, rents and other charges from its franchisees.

8.3 Guarantee.

BUYER's performance under each Franchise Agreement and each Lease shall be unconditionally guaranteed by GUARANTOR, pursuant to the terms and conditions of the Guarantee that is attached to the form of Franchise Agreement attached hereto as Exhibit "D". At closing, GUARANTOR shall execute and deliver to THUSA a Guarantee with respect to each Franchised Restaurant.

8.4 New Franchised Restaurant Development.

8.4.1 Development Targets.

As a part of the consideration for the execution of this Agreement, BUYER shall develop and open at least _____ New Franchised Restaurants in a DMA designated by THUSA in accordance with the following schedule (the "**Development Plan**"):

Development Year	**Annual Opening Target**	**Cumulative Target**

Each site must be approved per THUSA's standard development procedures, and BUYER (or is approved affiliate) shall enter into a Franchise Agreement with THUSA for each New Franchised Restaurant on THUSA's then current form of franchise agreement, as disclosed in THUSA's FDD. Each New Franchised Restaurant must be a free-standing or end-cap "Standard" Tim Hortons Shop (as defined in the THUSA FDD), and must include a drive-thru.

8.4.2 Deposit.

At closing, BUYER will pay THUSA a non-refundable deposit in an amount of _____ and No/100 Dollars ($_____) for each New Franchised Restaurant (the "**Development Deposit**"). The Development Deposit shall be held in escrow by THUSA until the opening of each New Franchised Restaurant. A franchise fee in the amount of _____ and No/100 Dollars ($_____) is due to THUSA immediately upon BUYER obtaining property control for the site of each New Franchised Restaurant (payment will be due when BUYER signs a third-party lease or obtains fee ownership of the site). THUSA will apply an amount equal to one-half of the franchise fee due for that particular New Franchised Restaurant toward the payment of the full franchise fee.

8.4.3 Failure to Develop New Franchised Restaurants.

The failure of BUYER to timely open the New Franchised Restaurants (or any one of them) in accordance with the Development Plan shall constitute a material default under this Agreement and the Franchise Agreement for the Franchised Restaurant (a "**Development Default**"). In the event of a Development Default, BUYER shall have ninety (90) days following the occurrence of Development Default (the "**Development Cure Period**") to cure the Development Default by developing and opening the number of New Franchised Restaurants required under the Development Plan. If BUYER commits a Development Default, then notwithstanding BUYER'S right to cure, and in addition to such other remedies as may be available to THUSA, BUYER must pay to THUSA a monthly sum equal to _____ and No/100 Dollars ($_____) multiplied by the number of New Franchised Restaurants that BUYER failed to timely develop and open in accordance with the Development Plan and which

remain unopened at the time such payment is due (the "**Development Default Payments**"). BUYER will make the Development Default Payments beginning on the date of the Development Default and continuing monthly thereafter until the earlier to occur of the following: (i) the date the BUYER has cured the Development Default by developing and opening the required number of New Franchised Restaurants set forth in the Development Plan; or (ii) the expiration of 120 months following the occurrence of the Development Default. BUYER agrees that, in addition to the Development Default Payments which shall continue to be due and owing to THUSA in accordance with the preceding sentence, and any other remedy available to THUSA, the Development Deposit will be retained by THUSA for BUYER's failure to timely open such New Franchised Restaurant(s). The parties agree that the damages incurred by THUSA for a Development Default would be difficult to calculate, and the parties agree that the Development Default Payments and, if applicable, the retention of the Development Deposit, are a reasonable forecast of THUSA's damages.

8.4.4 No Sub-franchising.

For the avoidance of doubt, nothing in this Agreement permits BUYER to sub-franchise to any Person in respect of the Tim Hortons System (or any part thereof).

8.4.5 THUSA Approval.

THUSA must approve all locations proposed for development in accordance with THUSA Standards for new restaurant development.

8.4.6 Non-exclusive.

The development rights granted to BUYER are nonexclusive and non-assignable, except that BUYER may assign those development rights to a wholly-owned and controlled subsidiary of BUYER.

9. INSURANCE

Prior to or at Closing, BUYER shall deliver to THUSA the insurance certificates required under the Franchise Agreements and Leases effective as of Takeover and naming THUSA, TDUSL (and its master landlords, if applicable) as an additional insured by a separate endorsement.

10. PUBLIC UTILITY SERVICES

BUYER, on or before the Takeover Date, shall make all necessary arrangements for the institution or continuation of service by public utilities at the Premises, for BUYER's account only. The BUYER shall also obtain a final reading of any and all public utility service meters located at the Premises prior to Takeover. Any deposits for public utility services made at any time by THUSA shall be returned or refunded to THUSA or Operator upon receipt by BUYER. If BUYER assumes any deposit or it is transferred to BUYER, BUYER shall immediately refund an amount equal to the deposit to THUSA or Operator within five (5) days after any such assumption or transfer.

11. TRANSFER COSTS

All sales, transfer or use taxes and/or other fees that may be imposed or assessed by any taxing Authority pursuant to any Law as the result of the transactions effected by this Agreement, except those taxes imposed upon the income of THUSA, shall be the financial responsibility of BUYER. BUYER agrees to remit to THUSA, at Closing, the funds necessary to pay in full any such tax and/or other fee, and THUSA agrees to remit such funds following Closing to the appropriate taxing Authority. If it is later determined by audit or otherwise that such funds collected from BUYER were not sufficient for full payment to the taxing Authority, then BUYER agrees to immediately reimburse THUSA for any additional monies due within fifteen (15) days written notice from THUSA that such additional amounts are due, and such obligation of BUYER shall survive Closing. All fees charged by the landlords of the underlying payable leases resulting from TDUSL's grant of a sublease to BUYER under the Leases for the Leased Sites shall be the responsibility of BUYER.

12. ADJUSTMENTS

12.1 General.

If necessary and pertinent to the transaction contemplated by this Agreement, BUYER and THUSA agree to adjust and pay their respective pro-rata share of, as of the date of Takeover, any pro-ratable charges attributable to the Premises.

12.2 Property Taxes.

Notwithstanding anything herein to the contrary, the parties acknowledge and agree that the Lease for each Franchised Restaurant shall govern and control BUYER's obligation with respect to the payment of Property Taxes.

13. WAIVER OF BULK SALES COMPLIANCE

BUYER agrees to waive any formal requirements of the Bulk Sales Law of the state in which the Franchised Restaurants are located. THUSA represents and warrants to BUYER that the Assets are free and clear of all debts and encumbrances and that any trade bills or other obligations owed as a result of the operation of the Premises prior to the date of Takeover shall be paid in full as they fall due.

14. CONDITION OF ASSETS AND INVENTORY

BUYER accepts the Assets and the Premises that are the subject of the Leases in an "AS-IS" condition as of the Closing Date.

15. CAPITAL IMPROVEMENTS

From and after Takeover, BUYER is responsible for funding all future capital expenditures with respect to the Franchised Restaurants including, without limitation, any capital expenditures required under the Ancillary Agreements, any other THUSA agreement or any Tim Hortons System mandated capital expenditures.

16. INDEMNIFICATION

BUYER and THUSA shall each indemnify and save the other harmless against and from all Damages and Claims, by or on behalf of any Person or Authority whatsoever arising out of (i) the other's failure to perform any of the agreements, terms, covenants, or conditions of this Agreement that it is obligated to perform in accordance with this Agreement; and (ii) any breach of any representation or warranty made by either party in this Agreement.

17. [INTENTIONALLY OMITTED]

18. TIM HORTONS CHILDREN'S FOUNDATION

BUYER will require each of the Franchised Restaurants and the New Franchised Restaurants to participate in the fundraising and charitable efforts of the Tim Hortons Children's Foundation (the "**Foundation**"). In partial satisfaction of this obligation, BUYER shall place cash collection boxes ("**Collection Boxes**") in each of the Franchised Restaurants and New Franchised Restaurants at the front counter and at the drive-thru for the purpose of collecting customer contributions to the Foundation and shall remit to the Foundation all funds collected. BUYER shall ensure that all means used by BUYER to collect funds from customers for the Foundation are in compliance with all applicable Laws in the location(s) where implemented.

19. CLOSING DOCUMENTS

19.1 BUYER's Closing Deliveries.

At Closing, BUYER shall execute, deliver or cause to be delivered to THUSA the following:

(i) the payment referred to in Section 4 of this Agreement;

(ii) Franchise Agreement for each Franchised Restaurant;

(iii) Lease for each Franchised Restaurant;

(iv) Guarantee for each Franchised Restaurant;

(v) Such other documents and instruments as may be reasonably required by THUSA and, in form and substance, satisfactory to counsel for THUSA.

19.2 THUSA's Closing Deliveries.

At Closing, THUSA shall execute, deliver or caused to be delivered to BUYER the following:

(i) Bill of Sale attached hereto as Exhibit "I" to this Agreement;

(ii) Franchise Agreements and Leases for each Franchised Restaurant; and

(iii) DRA executed by THUSA.

20. GENERAL

20.1 Notices.

All notices or other communications required or permitted under this Agreement must be given in writing, as follows: (i) by actual delivery of the notice into the hands of the party entitled to receive it, in which case such notice will be deemed given on the date of delivery or the date delivery is rejected by the recipient; (ii) by Federal Express, UPS, DHL, or any similar overnight carrier, in which case such notice will be deemed given on the date of delivery or the date delivery is rejected by the recipient; or (iii) by facsimile (with an original and proof of transmittal to follow by first class mail), in which case such notice will be deemed given upon receipt of said facsimile transmission. Notwithstanding the foregoing, notice by electronic mail (email) to the attorney for the party shall be sufficient notice to under this Agreement; provided that a copy of such electronic mail follows by first class mail. All notices concerning this Agreement must be addressed as follows:

THUSA: 5707 Blue Lagoon Drive
Miami, FL 33126
Attention: THUSA General Counsel
Fax No: 305.378.7868

BUYER: _____
_____
_____

Either party hereto may change the address or addresses to which such communications should be directed by giving written notice to the other party of such change in accordance with this Section 19.1.

20.2 Caption Headings and Construction of Agreement.

The caption headings are used in this Agreement only as a matter of convenience and for reference and do not define, limit or describe the scope of this Agreement nor the intent of any provision. Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or construing the same shall not construe this Agreement against one party more strictly by reason of any rule of interpretation which relates to preparation of a document, it being agreed that the agents of all parties have participated in the preparation of this Agreement and that legal counsel was consulted by each party prior to its execution hereof.

20.3 Entire Agreement; Modification.

All Exhibits and Schedules attached hereto or to be attached hereafter shall be deemed part of this Agreement and incorporated herein, as if fully set forth herein. This Agreement, together with the Ancillary Agreements, sets forth the entire agreement and understanding of the parties in respect to the transactions contemplated by it and supersedes any and all prior agreements and understandings relating to the subject matter of this Agreement and the Ancillary Agreements. No representations, promises, inducement or statement of intention have been made by THUSA to BUYER which is not embodied in this Agreement, the Ancillary Agreements or the written statements or other documents delivered in connection with it or in connection with the transactions contemplated by this Agreement. This Agreement may be amended, modified, superseded or cancelled, and any of the terms, covenants, representations,

warranties or conditions hereof may be waived, only by a written instrument executed by the parties or, in the case of a waiver, by the party waiving compliance. Nothing in this Section, however, is intended to disclaim any representations THUSA made in the franchise disclosure document that it furnished to BUYER.

20.4 Non-Waiver.

No waiver or waivers by any party of any provision of this Agreement, whether by conduct or otherwise, shall be deemed to be a further or continuing waiver of that or any other provision of this Agreement.

20.5 Assignment and Transfer.

All the terms, covenants, representations, warranties and conditions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by the successors and assigns of THUSA. This Agreement and the rights and obligations under it shall not be assignable by BUYER. Any assignment in contravention of this provision shall be void. Any assignment by BUYER shall not relieve BUYER of its liabilities hereunder.

20.6 Severability.

In the event that any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect of any reason, the validity, legality and enforceability of any provision in every other respect and of the remaining provisions of this Agreement shall not be in any way impaired.

20.7 Liquidated Damages.

In the event that BUYER withdraws from this Agreement, other than as a result or on account of breach by THUSA of any of its warranties, representations, or covenants made in this Agreement, the Deposit made by BUYER shall be considered as liquidated damages paid to THUSA. THUSA shall accept this sum in full payment of all Claims against BUYER and the parties shall have no further obligation to one another. In this event, all of the terms and conditions set forth in this Agreement shall be considered void and of no further force and effect between the parties.

20.8 Cooperation.

BUYER agrees to cooperate with THUSA in defending or settling any Claim arising out of THUSA's ownership or operation of the Assets or other property that is the subject of this Agreement.

20.9 Counterparts.

The parties may sign this Agreement in multiple counterparts. Each signed counterpart is considered an original document, but all signed counterparts – when taken together – constitute one original document. A party may effectively deliver that party's signed counterpart of this Agreement by facsimile or by e-mail of a PDF copy. This Agreement takes effect when each party has delivered at least one of its signed counterparts to the other party.

20.10 Governing Law; Venue.

20.10.1 Governing Law; Etc.

This Agreement shall become valid when executed and accepted by THUSA. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the Laws of the State of Florida without regard to principles of conflicts of laws.

20.10.2 Jurisdiction and Venue.

BUYER and THUSA acknowledge and agree that the U.S. District Court for the Southern District of Florida, or if such court lacks jurisdiction, the 11th Judicial Circuit (or its successor) in and for Miami-Dade County Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Agreement or the Ancillary Agreements and the parties further agree that, in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the jurisdiction or venue of these courts.

20.11 Litigation; Prevailing Party.

In the event of any litigation with regard to this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party and the non-prevailing party shall pay upon demand all reasonable fees and expenses of counsel for the prevailing party.

20.12 Time is of the Essence.

Time is of the essence of each provision hereof. Failure of either party to close the transaction on the Closing Date, without default on the part of the other, shall be considered a default under this Agreement.

20.13 Further Acquisitions of Tim Hortons Shops.

For the avoidance of doubt, this Agreement and the terms and conditions contained herein are for the acquisition of the Assets of the Restaurants only, and any further acquisition of Tim Hortons Shops by BUYER or an Affiliate of BUYER will be pursuant to THUSA's standard procedures for the sale of Tim Hortons Shops.

21. GENERAL RELEASE.

IN FURTHER CONSIDERATION OF THUSA'S EXECUTION OF THIS AGREEMENT, BUYER, FOR THEMSELVES, THEIR SUCCESSORS, ASSIGNS, HEIRS, PERSONAL REPRESENTATIVES AND AFFILIATES (INDIVIDUALLY AND COLLECTIVELY, THE "RELEASING PARTIES"), REMISE, RELEASE, ACQUIT, SATISFY AND FOREVER DISCHARGE THUSA, ITS SUCCESSORS, PREDECESSORS, COUNSEL, INSURERS, ASSIGNS, OFFICERS, DIRECTORS, EMPLOYEES, PARENT COMPANY, AFFILIATES, SUBSIDIARIES AND AGENTS, PAST AND PRESENT (INDIVIDUALLY AND COLLECTIVELY, THE "RELEASED PARTIES") FROM AND AGAINST ALL CLAIMS, WHICH THE RELEASING PARTIES EVER HAD, NOW HAVE, CAN, SHALL OR MAY HAVE, AGAINST THE RELEASED PARTIES FOR, UPON OR BY REASON OF ANY MATTER, CAUSE OR THING WHATSOEVER, FROM THE BEGINNING OF THE WORLD TO THE DATE OF THIS

AGREEMENT.

By entering into this Agreement, Buyer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Agreement may be executed by electronic signatures. The parties to this Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Agreement shall constitute an original for all purposes.

This Agreement is hereby executed by the parties effective on the date indicated on the first page of this Agreement.

THUSA: **TIM HORTONS USA INC.**

By_____
Title: _____

BUYER: _____,

By_____
Title: _____

GUARANTOR:

_____

EXHIBIT "A"

List of Franchised Restaurants

[INSERT TABLE HERE]

EXHIBIT “B”

Form of Bill of Sale

EXHIBIT P

AREA DEVELOPMENT AGREEMENT
(Non-Exclusive)

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made as of _____ ___, 20___ ("**Commencement Date**") by and among:

(1) **TIM HORTONS USA INC.**, a corporation organized under the laws of Florida having its principal place of business at 5707 Blue Lagoon Drive, Miami, FL 33126 ("**THUSA**").

(2) **[**_____**]**, a **[**_____**]** organized under the laws of **[**_____**]** having its principal place of business at _____ ("**Area Developer**").

(3) **[**_____**],** an individual ("**Principal 1**"),[**[**_____**],** a [_____] organized under the laws of [_____] having its principal place of business at [_____] ("**Principal 2**"), **[**_____**],** an individual ("**Principal 3**")**, and [**_____**],** an individual ("**Principal 4**")] (each, a "**Principal**," and Principal 1, Principal 2, Principal 3 and Principal 4 collectively, the "**Principals**").

For the purposes of this Agreement, the above parties shall be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

PREAMBLE

A. THUSA has the exclusive right to use the unique Tim Hortons System and the Tim Hortons Trademarks for the development and operation of quick service restaurants known as Tim Hortons Shops in the United States.

B. THUSA is engaged in the business of developing, operating and granting franchises to operate Tim Hortons Shops throughout the Territory using the Tim Hortons System and the Tim Hortons Trademarks and such other marks as THUSA may authorize from time to time for use in connection with Tim Hortons Shops.

C. THUSA has established a reputation and image with the public as to the quality of products and services available at Tim Hortons Shops, which reputation and image have been and continue to be unique benefits to THUSA and its franchisees.

D. [Prior to or contemporaneous with the date hereof, THUSA has granted [Area Developer] the right to operate [__] Tim Hortons Shops in the Territory identified on Exhibit A ("**Existing Developer Restaurants**") pursuant to franchise agreements between [Area Developer] and THUSA ("**Existing Developer Franchise Agreements**")]. Area Developer desires to obtain the right to develop, open and operate [additional] Tim Hortons Shops in the Territory.

E. Area Developer and Principals recognize, acknowledge, declare and confirm that the benefits to be derived from being identified with and licensed by THUSA and being able to utilize the Tim Hortons System including the Tim Hortons Trademarks which THUSA makes available to its franchisees are substantial.

F. Area Developer and Principals acknowledge that they are entering into this Agreement after having made an independent investigation of THUSA's operations and not upon any representation as to the profits and/or sales volumes which they might be expected to

realize, or upon any representations or promises made by THUSA or any person on its behalf which are not contained in this Agreement.

In consideration of the mutual undertakings and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I: INTERPRETATION

1.1 Definitions. In this Agreement, the following words or expressions have the meanings set out below:

1.1.1 "Acquired Restaurants" means any Franchised Restaurants in the Territory purchased or otherwise acquired by Area Developer or any of its Affiliates during the Term.

1.1.2 "Additional Digital System" has the meaning set forth in Section 8.3.

1.1.3 "Additional Ordering System" has the meaning set forth in Section 8.2.

1.1.4 "Advertising Contribution" means the monthly amounts payable to THUSA by Area Developer pursuant to Sections 1.1.7 and 7.4.

1.1.5 "Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with the Person specified. For purposes of this Agreement, an OpCo shall be an Affiliate of Area Developer.

1.1.6 "Approved Plans and Specifications" means the plans and specifications for the construction and fit-out of a new or remodeled Shop in the U.S. (including requirements as to signage and equipment) which may be approved from time to time by THUSA in its sole discretion.

1.1.7 "Base Fees" means the greater in each category of (a) the amount charged by THUSA in the U.S. for weekly royalty, monthly advertising contribution, and initial franchise fees, as disclosed in the then current Franchise Disclosure Document, and (b) (i) Royalty percentage in an amount equal to 6.0% of weekly Gross Sales; (ii) Advertising Contribution percentage in the amount of 4.0% of monthly Gross Sales; and (iii) Initial Franchise Fees in an amount equal to FIFTY THOUSAND ($50,000) DOLLARS for a 20-year term, and a "Base Fee" means any of them.

1.1.8 "Brand Damages" has the meaning set forth in Section 7.6.

1.1.9 "Captive Locations" means locations situated at or within airports, military installations (including their adjacent housing and support areas), hotels, metro and railway stations and their direct surroundings, bus stations, rest stops/service plazas, motorways and highways, gas stations, convenience stores, universities and schools, big box retailers such as Wal-Mart®, amusement parks, casinos, cruise ships, hospitals and residences, sport centers and clubs, stadiums, arenas and convention centers, corporate office buildings, and similar locations, as determined by THUSA in its sole discretion.

1.1.10 "Claim" means any cause of action, lawsuit, litigation, dispute, claim, arbitration, mediation, action, hearing, proceeding, investigation, charge, complaint, controversy, demand, injunction, judgment, order, decree, ruling or any other matter before a judicial, administrative or

arbitration court or panel, whether known or unknown, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal or equitable. The term "Claim" also includes any losses, liabilities, amounts paid in settlement, penalties, fees, fines, damages (including special and consequential damages), lost profits, costs and expenses (including reasonable attorneys' fees and litigation expenses).

1.1.11 "Commencement Date" means the date on which this Agreement is made as set forth on the first page of this Agreement.

1.1.12 "Confidential Information" has the meaning set forth in Section 10.1.

1.1.13 "Control" or "Controlled" means the direct or indirect ownership, whether by ownership of securities, contract, proxy or otherwise, of shareholding or contractual rights of a Person that assures (i) the majority of the votes in the resolutions of such Person, (ii) the power to appoint the majority of the managers or directors of such Person, or (iii) the power to direct or cause the direction of the management or policies of such Person, and the related terms "Controlled by" "Controlling" or "under common Control with" shall be read accordingly.

1.1.14 "Cumulative Opening Target" has the meaning set out in the Development Schedule.

1.1.15 "Current Image" means the internal and external physical appearance of new or remodeled Tim Hortons Shops including, without limitation, as it relates to signage, fascia, color schemes, menu boards, lighting, furniture, finishes, décor, materials, equipment and other matters generally applicable to THUSA's operations in the U.S. as may be changed from time to time by THUSA, in its sole discretion.

1.1.16 "Debt" means, on any date of determination, the aggregate amount of any indebtedness, liabilities, or obligations owed by Area Developer to any lender or creditor as of such date (contingent or otherwise), including, for the avoidance of doubt, any indebtedness, liabilities, or obligations owed by Area Developer to any Affiliate.

1.1.17 "Design Approval" has the meaning set forth in Section 6.3.

1.1.18 "Developer Franchise Agreements" means the franchise agreements by and between THUSA as franchisor, and Area Developer as franchisee, pursuant to which, among other things, THUSA has granted a license to use the Tim Hortons Trademarks at the Developer Restaurants, and a "Developer Franchise Agreement" means any of them. Developer Franchise Agreements [include Existing Developer Franchise Agreements and] New Developer Restaurant Franchise Agreements.

1.1.19 "Developer Restaurants" means the Tim Hortons Shops owned, established and operated by Area Developer and a "Developer Restaurant" means any of them. Developer Restaurants include [Existing Developer Restaurants,] New Developer Restaurants and Acquired Restaurants, and a "Developer Restaurant" means any of them.

1.1.20 "Development Rights" has the meaning set forth in Section 3.1.

1.1.21 "Development Schedule" means the schedule attached to this Agreement as Schedule 1, as amended from time to time in accordance with this Agreement.

1.1.22 "Development Year" means the period which commences on the Commencement

Date and ends on _____, 20____ ("**Development Year 1**"), and each consecutive twelve-month period during the Term following Development Year 1 as set forth in the Development Schedule.

1.1.23 "DMA" means any of the specific geographic regions (referred to as Designated Market Areas) identified on Exhibit B, as such regions are defined by THUSA from time to time, in its sole discretion, and which collectively comprise the Territory. "DMAs" means all of them.

1.1.24 ["Double Drive-Thru" means a Shop in a freestanding building that does not have a dining room, meeting the minimum criteria for drive-thru only shops as determined by THUSA, in its sole discretion, for the U.S. from time to time.]

1.1.25 "EBITDA" means, for any period of measurement, an amount equal to net income for such period, plus the following to the extent deducted in calculating such net income (without duplication): (a) interest charges, (b) the provision for federal, state, local and foreign income taxes payable, and (c) depreciation and amortization expense.

1.1.26 "EBITDAR" means, for any period of measurement, an amount equal to net income for such period, plus the following to the extent deducted in calculating such net income (without duplication): (a) interest charges, (b) the provision for federal, state, local and foreign income taxes payable, (c) depreciation and amortization expense, and (d) rent and lease expense.

1.1.27 "Event of Default" has the meaning set forth in Section 9.1.

1.1.28 ["Existing Developer Franchise Agreements" has the meaning set out in the preamble above, and an "Existing Developer Franchise Agreements" means any of them.]

1.1.29 ["Existing Developer Restaurants" has the meaning set out in the preamble above, and an "Existing Developer Restaurant" means any of them.]

1.1.30 "Existing Development Agreements" means any agreements between THUSA and Franchisees in effect as of the Commencement Date pursuant to which, among other things, THUSA has granted development rights to such Franchisees in the Territory, including without limitation, franchise agreements, and an "Existing Development Agreement" means any of them.

1.1.31 "Franchise Agreements" means the franchise agreements by and between THUSA as franchisor and Franchisees, as franchisee, pursuant to which, among other things, THUSA has granted a license to use the Tim Hortons Trademarks at the Franchised Restaurants in the Territory, and a "Franchise Agreement" means any of them.

1.1.32 "Franchise Agreement Form" means the form of the "Tim Hortons Franchise Agreement (USA)" disclosed by THUSA in the then-current Franchise Disclosure Document.

1.1.33 "Franchise Approval" has the meaning set forth in Section 6.1.

1.1.34 "Franchise Disclosure Document" means the then-current Franchise Disclosure Document for the U.S. filed by THUSA with the U.S. Federal Trade Commission.

1.1.35 "Franchised Restaurants" means, collectively, the Tim Hortons Shops operated by Franchisees pursuant to Franchise Agreements, and a "Franchised Restaurant" means any of them.

1.1.36 “Franchisees” means third party operators of Tim Hortons Shops pursuant to Franchise Agreements, and a “Franchisee” means any of them.

1.1.37 “Gross Sales” has the meaning set forth in the Franchise Agreement Form.

1.1.38 “Indirect Tax” and “Indirect Taxes” have the meaning set forth in Section 7.7.

1.1.39 “Initial Franchise Fee” means the initial franchise fee amount payable to THUSA by Area Developer pursuant to Sections 1.1.7 and 7.4.

1.1.40 “Law” or “law” means, collectively, any laws, rules, statutes, decrees, regulations, circulars, writs, injunctions, ordinances or orders, including all applicable public, environmental, and antitrust laws, and regulations; and any administrative decisions, judgments and other pronouncements enacted, issued, promulgated, enforced or entered by any governmental authority.

1.1.41 “New Developer Restaurants” means the Tim Hortons Shops opened and operated by Area Developer in the Territory on or after the Commencement Date pursuant to this Agreement, and a “New Developer Restaurant” means any of them.

1.1.42 “New Developer Restaurant Franchise Agreement” means the franchise agreement by and between THUSA as franchisor, and Area Developer, as franchisee, entered into on or after the Commencement Date pursuant to this Agreement, pursuant to which, among other things, THUSA grants Area Developer a license to use the Tim Hortons Trademarks in connection with the operation of a New Developer Restaurant.

1.1.43 “Obligations” has the meaning set forth in Section 14.1.

1.1.44 “OpCo” means a wholly owned subsidiary of Area Developer, the sole purpose of which is to own and operate Tim Hortons Shops and which otherwise meets THUSA’s entity franchise requirements.

1.1.45 “Peer Category” means each category of similarly situated Tim Hortons Franchisees that THUSA may designate from time to time in its discretion.

1.1.46 “Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, limited partnership, governmental authority, statutory organization or other entity.

1.1.47 “P&L and Capex Information” means the following information, by hard copy or electronic format prescribed by or otherwise acceptable to THUSA: (a) monthly, quarterly and fiscal year-to-date profit and loss statements and actual capital expenditures incurred for such periods prepared as management accounts in accordance with generally accepted accounting principles in the U.S. for each Developer Restaurant and the total operations of the Area Developer, as the case may be, including, without limitation, all Tim Hortons Shops operated by the OpCos which for the avoidance of doubt includes the main office function and any distribution function, (b) the capital expenditures incurred by the Area Developer for the relevant period, and (c) such other information and records of any kind as THUSA may reasonably require from time to time, including, without limitation, quarterly balance sheets and income statements and copies of any other documentation provided to the taxing authorities relating to the Developer Restaurants, as the case may be.

1.1.48 “Polling Information” means information or data about Developer Restaurants that is transmitted to or from a POS System or other system operated by Area Developer, or its agents, into a computer or system operated by THUSA or its agents in the manner and format prescribed by THUSA from time to time. For the avoidance of doubt, Polling Information includes daily sales, daily transaction level data, sales per visit and products and combinations of products sold, otherwise known as product mix data or “PMIX” and inventory data.

1.1.49 “POS System” means a point of sale computerized system approved by THUSA or an Affiliate of THUSA for use in the Tim Hortons System in the U.S. consisting of telecommunications systems (including required dedicated telephone and power, network and broadband lines, and modem(s)), electronic hardware and software technology (including hardware and software updates approved and mandated by THUSA and/or its Affiliates), printer(s), and other computer-related accessories or peripheral equipment, which captures, records and transmits sales, taxes on sales, type and price of each item sold, coupon redemptions, number, date and time of transactions, products and combinations of products sold and such other related information as may be required by THUSA from time to time, in its sole discretion.

1.1.50 “Prepaid Franchise Fees” has the meaning set forth in Section 7.5.

1.1.51 “Principals” means the parties designated in the preamble above as Principals, and their respective successors and permitted assigns, and a “Principal” means any of them.

1.1.52 “REAC” means THUSA’s Real Estate Approval Committee.

1.1.53 “REAC Approval” has the meaning set forth in Section 6.2.

1.1.54 “Replacement Restaurant” has the meaning set out in the Development Schedule.

1.1.55 “Royalty” means the weekly amounts payable to THUSA by Area Developer pursuant to Sections 1.1.7 and 7.4.

1.1.56 “Standard Shop” means a Shop in a single purpose, single tenant freestanding building, meeting the minimum criteria for standard shops as determined by THUSA, in its sole discretion, for the U.S. from time to time.

1.1.57 “Tax” and “Taxes” have the meaning set forth in Section 7.7.

1.1.58 “Tax Authority” has the meaning set forth in Section 7.7.

1.1.59 “Term” has the meaning set forth in Article IV.

1.1.60 “Termination Date” means the date of expiration or earlier termination of this Agreement.

1.1.61 “Territory” means the geographic regions consisting of all of the DMAs set forth in Exhibit B.

1.1.62 “THUSA Indemnified Parties” means THUSA, its Affiliates and their respective directors, officers, employees, shareholders, agents, advisors, successors, and assigns.

1.1.63 “Tim Hortons Shops” and “Shops” means coffee shops, bake shops, cafes or restaurants operating under the Tim Hortons System and utilizing the Tim Hortons Trademarks in a format approved by THUSA, in its sole discretion. A “Tim Hortons Shop” or “Shop” means any of them.

1.1.64 “Tim Hortons System” means the unique format and operating system developed and/or owned by THUSA and/or its Affiliates for the development, opening and operation of a variety of different types of Tim Hortons Shops involving the production, merchandising and sale of: (i) hot and cold beverages, including without limitation, coffee, tea, hot chocolate, flavored cappuccinos, iced cappuccinos, iced coffees and smoothies; (ii) baked goods and snacks, including, without limitation, donuts, Timbits®, muffins, bagels, cookies, danishes, croissants, rolls and pastries; (iii) breakfast offerings including, without limitation, hot breakfast sandwiches and wraps, oatmeal and yogurt; (iv) hot meal offerings, including without limitation, soups, chili, stews and pasta dishes; (v) sandwiches, including without limitation, hot and cold sandwiches, paninis and wraps; and (vi) other products, utilizing a specially designed building with specified equipment, equipment layouts, interior and exterior accessories, identification schemes, employee uniforms, products, management programs, standards, specifications, procedures. The term “Tim Hortons System” also includes the Current Image, the Tim Hortons Trademarks and all Confidential Information, other proprietary information, copyrights and other intellectual property rights relating to the system, and any modifications, amendments, improvements and/or other changes THUSA or any of its Affiliates may make to the system from time to time, in their sole discretion.

1.1.65 “Tim Hortons Trademarks” means the trademarks, service marks, trade names, trade dress, logos, slogans, designs and other commercial symbols and indicia of origin (and the goodwill associated therewith) used in the operation of the Shops and to identify the Tim Hortons System, whether registered, applied for or unregistered, including without limitation, the trademarks and/or trade names Tim Hortons and Timbits, the trade dress (including color schemes, uniforms and appearance) of the Tim Hortons Shops and packaging, and certain other trademarks and trade names (and which may be designated in the Confidential Operating Manual (as defined in the Franchise Agreement)) together with related copyrights and industrial designs.

1.1.66 “Transferred” has the meaning set forth in Section 11.1 and the term “Transfer” shall be read accordingly.

1.2 Construction

1.2.1 Capitalized terms used herein, which are not defined in this Agreement but are defined in the most current Developer Franchise Agreement shall have the same meaning as in the Developer Franchise Agreement unless the context otherwise requires.

1.2.2 In this Agreement, unless otherwise specified (i) singular words include the plural and plural words include the singular; (ii) words importing any gender include the other gender; (iii) references to any Law include all applicable rules, regulations and orders adopted or made thereunder and all statutes or other laws amending, consolidating, superseding, or replacing the statute or law referred to; (iv) references to any agreement or other document, including this Agreement, include all subsequent amendments, modifications or supplements to such agreement or document made in accordance with the terms hereof or thereof; (v) references to articles, sections, Exhibits and Schedules are to the articles, sections, Exhibits and Schedules of this Agreement, unless the context otherwise requires; (vi) numberings and headings of articles, sections, Exhibits and Schedules are inserted only for convenience and shall not affect the

construction of this Agreement; (vii) the term “including” as used herein means “including but not limited to”; and (viii) all Exhibits and Schedules to this Agreement are incorporated herein by this reference thereto as if fully set forth herein, and all references herein to this Agreement shall be deemed to include all such incorporated Exhibits and Schedules.

1.2.3 References to a Party shall include such Party’s permitted successors and assigns.

1.2.4 References to Area Developer shall be deemed, where appropriate, to include any OpCo, and references to the ownership and operation of Developer Restaurants by Area Developer shall be deemed to include the ownership and operation of such Restaurants by an OpCo, as the context may require.

1.2.5 Reference to any specific standard, policy, procedure, form, agreement or process of THUSA includes a reference to any policy, procedure, form, agreement or process described by any other name which has been issued by THUSA in substitution thereof or with substantially similar effect.

1.2.6 The headings as to contents of particular sections are inserted only for convenience and reference and are in no way to be construed as part of this Agreement or as a limitation on the scope of any of the terms or provisions of this Agreement.

1.2.7 In all cases where Area Developer is required to obtain THUSA’s prior consent, authorization or approval, such consent, authorization or approval shall be granted or withheld in THUSA’s sole and absolute discretion, unless otherwise indicated, and any such consent, authorization or approval must be in a writing signed by a duly authorized officer of THUSA.

1.2.8 Whenever the words "day" or “days” are used in this Agreement, it shall be considered to mean “calendar days” and not “business days” unless an express statement to the contrary is made. In the event that any day on which any payment is due from Area Developer falls on a Saturday, Sunday, or holiday recognized by the U. S. Postal Service, then Area Developer shall make such payment on the prior day.

1.2.9 An obligation of two or more Parties binds them jointly and severally.

1.2.10 An obligation includes a warranty or representation and a reference to a failure to observe or perform an obligation includes a breach of warranty or representation.

1.2.11 A writing includes any mode of representing or reproducing words in tangible and permanently visible forms, and includes a facsimile transmission.

ARTICLE II: AREA DEVELOPER AND THE PRINCIPALS

2.1 Area Developer and the Principals represent and warrant jointly, severally and unconditionally to THUSA that, the equity holdings of the Principals in Area Developer are owned as set out in Part 1 of Schedule 2 and the equity holdings in any corporate Principals (and any Principals other than natural persons) are owned as set out in Part 2 of Schedule 2. Upon THUSA’s request, Area Developer and the Principals shall promptly furnish THUSA with certified copies of articles of incorporations, bylaws and other governing documents of Area Developer and each Principal, and any amendments thereto, including the resolution of the board of directors of Area Developer and each Principal authorizing entry into this Agreement.

2.2 References in this Agreement to holding or ownership of a stated percentage of the capital of a company shall be references to such percentage or holding of the entire issued share capital of that company; and if a company shall at any time have more than one class of capital, shall be references to holdings of all classes of shares in that company. For the purposes of this Agreement "holdings" or "ownership" means all legal and beneficial ownership.

2.3 Neither the Principals nor Area Developer may include any of the following words/expressions in its name without the prior written consent of THUSA: the words Tim Hortons, Timbits, or anything similar to or resembling the same in appearance, sound, or in any other way.

ARTICLE III: GRANT OF RIGHTS

3.1 Non-Exclusive Development Rights. Subject to the terms and conditions of this Agreement, THUSA hereby grants to Area Developer the non-exclusive right to develop, open and operate New Developer Restaurants in the Territory during the Term and pursuant to the Development Schedule (the "**Development Rights"**).

3.2 This Agreement is not a Franchise Agreement and does not grant Area Developer a franchise for the operation of a Tim Hortons Shop, any right to use the Tim Hortons Trademarks or Tim Hortons System, but merely sets forth the terms and conditions under which Area Developer will be entitled to obtain a Franchise Agreement.

3.3 Prior to the opening of each New Developer Restaurant, Area Developer must enter into a New Developer Restaurant Franchise Agreement for such New Developer Restaurant.

3.4 For the avoidance of doubt,

3.4.1 the right to develop, open and operate New Developer Restaurants at Captive Locations are specifically excluded from the Development Rights set forth in Section 3.1;

3.4.2 THUSA may itself or through another party as franchisee develop and operate Tim Hortons Shops within and/or outside the Territory;

3.4.3 rights or approvals granted by THUSA to Franchisees or other persons or entities are not affected by this Agreement, including without limitation, rights or approvals granted pursuant to Existing Development Agreements; and

3.4.4 this Agreement shall not limit THUSA's ability to renew or extend Franchise Agreements or Existing Development Agreements within or outside the Territory, or to enter into new agreements for Tim Hortons Shops within or outside the Territory, including new development agreements, whether previously approved and under development or otherwise.

3.5 THUSA (on behalf of itself, its Affiliates and its designees) reserves all rights not expressly granted to Area Developer under this Agreement, and Area Developer and Principals hereby accept and acknowledge such reserved rights of THUSA. For the avoidance of any doubt, , THUSA reserves the right to distribute, offer for sale and sell, and/or to acquire, convert, develop and establish other systems for, the same or similar products or services as those sold by a Tim Hortons Shop, whether utilizing the Tim Hortons Trademarks, similar or different trademarks, and to grant franchises and licenses therefor, and whether through Tim Hortons Shops or other channels of distribution (including without limiting the generality of the foregoing, delivery units, kiosks, grocery or convenience stores, express units, catering, home delivery, food trucks and

other mobile means of product or service delivery, mail order, television, catalogue sales, internet websites or other means of electronic advertising and sales), without providing the Area Developer any rights therein.

3.6 Area Developer must obtain THUSA's prior written approvals to develop a New Developer Restaurant in accordance with the development procedures set forth in Article VI.

3.7 In the event of conflict or confusion as to the exact boundaries of the Territory the sole discretion of THUSA will prevail.

ARTICLE IV: TERM

Unless terminated earlier as provided herein, this Agreement shall commence on the Commencement Date and expire at the end of Development Year __, i.e., _____ ___, 20___ ("**Term**").

ARTICLE V: DEVELOPMENT OBLIGATIONS

5.1 Area Developer shall develop and open for business and keep open pursuant to the terms of the New Developer Restaurant Franchise Agreements a minimum number of new Tim Hortons Shops in the Territory in strict compliance with the Development Schedule. The following Developer Restaurants shall not count towards fulfillment of Area Developer's obligations under the Development Schedule: (a) any Acquired Restaurants, (b) [the Existing Developer Restaurants,] and (c) any New Developer Restaurants opened by Area Developer without first obtaining the approvals from THUSA required under Article VI of this Agreement. All of the Cumulative Opening Targets set forth in the Development Schedule are expressed net of closures, without distinction as to the reason for such closure (i.e., expiration, early termination or otherwise).

5.2 Only Standard Shops [and Double Drive-Thrus] shall count towards fulfillment of Area Developer's obligations under the Development Schedule.

5.3 In addition to any other legal rights and remedies available to THUSA set out in this Agreement or at Law, if Area Developer fails to achieve any Cumulative Opening Target (as set forth in the Development Schedule) for any Development Year during the Term by the end of such Development Year, then THUSA may, in its sole discretion, upon written notice to Area Developer terminate this Agreement in its entirety.

ARTICLE VI: DEVELOPMENT PROCEDURE

6.1 Franchise Approval. Area Developer shall apply for and meet THUSA's then-current operational, financial, credit, legal and other criteria for developing and operating a new Tim Hortons Shop as set forth in the then-current THUSA Franchise Approval and Expansion Policy (herein, "**Franchise Approval**") applicable to all Franchisees in the U.S. Area Developer understands and accepts that THUSA may change its criteria for Franchise Approval as it applies to all Franchisees during the term of this Agreement. Failure to meet the requirements for operational, financial, credit and/or legal approval shall constitute grounds for, among other things, THUSA refusing to grant Franchise Approval or withdrawing an approval already granted. Any failure by Area Developer to qualify for Franchisor Approval for any period of time shall not extend, modify or reduce the development obligations of Area Developer under Section 5.1 and if such failure results in Area Developer defaulting on its development obligations under Section 5.1, THUSA may, in its sole discretion, exercise its rights under Sections 5.3 and 9.1.1. For the

avoidance of doubt, if any, operational, financial, credit, legal or other ground that disqualifies Area Developer from obtaining Franchise Approval also constitutes a separate breach of this Agreement or any other agreement between Area Developer (or any Affiliate) and THUSA, nothing in this Agreement limits or prejudices in any manner any rights or remedies of THUSA with respect to such separate breach under this Agreement or any other agreement.

6.2 REAC Approval.

6.2.1 REAC Approval Process. After obtaining Franchise Approval, Area Developer, for each proposed site of a New Developer Restaurant, shall submit a "REAC Package" in the form specified by THUSA with a request for written THUSA REAC approval ("REAC Approval"). Provided that there exists no default by Area Developer under this Agreement or any other development, franchise or other agreement between Area Developer and THUSA and that Area Developer otherwise qualifies for Franchise Approval, THUSA shall evaluate the REAC Package. REAC Approval automatically expires (without any requirement of THUSA to provide Area Developer any written notification of its expiration) _____ (___) year/months from the date which REAC Approval is granted. REAC Approval is a prerequisite to authorization to construct a new Tim Hortons Shop at a particular location Area Developer acknowledges that REAC Approval can be granted only by means of a written approval duly executed by an authorized representative of THUSA and no other approval, whether oral or written, shall be effective or binding on THUSA. THUSA's failure to deliver notice of approval or rejection within thirty (30) days will be deemed a rejection. Area Developer's receipt of written REAC Approval only shall serve to constitute approval of a site. REAC Approval does not assure that a Franchise Agreement will be executed or that Area Developer qualifies for Franchise Approval.

6.2.2 Denial of REAC Approval. Area Developer acknowledges that THUSA may, in its sole discretion, deny REAC Approval for any site if, for any reason, the site does not meet THUSA's criteria for REAC Approval, including, without limitation, Area Developer's failure to demonstrate sufficient financial capabilities to properly develop, operate and maintain the proposed New Developer Restaurant. To this end, Area Developer shall furnish THUSA with such financial statements and other information regarding Area Developer and the development and operation of the proposed New Developer Restaurant, including investment and financing plans for the proposed New Developer Restaurant, as THUSA reasonably may require. If Area Developer enters into any legally binding commitment with respect to a potential site before THUSA has granted REAC Approval, then Area Developer shall bear the entire risk of loss or damage resulting from a subsequent decision of THUSA not to grant REAC Approval. In determining whether or not to grant REAC Approval, THUSA may have regard to any relevant matter in its sole discretion including without limitation to the protection of the Tim Hortons System, to its own interests and to the orderly and proper development of Shops in the Territory, and the interests of other operators of Tim Hortons Shops in the Territory, or in other areas adjacent to or which may be directly or indirectly impacted by the operation of a new Tim Hortons Shop at the proposed site. Without limiting the generality of the foregoing, if THUSA believes in its sole and absolute discretion that development of a new Tim Hortons Shop at the site proposed by Area Developer will have an adverse impact upon sales to or at an existing Shop operated by THUSA or a Franchisee, THUSA may, in its sole discretion, deny REAC Approval. The denial of REAC Approval by THUSA shall not extend, modify or reduce the development obligations of Area Developer under Article V.

6.3 Design Approval. After obtaining REAC Approval, the following requirements relating to site acquisition and construction shall apply:

6.3.1 Area Developer assumes all cost, liability, expense and responsibility for procuring the location, acquisition and development of sites and for construction of new Tim Hortons Shops. If Area Developer acquires a leasehold interest in the site, such lease shall be for a term extending at least through the term of the New Developer Restaurant Franchise Agreement to be granted for the location. If the Area Developer will lease or sublease the real property of a site for a New Developer Restaurant from a party other than THUSA or its Affiliate, then promptly following THUSA's REAC Approval, Area Developer agrees to obtain a lease or sublease for the Premises which must be accompanied by the Lease Rider in the form included in Attachment B of the Franchise Agreement. If the Area Developer or its Affiliate will own the real property of a site for a New Developer Restaurant, then Area Developer or its Affiliate, as applicable, shall execute a Lease Option Agreement, in the form disclosed in THUSA's then current Franchise Disclosure Document, with THUSA or its Affiliate.

6.3.2 Any new Tim Hortons Shop shall be constructed equipped and furnished in accordance with the Current Image standards.

6.3.3 Each new Shop shall be constructed, equipped and furnished in accordance with plans and specifications prepared in compliance with the THUSA-approved Approved Plans and Specifications. Area Developer shall be responsible for procuring its own architectural and engineering services and all necessary approvals and permissions from the relevant Authorities. Prior to commencing construction of a new Shop, Area Developer shall obtain from THUSA prior written architectural and design approval of the Area Developer's Approved Plans and Specifications, including without limitation, THUSA's approval of the type of facility, site layout, and equipment configuration for each Shop, including the building design, style, size, interior decor, type of equipment, service format and equipment arrangement (hereinafter referred to as "**Design Approval**"). Any subsequent material changes to the Approved Plans and Specifications must be approved by THUSA's Head of Development. The above notwithstanding, Area Developer shall be responsible for constructing the new Shop in accordance with all Laws.

6.4 Construction Plans. THUSA assumes no liability for the adequacy of any Approved Plans and Specifications. Area Developer assumes all cost, liability and expense for developing, constructing and equipping each Restaurant. It shall be Area Developer's responsibility to have prepared Approved Plans and Specifications to suit the shape and dimensions of the site, and Area Developer shall ensure that the Approved Plans and Specifications comply with applicable ordinances, Americans With Disabilities Act ("ADA") requirements, building codes and permit requirements and with lease requirements and restrictions. Area Developer shall obtain and use only registered architects, registered engineers, and professional and licensed contractors who demonstrate to THUSA's reasonable satisfaction the ability to meet THUSA's reasonable quality standards (as determined by THUSA in its reasonable discretion), in each case, to prepare the Approved Plans and Specifications (including surveys and site and foundation plans), to adapt the Approved Plans and Specifications to applicable local or state laws, regulations or ordinances, and to construct each Restaurant. Area Developer shall bear all costs and expenses incurred in connection with the preparation of all Approved Plans and Specifications (including the costs and expenses incurred for any plans containing deviations or modifications from THUSA's standard plans and specifications).

6.5 No Franchise Without Approval. Nothing in this Agreement shall be construed as obligating THUSA to grant a New Developer Restaurant Franchise Agreement for any site which has not been approved in accordance with this Agreement or in a case in which the completed building does not conform to the Approved Plans and Specifications. THUSA may terminate this Agreement if such non-conformance is not cured within a commercially reasonable amount of

time.

6.6 No Representation Regarding Site. Area Developer, on behalf of itself and each OpCo, agrees that THUSA's approval of any site or THUSA's approval of any specifications or other matters relating to the development of a new Tim Hortons Shop does not amount to a representation or warranty relating directly or indirectly to the potential success or viability of a site or the new Tim Hortons Shop. Neither Area Developer nor any OpCo shall rely upon any warranty, representation or advice given by any person by or on behalf of THUSA directly or indirectly relating to the success or viability of a new Tim Hortons Shop. Area Developer acknowledges and agrees that any site selection assistance or approval provided by THUSA or its Affiliates is not intended and shall not be construed or interpreted as a representation, warranty or guarantee that the site (or any other site) will achieve any estimated sales or otherwise succeed, nor shall any location recommendation made by THUSA or its Affiliates be deemed a representation that any particular location is available for use as a New Developer Restaurant. For the avoidance of doubt, THUSA assumes no liability or responsibility for: (i) evaluation of an accepted site's soil for hazardous substances; (ii) inspection of any structure on the accepted site for asbestos or other toxic or hazardous materials; (iii) compliance with the ADA; or (iv) compliance with any other applicable law. It is Area Developer's sole responsibility to obtain satisfactory evidence and/or assurances that the accepted site (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.

6.7 Notice of New Developer Restaurant. Area Developer shall provide THUSA with at least 180 days prior written notice of the opening of each New Developer Restaurant, and such notice shall include the projected opening date of the New Developer Restaurant. Failure to provide the notice required by this Section 6.7 shall constitute an Event of Default pursuant to Section 9.1.9.

ARTICLE VII: GRANT OF FRANCHISE

7.1 Upon fulfilment of the following conditions precedent in relation to each proposed New Developer Restaurant:

7.1.1 Area Developer has paid to THUSA (or to such party as THUSA may direct) the Initial Franchise Fee required in respect of the New Developer Restaurant to be opened, such payment to be made prior to or upon execution of the New Developer Restaurant Franchise Agreement for the New Developer Restaurant;

7.1.2 Area Developer has executed and delivered to THUSA at least two counterparts of the New Developer Restaurant Franchisee Agreement and all other documents customarily executed in connection with the grant of a franchise;

7.1.3 Area Developer, its Affiliates, and the Principals are in full compliance with the requirements of this Agreement and all Developer Franchise Agreements in force at the time a grant of a franchise is requested;

7.1.4 Area Developer has obtained and continues to hold all relevant approvals, permits and licenses required by applicable law to operate the New Developer Restaurant;

7.1.5 Area Developer is current on all monetary obligations due THUSA;

7.1.6 Area Developer has completed the construction of the New Developer Restaurant in accordance with the Approved Plans and Specifications approved by THUSA and with all Laws;

7.1.7 Area Developer has decorated the interior of the New Developer Restaurant and purchased or leased and installed all specified and required fixtures, equipment, furnishings and signs in accordance with THUSA's standards and specifications;

7.1.8 Area Developer has obtained a certificate of occupancy and all other required building, utility, health, sign, sanitation, safety or fire department certificates, and other permits and licenses applicable to the New Developer Restaurant, and, if requested by THUSA, Area Developer shall have submitted a copy of the certificate of occupancy to THUSA;

7.1.9 Area Developer has hired and trained a staff in accordance with the requirements of the New Developer Restaurant Franchise Agreement;

7.1.10 Area Developer has purchased an opening inventory for the New Developer Restaurant of only products and other materials and supplies that have been authorized and approved by THUSA;

7.1.11 If Area Developer leases the location of the New Developer Restaurant, THUSA has been furnished with a copy of a fully executed lease for the location, which shall include the Lease Rider in the form included in Attachment B of the Franchise Agreement, and such lease shall be for a term that is at least equal to the term of the New Developer Restaurant Franchise Agreement for the relevant New Developer Restaurant;

7.1.12 If the Area Developer or its Affiliate owns the location of the New Developer Restaurant, Area Developer or its Affiliate, as applicable, has executed and delivered to THUSA a Lease Option Agreement, in the form disclosed in THUSA's then current Franchise Disclosure Document, and

7.1.13 Area Developer has furnished to THUSA copies of all insurance policies required by this Agreement and the New Developer Restaurant Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as THUSA reasonably may request,

THUSA shall grant and Area Developer shall accept a franchise in respect of the relevant New Developer Restaurant on the terms and conditions set out in the Franchise Agreement Form.

7.2 Until the franchise has been granted pursuant to Section 7.1, the proposed New Developer Restaurant shall not open for business. Following the grant of a franchise, the New Developer Restaurant shall commence trading immediately and in any event not later than 7 days thereafter, time being of the essence.

7.3 The duration of each New Developer Restaurant Franchise Agreement shall be 20 years or such other duration agreed in writing by THUSA, subject to property control.

7.4 Area Developer shall pay to THUSA with respect to each New Developer Restaurant opened during the Term an Initial Franchise Fee, Royalty, and Advertising Contribution in the amounts of the Base Fees.

7.5 Prepaid Franchise Fee. Area Developer will pay to THUSA partial initial franchise fees in advance in the amount of Twenty-Five Thousand Dollars ($25,000.00) multiplied by the number of New Developer Restaurants designated in the Development Schedule for a total amount of **[INSERT AMOUNT]** (the "Prepaid Franchise Fees"). [The Prepaid Franchise Fees shall be paid in installments as follows: (a) the first installment in the amount of [INSERT AMOUNT] shall be due and payable on the Commencement Date; (b) the second installment in the amount of

[INSERT AMOUNT] shall be due and payable on the first anniversary of the Commencement Date; (c) the third installment in the amount of [INSERT AMOUNT] shall be due and payable on the second anniversary of the Commencement Date; (d) the fourth installment in the amount of [INSERT AMOUNT] shall be due and payable on the third anniversary of the Commencement Date; and (e) the fifth installment in the amount of [INSERT AMOUNT] shall be due and payable on the fourth anniversary of the Commencement Date.] Upon the execution of each New Developer Restaurant Franchise Agreement, THUSA will apply Twenty Five Thousand Dollars ($25,000.00) of the Prepaid Franchise Fees as partial payment of the Initial Franchise Fee owed for that New Developer Restaurant, with the balance of the Initial Franchise Fee to be paid by Area Developer at the time of such execution, until the full amount of the Prepaid Franchisee Fees are exhausted. Thereafter, Area Developer shall pay the total amount of the applicable Initial Franchise Fee to THUSA in accordance with this Agreement. For the avoidance of doubt, no amount of the Prepaid Franchise Fees shall be applied to the payment of Initial Franchise Fees due for Acquired Restaurants.

7.6 Area Developer acknowledges and agrees that THUSA will suffer substantial damages as a result of the termination of this Agreement before the expiration of the Term. Some of those damages include lost Initial Franchise Fees, Royalties, development opportunities, market penetration, opportunity costs, and expenses that THUSA will incur in developing or finding another franchisee to develop Tim Hortons Shops in the Territory (collectively, "**Brand Damages**"). Area Developer and THUSA acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to THUSA. Therefore, upon termination of this Agreement before the expiration of the Term for any reason, (a) THUSA shall have the right to retain, without obligation for any refund to Area Developer or for any application toward any future initial franchise fees due from Area Developer, the remaining balance of Prepaid Franchise Fees paid by Area Developer prior to the date of termination, and (b) Area Developer shall pay to THUSA an amount equal to the amount of the next installment of Prepaid Franchise Fees that would have come due after the date of termination, which shall become immediately due and payable to THUSA as of the date of termination. Area Developer acknowledges and agrees that the amount of liquidated damages determined in accordance with this Section 7.6 reasonably represents THUSA's Brand Damages arising from the termination of this Agreement before the expiration of the Term. Area Developer's payment of the liquidated damages to THUSA will not be considered a penalty but, rather, a reasonable estimate of fair compensation to THUSA for the Brand Damages THUSA will incur because this Agreement did not continue for the full length of the Term. Area Developer acknowledges that the payment of liquidated damages is full compensation to THUSA only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Area Developer's obligations to pay other amounts due to THUSA under this Agreement as of the date of termination and to comply strictly with Area Developer's other post-termination obligations.

7.7 Area Developer shall promptly pay when due all Taxes, accounts and other indebtedness of every kind incurred by Area Developer in the conduct of the Area Developer's business and operation of any Developer Restaurants developed under this Agreement, including any Indirect Tax obligation in respect of any payment made by Area Developer pursuant to this Agreement except that Indirect Taxes arising out of this Agreement will be the responsibility of the party owing such Taxes. Notwithstanding the foregoing or anything else herein, the amount of all fees payable pursuant to this Agreement by the Area Developer do not include Indirect Tax and, in the event Indirect Tax applies under either existing law or a future change in statute or interpretation that results in Indirect Tax on the fees payable pursuant to this Agreement, Area Developer will be responsible for such Indirect Tax either (i) through payment of the Indirect Tax to THUSA or (ii) if

Area Developer is required by law to deduct and pay the applicable Indirect Tax to the relevant Tax Authority, Area Developer will gross up the fees by the applicable Indirect Tax and remit payment of the applicable Indirect Tax amount to the relevant Tax Authority, without any deduction from fees payable under this Agreement. If there is an exemption in the territory of any Developer Restaurant developed under this Agreement for the application of Indirect Taxes to any payments made by Area Developer to THUSA or its designee, Area Developer will cooperate in good faith with THUSA and take all reasonable steps necessary to ensure that THUSA or its designee will be eligible for such exemption, including by applying for the exemption with the applicable Tax Authority. “Indirect Tax" or “Indirect Taxes” means sales and use tax, goods and services tax, value added tax, ad valorem tax, excise tax, duty, levy or other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing (together with any penalties, interest, or other similar amounts thereon) levied by a Tax Authority. “Tax" or "Taxes" means all taxes, however denominated, including any interest, penalties, or other additions that may become payable in respect thereof, imposed by any Taxing Authority. "Tax Authority" means any governmental authority having or purporting to have power to impose, administer or collect any Tax.

ARTICLE 8: TECHNOLOGY SYSTEMS/BUSINESS REVIEWS/[DELIVERY]

8.1 Area Developer shall, at its sole cost and expense, provide THUSA with Polling Information pursuant to the Developer Franchise Agreements and install POS Systems and adopt polling and data collection systems prescribed by THUSA, in the format and using only vendors for such systems and such data exchange standards and protocols as THUSA may require. Area Developer shall provide THUSA with P&L and Capex Information pursuant to the Developer Franchise Agreements at such times as THUSA designates and in an electronic format prescribed by or otherwise acceptable to THUSA.

8.2 Area Developer shall also, at its sole cost and expense, at each Developer Restaurant: (a) maintain centralized or technology based methods of taking, processing, routing, and delivering orders or receiving payment for such orders that may be mandated by THUSA at any time, in addition to the methods and technology THUSA currently uses or authorizes (individually an “Additional Ordering System” and collectively “Additional Ordering Systems”); and (b) add or replace equipment, wiring, hardware and software in connection with the Additional Ordering Systems. To the extent any products and services related to an Additional Ordering System are owned by THUSA or provided by THUSA, THUSA may charge, and Area Developer shall pay, up front and/or ongoing fees. THUSA shall be the sole owner of all direct and related rights and assets, including software and hardware, intellectual property and all data generated by the Additional Ordering Systems, but excluding hardware or equipment Area Developer purchases directly for the purpose of gaining access to the Additional Ordering System. If THUSA requires Area Developer to use an Additional Ordering System, then Area Developer shall comply with THUSA’s requirements for connecting to, and utilizing such technology in connection with the operation of the Developer Restaurant. Area Developer will install and implement any Additional Ordering System required by THUSA within the reasonable time specified by THUSA.

8.3 Area Developer shall also, at its sole cost and expense, at each Developer Restaurant: (a) maintain technology for the purpose of communicating with customers of Tim Hortons Shops and the collection, processing, storage and use of Tim Hortons Shops customer data that may be mandated by THUSA at any time, in addition to the methods and technology THUSA currently uses or authorizes (individually an “Additional Digital System” and collectively, the “Additional Digital Systems”); and (b) add or replace equipment, wiring, hardware and software in connection with the Additional Digital Systems. To the extent any products and services related to an

Additional Digital System are owned by THUSA or provided by THUSA, THUSA may charge up front and/or ongoing fees. THUSA shall be the sole owner of all direct and related rights and assets, including software and hardware, intellectual property and all data generated by the Additional Digital Systems, but excluding hardware or equipment Area Developer purchases directly for the purpose of gaining access to an Additional Digital System. THUSA may use the data generated by the Additional Digital Systems (1) to analyze customer trends, (2) to market THUSA-developed goods and products to all customers or specific customer(s), (3) to reward loyal or repeat customers, (4) to provide the data to third parties, and (5) for such other purposes as THUSA deems appropriate in its sole discretion. Area Developer acknowledges and agrees that all net profits received by THUSA from providing the data generated by the Additional Digital Systems to third parties shall be the sole property of THUSA. If THUSA requires Area Developer to use an Additional Digital System, then Area Developer shall comply with THUSA's requirements for connecting to, and utilizing such technology in connection with the operation of the Developer Restaurant. Area Developer will install and implement any Additional Digital System required by THUSA within the reasonable time specified by THUSA.

8.4 Quarterly Business Reviews. Area Developer and THUSA shall meet at a minimum on a quarterly basis to conduct a business review meeting, which shall include a review of the financial and operational performance of Area Developer. Notwithstanding the foregoing, THUSA may, at its option, request that the Area Developer provide materials which THUSA believes are relevant for any such business review and following its receipt of such materials, THUSA may, in its sole discretion, waive any business review meeting.

8.5 [Delivery. All Developer Restaurants, other than Captive Locations, must participate in the currently approved Tim Hortons brand delivery program (the "Delivery Program") if available for such Developer Restaurant. The Delivery Program may be either through a THUSA-approved third-party delivery service or through a Tim Hortons brand specific internal program. If no Delivery Program is available for a Developer Restaurant on the Commencement Date, such Developer Restaurant must participate in the Delivery Program within thirty (30) days after a Delivery Program becomes available for such Developer Restaurant.]

ARTICLE IX: DEFAULT AND TERMINATION

9.1 Without prejudice to any other rights of THUSA under this Agreement or at Law, upon the occurrence of any of the following events (each, an "**Event of Default**"), Area Developer shall be in default of this Agreement and THUSA may, at its election, by written notice to Area Developer terminate this Agreement with immediate effect (but with due regard for the cure periods set forth below, if any):

9.1.1 if Area Developer fails to achieve the Cumulative Opening Target by the end of any Development Year;

9.1.2 if Area Developer (or any of its Affiliates) fails to pay to THUSA (or its designee) when due (A) any amounts payable under this Agreement, and does not cure such failure within ten (10) days of written notice from THUSA, or (B) any amounts payable under a Developer Franchise Agreement and does not cure such failure within the cure period provided under such Developer Franchise Agreements;

9.1.3 if Area Developer (or any of its Affiliates) fails at any time to satisfy the requirements for Franchise Approval;

9.1.4 if Area Developer and/or any of the Principals assigns, encumbers, transfers, sub-licenses or otherwise disposes of, or attempts to assign, transfer, encumber, or otherwise dispose of this Agreement or any of its rights hereunder in whole or in part, whether directly or indirectly by operation of law, without the prior written consent of THUSA in violation of Section 11.1 or 11.2; or if Area Developer, any of its Affiliates, or any Principal duplicates, in whole or in part, the Tim Hortons System or violates the confidentiality or restrictive covenant provisions set forth in Article X;

9.1.5 if Area Developer, any of its Affiliates or any Principal seeks any type of relief under the provisions of a bankruptcy or insolvency law; or if there is an arrangement among the creditors of Area Developer, any of its Affiliates or any Principal; or any Person files a petition or application seeking to have Area Developer, any of its Affiliates or any Principal adjudicated bankrupt and the action is not dismissed within 30 days after it is filed; or Area Developer, any of its Affiliates or any Principal admits in writing or upon sworn oath the inability to pay any debts as they fall due; or a receiver or other administrator (permanent or temporary) is appointed over all or any of the assets of Area Developer, any of its Affiliates or any Principal; or any administrator or liquidator is appointed over Area Developer, any of its Affiliates or any Principal by any competent bankruptcy court or under any other Law including under an order for a suspension of proceedings or Area Developer, any of its Affiliates or any Principal takes any action to liquidate; or wind up;

9.1.6 if Area Developer (directly or through its Affiliate) opens any New Developer Restaurant using any Tim Hortons Trademarks or any marks similar to any Tim Hortons Trademarks without being granted Franchise Approval or REAC Approval by THUSA, or without having delivered to THUSA a fully executed New Developer Restaurant Franchise Agreement for such New Developer Restaurant, or without having paid the applicable Franchisee Fee for such New Developer Restaurant in accordance with this Agreement;

9.1.7 if Area Developer, any of its Affiliates or any Principal (or any Affiliate thereof) challenges the validity of any of the Tim Hortons Trademarks or copyright or other intellectual property rights of THUSA or any THUSA Affiliate;

9.1.8 if any information provided by Area Developer or any of the Principals to THUSA or its Affiliates is materially false or misleading, including any information provided to THUSA prior to entering into this Agreement, and any information provided to THUSA by Area Developer any of its Affiliates or any of the Principals in order to obtain Franchise Approval or REAC Approval pursuant to the terms of this Agreement;

9.1.9 if Area Developer, any of its Affiliates or any Principal fails to comply with any of the other terms, provisions or conditions of this Agreement, any Developer Franchise Agreement, or any other obligation owed by Area Developer, any of its Affiliates or any Principal to THUSA and fails to rectify the same within 30 days (or such shorter period of time as may be provided under any applicable Developer Franchise Agreement or other agreement) of a notice requiring it to do so;

9.1.10 If Area Developer, any Principal or any Affiliate of Area Developer or Principal breaches any other agreement to which a THUSA Affiliate is a party (including without limitation, any agreement to which another Person is a party);

9.1.11 if Area Developer or any board member or senior officer of Area Developer or any Affiliate thereof engages in any conduct which is deleterious to, or could reasonably be expected

to have an adverse effect on the reputation of Area Developer, such Affiliate, THUSA or the Tim Hortons brand;

9.1.12 if taking into consideration operations at all Tim Hortons Shops owned and operated by Area Developer or any affiliate or subsidiary of Area Developer (whether developed under this Agreement or not), such operations fail at any time to score in the top [_____] percent (__%) of the Peer Category in which THUSA places Area Developer for each of THUSA's then-standard metrics (or any successor metrics used by THUSA to measure operational performance) as applied consistently across the Tim Hortons brand domestically. For the avoidance of doubt, in determining any ranking, grade, rating or score of Area Developer pursuant to this paragraph, THUSA may consider the performance not only of the Developer Restaurants, but also any Tim Hortons Shops owned and operated by any Affiliate(s) of Area Developer, or by any other Franchisee owned in whole or in part by (x) any one or more of the Principals, or (y) any "Managing Owner" or "Operating Partner" under any Franchise Agreement entered into by Area Developer or its Affiliate;

9.1.13 [if Area Developer shall at any time incur total consolidated Debt that would cause the ratio of (i) the total consolidated Debt of Area Developer, minus the cash or cash equivalents held by Area Developer, to (ii) the trailing twelve months EBITDA of Area Developer ending at such time, to be greater than [_____ (___)] times; or

9.1.14 if Area Developer shall at any time incur total consolidated Debt and rent and lease obligations that would cause the ratio of (i) the total consolidated Debt of Area Developer, plus the product of [_____ (__)] multiplied by the aggregate amount of principal rent or lease payments made by Area Developer during the twelve (12)-month period immediately preceding the date of determination, minus the cash or cash equivalents held by Area Developer, to (ii) the trailing twelve (12) months EBITDAR of Area Developer ending at such time, to be greater than [_____ (__)] times.]

9.2 Upon termination of this Agreement pursuant to Section 9.1, all rights granted to Area Developer under this Agreement and all Franchise Approvals for Shops not yet opened shall terminate.

9.3 The termination of this Agreement pursuant to Section 9.1.1 shall not, by itself, affect the rights and obligations of Developer or any of its Affiliates under any Developer Franchise Agreement.

9.4 The failure of THUSA to terminate this Agreement or the Development Rights upon the occurrence of one or more Events of Default shall not constitute a waiver or otherwise affect the right of THUSA to terminate this Agreement or the Development Rights because of a continuing or subsequent failure to cure one or more Events of Default or otherwise limit THUSA's right to pursue any and all other remedies available at Law or in equity.

ARTICLE X: CONFIDENTIALITY AND RESTRICTIVE COVENANT

10.1 The term "Confidential Information" as used in this Agreement means all confidential and proprietary information of THUSA or any of its Affiliates, including without limitation, this Agreement, THUSA's or any of its Affiliates' trade dress, restaurant packaging design specifications and strategies, brand standards, any information relating to business plans, branding and design, operations manuals, including the Confidential Operating Manual (as defined in the Franchise Agreement), and other standards, specifications and operating

procedures, training material, marketing and business information, marketing strategy and marketing programs, plans and methods, food specifications (including recipes, prepared mixtures or blends of spices and other food products), details of suppliers and distributors, and sources of supply and distribution, sales, contractual and financial arrangements of THUSA and its Affiliates and service providers, and all other information and knowledge relating to the methods of operating and the functional know-how applicable to Tim Hortons Shops and the Tim Hortons System or any other system or brand operated by THUSA or its Affiliates revealed by or at the direction of THUSA or any of its Affiliates to Area Developer, any of its Affiliates and/or any of the Principals.

10.2 Area Developer and each of the Principals acknowledges the uniqueness of the Tim Hortons System and that THUSA is making the Confidential Information available to Area Developer and the Principals only for the purpose of developing Tim Hortons Shops. Area Developer and each of the Principals agrees that it would be an unfair method of competition for any of them to use or duplicate or to allow others to use or duplicate any of the Confidential Information. Area Developer and each Principal, therefore, must:

10.2.1 at all times, both during the Term and following its termination or expiration, maintain the Confidential Information in strict confidence;

10.2.2 use the Confidential Information only in the operation of the Developer Restaurants;

10.2.3 not disclose the Confidential Information to any person except those directors, officers, employees, professional advisers and financing sources (debt or equity) of Area Developer or any Principal who have a specific need to have access to it for the operation of any of the Developer Restaurants, and who have been made aware of the terms on which it has been disclosed to Area Developer and/or any Principal, and who agree to maintain its confidentiality. Area Developer and the Principals are jointly and severally responsible for any unauthorized disclosure of the Confidential Information by persons to whom Area Developer or any Principal has disclosed it;

10.2.4 not permit anyone to reproduce, copy or exhibit any portion of the Confidential Operating Manual (as defined in the Franchise Agreement)or any other Confidential Information received from THUSA or any of its Affiliates;

10.2.5 return, delete or destroy the Confidential Information received from THUSA or any of its Affiliates immediately upon receipt of a request from THUSA to do so; and

10.2.6 at THUSA's request, procure the Managing Director (as defined in the Franchise Agreement) and the Managing Owner (as defined in the Franchise Agreement) to execute an agreement similar in substance to this Article X in a form acceptable to THUSA and naming THUSA as a third party beneficiary with the independent right to enforce such agreement.

10.3 In addition, Area Developer and the Principals agree that they shall not, at any time, whether before or after the Commencement Date, issue any press release or any other statement, broadcast, podcast, advertisement, circular, newsletter or other forms of information in relation to this Agreement, or the Tim Hortons business to the public unless the contents of such information release have been approved in writing by THUSA prior to dissemination.

10.4 Area Developer and each Principal specifically acknowledge that, pursuant to this Agreement, Area Developer will receive valuable specialized training and Confidential Information, including information regarding the operational, sales, promotional, and marketing methods, procedures and techniques of THUSA and the Tim Hortons System. Area Developer and each Principal covenants and agrees for itself, himself, herself, Area Developer's parent, subsidiaries and Affiliates that during the Term of this Agreement they shall not: (i) own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business (other than another Tim Hortons Shop) that is the same or similar to any Tim Hortons Shop or that offers products or services that are the same as or similar to the products or services being offered by any Tim Hortons Shop; or (ii) divert or attempt to divert any present or prospective business or customer of any Tim Hortons Shop to any competitor by direct or indirect inducement or otherwise or do or perform directly or indirectly any other act injurious or prejudicial to the goodwill associated with the Tim Hortons Trademarks and the Tim Hortons System.

10.5 Area Developer and each Principal further covenants and agrees for itself, himself, herself, Area Developer's parent, subsidiaries and Affiliates that for a period of one (1) year after any sale, assignment, transfer, termination or expiration of this Agreement, these persons and entities shall not own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business (other than another Tim Hortons Shop) that is the same or similar to any Tim Hortons Shop or that offers products or services that are the same as or similar to the products or services being offered by any Tim Hortons Shop, either at or within two (2) miles of any Developer Restaurant or at or within two (2) miles of any other Tim Hortons Shop.

10.6 The obligations of Area Developer and Principals in Sections 10.4 and 10.5 are in addition to the restrictive covenants under the Developer Franchise Agreements.

10.7 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article X, is held unreasonable or unenforceable by a court or agency having jurisdiction in a final decision, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Article X.

10.8 Area Developer understands and acknowledges that THUSA shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.4 and 10.5 of this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of this Article X hereof.

10.9 The parties acknowledge that it will be difficult to ascertain with any degree of certainty the amount of damages resulting from a breach by of any of the covenants contained in this Article X. It is further agreed and acknowledged that any violation by Area Developer of any of said covenants will cause irreparable harm to THUSA. Accordingly, Area Developer agrees that upon proof of the existence of a violation of any of said covenants, THUSA will be entitled to injunctive relief against Area Developer in any court of competent jurisdiction having authority to grant such relief, together with all costs and reasonable attorneys' fees incurred by THUSA in bringing such action.

ARTICLE XI: ASSIGNMENT AND TRANSFER

11.1 This Agreement and the Development Rights may not be, directly or indirectly, sold, conveyed, assigned, transferred, leased, licensed or sub-licensed, charged, mortgaged, pledged, hypothecated, encumbered or otherwise disposed of ("**Transferred**") by Area Developer in whole or in part, whether directly or indirectly by operation of law nor shall Area Developer have any right to sub-license any of the rights granted under this Agreement, without the prior written consent of THUSA, which consent may be withheld by THUSA at its sole discretion.

11.2 Area Developer is not permitted to subcontract the whole or any part of its obligations under this Agreement, or to transfer any assets that are necessary for Area Developer to fulfill its other obligations under this Agreement or to operate a Developer Restaurant or fulfill its obligations under any Developer Franchise Agreement without the prior written consent of THUSA which consent may be withheld by THUSA at its sole discretion.

11.3 For the avoidance of doubt, nothing in this Agreement permits Area Developer:

11.3.1 to sub-franchise to any Person in respect of the Tim Hortons System (or any part thereof); or

11.3.2 to grant any interest in a Developer Restaurant or the Tim Hortons System to any person.

11.4 This Agreement and all the rights and obligations hereunder of THUSA may be Transferred by THUSA, and shall inure to the benefit of the successors and assigns of THUSA. If THUSA elects to Transfer this Agreement or any part of its rights, interests, obligations or liabilities hereunder, Area Developer shall, upon request by THUSA, execute any deed or instrument required to effect such Transfer or as required by applicable Law. Area Developer and the Principals hereby irrevocably consent to any such Transfer at any time and waive any requirement of prior notice.

ARTICLE XII: [TIM HORTON CHILDREN'S FOUNDATION]

[The Developer Restaurants shall participate in the fundraising and charitable efforts of the Tim Horton Children's Foundation (the "Foundation"). Area Developer agrees to contribute to the Foundation at least _____ DOLLARS ($_____) for each Developer Restaurant during each year of the term of the relevant Developer Franchise Agreement at the time specified by the Foundation.]

ARTICLE XIII: INDEMNIFICATION; INSURANCE

13.1 Indemnification. Area Developer agrees to defend, indemnify and hold harmless the THUSA Indemnified Parties, from all Claims resulting from, or alleged to have resulted from, or in connection with this Agreement. Without limiting the generality of the foregoing, Area Developer agrees to defend, indemnify and hold harmless the THUSA Indemnified Parties from all Claims resulting from, or alleged to have resulted from, or in connection with (a) Area Developer's violation of any applicable laws, rules, or regulations (including any applicable employment or workplace-related laws, rules, or regulations), (b) the acts or omissions of Area Developer or any of its employees, (c) any breach of this Agreement or (d) any injuries, including death to persons or damages to or destruction of property, sustained or alleged to have been sustained in connection with or to have arisen out of or incidental to the development of the Developer

Restaurants and/or the performance of this Agreement by Area Developer, its agents, employees, and/or its subcontractors, their agents and employees, or anyone for whose acts they may be liable, regardless of whether or not such claim, demand, damage, loss, liability, cost or expense is caused in whole or in part by the negligence of THUSA, THUSA's representative, or the employees, agents, invitees, or licensees thereof. For the avoidance of doubt, the provisions of this Section 13.1 shall survive the expiration or termination of this Agreement and be fully binding and enforceable as though such expiration or termination had not occurred.

13.2 THUSA shall notify Area Developer of any such Claims, and Area Developer shall be given the opportunity to assume the defense of the matter. If Area Developer fails to assume the defense, THUSA may defend the action in the manner it deems appropriate, and Area Developer shall pay to THUSA all costs, including attorney fees, incurred by THUSA in effecting such defense. THUSA's right to indemnity under this Agreement shall arise and be valid notwithstanding that joint or concurrent liability may be imposed on THUSA by Law.

13.3 Area Developer agrees to pay THUSA all expenses, attorneys' fees and court costs, incurred by THUSA, its parent, subsidiaries, affiliates, and their successors and assigns to remedy any defaults of or enforce any rights under this Agreement, effect termination of this Agreement or collect any amounts due under this Agreement.

13.4 Insurance.

13.4.1 Comprehensive General Liability. Area Developer agrees to carry at its expense during the Term Comprehensive General Liability insurance, including Products Liability and Broad Form Contractual Liability, in an amount of not less than FIVE MILLION DOLLARS ($5,000,000) per occurrence for bodily injury and property damage, or in such increased amounts as THUSA may reasonably request from time to time during the Term. Each policy will be provided on a primary and non-contributory basis as respects THUSA and its Affiliates and all insurance THUSA and its Affiliates maintain; will contain a severability of interests and cross liability clause; will name THUSA and its Affiliates as additional insureds which shall be effectuated through an endorsement of the policy; will provide that the policy cannot be canceled without thirty (30) days prior written notice to THUSA; and will insure the contractual liability of Area Developer under Section 13.1. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by THUSA. Before the Commencement Date, Area Developer shall furnish to THUSA Certificates of Insurance reflecting that the insurance coverage is in effect pursuant to the terms of this Agreement. All policies shall be renewed, and a renewal Certificate of Insurance mailed to THUSA in Miami, Florida, or at such other location as may be specified by THUSA prior to the expiration date of the policies. This obligation of Area Developer to maintain insurance is separate and distinct from its obligation to indemnify THUSA under the provisions of Section 13.1 and in addition to its insurance obligations under the Developer Franchise Agreements.

13.4.2 Worker's Compensation. Area Developer agrees to secure and pay premiums on a Worker's Compensation policy covering all Area Developer employees, as required by Law.

ARTICLE XIV: GUARANTEE OF PRINCIPALS

14.1 Each of the Principals guarantees (a) the prompt payment of all sums due from Area Developer under this Agreement and from Area Developer under all Developer Franchise Agreements granted pursuant to this Agreement, (b) the compliance by Area Developer with all the obligations contained in this Agreement and all Developer Franchise Agreements granted

pursuant to this Agreement, in each case, together with all costs incurred by THUSA of collection, compromise or enforcement, including reasonable attorneys' fees ((a) and (b) together, collectively, the "**Obligations**"). Each of the Principals shall pay all sums due under this Section 14.1, and take or cause to be taken all steps necessary to remedy a non-monetary breach of this Agreement, within 14 days of receipt of a demand specifying the breach or non-performance on the part of Area Developer. The liability of the Principals is primary, direct and unconditional, and THUSA shall be under no obligation to take any steps or commence any proceedings against Area Developer before enforcing any of its rights under this Article XIV against one or more of the Principals. The Principals waive any right they might otherwise have to be given notice of any breach or non-performance except as part of a demand made under this Section 14.1.

14.2 The guarantee contained in Section 14.1:

14.2.1 Shall continue in full force and effect notwithstanding any intermediate satisfaction of any such matters and notwithstanding any suspension of proceedings, receivership, liquidation or any similar proceedings with regard to Area Developer;

14.2.2 Shall remain valid and enforceable notwithstanding any time or indulgence given to Area Developer, and/or any waiver of its rights by THUSA and/or any settlement agreed between THUSA and any such person including in the framework of a court approved creditors' arrangement; and

14.2.3 Shall not be impaired by any modification, supplement, extension or amendment of this Agreement, the Development Franchise Agreements or any of the Obligations, nor by any modification, release or other alteration of any of the Obligations under this Agreement, nor by any agreements or arrangements whatever with Area Developer, the Principals or anyone else.

14.3 As between THUSA and the Principals and each of them, all sums due now and in the future to the Principals or any of them from Area Developer shall be subordinated to any sums owing from Area Developer to THUSA.

14.4 The Principals hereby represent and warrant to THUSA (and it is a condition of this Agreement) that the guarantees and other undertakings given by each of them in this Agreement are binding upon the Principals in accordance with their terms.

14.5 THUSA shall be entitled in its sole discretion to request from any Principal partial or full performance, but all Principals shall remain bound until the whole Claim is satisfied.

14.6 Without limitation of any other provision of this Agreement, each of the Principals shall observe the covenants in this Agreement relating to Confidentiality and Restrictive Covenant (Article X) and Assignment and Transfer (Article XI) and the restrictive covenants in the Developer Franchise Agreement, as if they were Area Developer.

14.7 As a separate and principal obligation, each Principal shall indemnify THUSA against any Claim, damage, liability, cost, charge, expense, or payment suffered, paid or incurred by THUSA in connection with any default or delay by Area Developer in the due and punctual performance of its obligations under this Agreement or any Developer Franchise Agreement.

ARTICLE XV: SEVERABILITY

If any of the provisions of this Agreement may be construed in more than one way, one or more of which would render the provision illegal or otherwise void, voidable or unenforceable, and one of which would render the provision valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. This Agreement shall be construed according to its fair meaning and not strictly against any Party. If any court or other government authority determines that any provision is not enforceable as written, the Parties agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought and affords the Parties the same basic rights and obligations and has the same economic effect. If any provision is held invalid or otherwise unenforceable, such findings shall not invalidate the remainder of this Agreement.

ARTICLE XVI: ENTIRE AGREEMENT

This Agreement, constitutes the entire agreement and understanding of the Parties with respect to the development of New Developer Restaurants and supersedes all prior negotiations, commitments, representations, warranties and undertakings of the Parties (if any) with respect to the development of New Developer Restaurants, whether written or oral. The Parties acknowledge that they are not relying upon any representations, warranties, conditions, agreements or understandings, written or oral, made by the Parties as their agents or representatives, except as herein specified. Neither this Agreement nor any term or provision of it may be changed, waived, discharged, or modified other than in writing and signed by the Parties. Nothing in this Section, however, is intended to disclaim any representations THUSA made in the franchise disclosure document that it furnished to Area Developer in connection with this Agreement.

ARTICLE XVII: ACKNOWLEDGEMENT

17.1 Area Developer acknowledges that the success of the business venture contemplated by this Agreement involves substantial business risks and will be largely dependent upon the ability of Area Developer as an independent businessperson. THUSA expressly disclaims the making of, and Area Developer acknowledges not having received, any warranty or guaranty, expressed or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

17.2 Area Developer acknowledges that Area Developer has received, read, and understands this Agreement, the exhibits hereto, and agreements relating hereto, if any; and THUSA has accorded Area Developer ample time and opportunity to consult with advisors of Area Developer's own choosing about the potential benefits and risks of entering into this Agreement.

17.3 Area Developer acknowledges that Area Developer has received the Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

ARTICLE XVIII: MISCELLANEOUS

18.1 Notice. Any notice, demand, request, consent, approval, authorization, designation, specification or other communication given or made to or by a party to this Agreement:

(a) must be in writing and addressed:

(i) if to THUSA to: **TIM HORTONS USA INC.**
5707 Blue Lagoon Drive
Miami, Florida 33126
Attn.: Head of Legal, U.S.

(ii) if to Area Developer to: the address specified in the above recitals as Area Developer's address or Area Developer's last known mailing address

(iii) if to a Principal to: the address specified in the above recitals as Principal's address, or Principal's last known mailing address

or to such address as otherwise specified to the sender by any party by notice.

(b) is regarded as being given by the sender and received by the addressee: (i) if by delivery in person (including by courier), when delivered to the addressee; and (ii) if by certified, return receipt mail, on the earlier of actual receipt or the 3rd day after being deposited in the mail.

18.2 Non-Waiver. Failure of THUSA to insist upon strict performance of any terms of this Agreement shall not be deemed a waiver of any subsequent breach or default. Acceptance by THUSA of any money paid by Area Developer under this Agreement or under any Developer Franchise Agreement shall not constitute a waiver by THUSA of any breach or default of this Agreement or any Developer Franchise Agreement. The rights, powers, privileges and remedies of THUSA hereunder and in all other agreements with Area Developer shall be cumulative and not exclusive.

18.3 Relationship of Parties. The Parties to this Agreement are not partners, joint venturers, or agents of each other and there is no fiduciary relationship between the Parties. THUSA does not have the right to bind or obligate Area Developer in any way and shall not represent that it has any such right, and Area Developer does not have the right to bind or obligate THUSA in any way and shall not represent that it has any such right.

18.4 Governing Law/Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. The Parties hereto acknowledge and agree that the United States District Court for the Southern District Court of Florida, or if such court lacks jurisdiction, the 11th Judicial Court (or its successor) in and for Miami-Dade County, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising, either directly or indirectly, under or in connection with this Agreement, and the Parties further agree that in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the personal jurisdiction or venue of these courts.

18.5 **GENERAL RELEASE**. For and in consideration of THUSA entering into this Agreement, and other good and valuable consideration received from or on behalf of THUSA, the receipt of which is hereby acknowledged, Area Developer, for itself and on behalf of each OpCo, hereby remises, releases, acquits, satisfies, and forever discharges the THUSA Indemnified Parties, of and from all manner of Claims, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments and executions, whatsoever, in law or in equity, which Area Developer or any OpCo ever had, now has, or which any successor or assign of Area Developer

or any OpCo hereafter can, shall, or may have, whether known or unknown, against the THUSA Indemnified Parties, or any of them, for, upon, or by reason of any matter, cause, or thing whatsoever, from the beginning of the world to the date of this Agreement. [AREA DEVELOPER, SPECIFICALLY, AND WITH FULL KNOWLEDGE AND ADVICE OF COUNSEL, DOES HEREBY WAIVE THE PROVISIONS AND PROTECTIONS OF THE CALIFORNIA CIVIL CODE SECTION 1542 SET FORTH BELOW. CALIFORNIA CIVIL CODE SECTION 1542 READS AS FOLLOWS: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."][1]

18.6 Incorporation of Recital, Preamble, and Whereas Paragraphs. The recital, preamble, and whereas paragraphs set forth above are incorporated herein by this reference with the same force and effect as if they were more specifically set forth herein.

18.7 Binding Nature. All of the covenants, agreements, terms and conditions to be observed and performed by the Parties hereto shall be applicable to and binding upon their respective successors and permitted assigns.

18.8 Counterpart Execution. To facilitate execution, this Agreement may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all Parties hereto be contained on any one counterpart hereof. Additionally, the Parties hereto hereby covenant and agree that, for purposes of facilitating the execution of this Agreement, (a) the signature pages taken from separate individually executed counterparts of this Agreement may be combined to form multiple fully executed counterparts and (b) a facsimile or PDF or electronic form of signature shall be deemed to be an original signature. All executed counterparts of this Agreement shall be deemed to be originals, but all such counterparts taken together shall constitute one and the same agreement.

18.9 Amendment. This Agreement shall not be amended or modified except by a written instrument signed by all Parties.

18.10 Survival. Article XIII and all other provisions which must survive in order to give effect to their intent and meaning shall survive the termination or expiration of this Agreement.

18.11 Claims. Any and all Claims arising out of or relating to this Agreement (including the offer and sale of any franchise), the relationship of Area Developer and THUSA, or Area Developer's operation of any Developer Restaurant, brought by Area Developer shall be commenced within eighteen (18) months from the occurrence of the facts giving rise to such Claim, or such Claim shall be barred.

18.12 Waiver of Jury Trial. AREA DEVELOPER AND THUSA IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT

[1] [1] [NOTE: IF AREA DEVELOPER HAS OPCOS OPERATING EXISTING RESTAURANTS ON THE DATE OF THIS AGREEMENT, EACH OPCO MUST SEPARATELY SIGN A JOINDER AS TO THIS RELEASE AND THE ACKNOWLEDGEMENT IN SECTION 6 THAT THUSA IS NOT MAKING ANY REPRESENTATIONS OR WARRANTIES ABOUT THE SITES WE APPROVE.]

THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

18.13 Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, AREA DEVELOPER SHALL NOT BE ENTITLED TO SEEK FROM THUSA ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT.

18.14 Joint and Several Liability. If Area Developer or Principal consists of more than one person, such person's liability under this Agreement as Area Developer or as Principal shall be joint and several and THUSA may in its discretion proceed against any one or more of them.

18.15 Agency. THUSA may subcontract or delegate to an Affiliate or any other entity the performance of any obligation or the right to exercise any right, power, authority or discretion under this Agreement, such that anything that may or must be done by THUSA under this Agreement may be done instead by or in conjunction with such subcontractor or delegate. If directed by THUSA, and to the extent directed by THUSA, Area Developer must deal with any such subcontractor or delegate as if they were THUSA. THUSA shall remain responsible for the performance of the obligation.

18.16 Time is of the Essence. Time is of the essence of this Agreement. If the parties agree to vary a time requirement the time requirement so varied is of the essence of this Agreement.

18.17 Changes in Laws. The parties agree that if any Laws are changed or introduced or any relevant government authority publishes or issues any statement, rules, code or requirement which in the reasonable opinion of THUSA renders or is likely to render all or part of this Agreement unenforceable, illegal or void, the parties will immediately amend this Agreement and do all things (including executing documents) necessary or desirable to ensure that this Agreement is not unenforceable, illegal or void.

18.18 Disclosure of Personal Information. Area Developer and each Principal hereby expressly permit THUSA to disclose in its Franchise Disclosure Document (whether required by law or made available on a voluntary basis), personal information related to the Principal and the directors, officers and shareholders of Area Developer, including their names, addresses, telephone numbers and facsimile numbers, and sales, revenues, expenses, costs, results of operations, and similar information regarding any Tim Hortons Shop, and any information regarding the non-renewal, closure, expiry or termination of this Agreement. Area Developer shall obtain the consent of the directors, officers and shareholders of Area Developer necessary to permit the disclosure of their personal information as contemplated under this Section 18.18.

[THIS SPACE LEFT INTENTIONALLY BLANK]

By entering into this Agreement, Area Developer expressly consents to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Agreement may be executed by electronic signatures. The parties to this Agreement agree that (i) the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures, and (ii) an electronically signed version of this Agreement shall constitute an original for all purposes.

THIS AGREEMENT is executed by the Parties as of the day and year indicated on the first page of this Agreement.

TIM HORTONS USA INC. ("THUSA")

By:_____

Title:_____

Printed Name:_____

_____ **("Area Developer")**

By: _____

Title: _____

Printed Name: _____

_____, an individual ("Principal 1")

_____

[_____] ("Principal 2")

By: _____

Title: _____

Printed Name: _____

[_____], an individual (“Principal 3”)

_____

[_____], an individual (“Principal 4”)

_____

SCHEDULE 1- DEVELOPMENT SCHEDULE

Subject to the terms of this Development Schedule and the Agreement:

(a) **Development Years 1-8**: Area Developer agrees to develop, open, build and operate, on a cumulative basis, a total of _____ new Tim Hortons Shops (net of closures) in the Territory by the end of Development Year _____. In addition, Area Developer must achieve the applicable annual Cumulative Opening Target (net of closures) set forth below by the end of each Development Year.

DEVELOPMENT YEAR	Cumulative Opening Target
	___
	___
	___
	___
	___
	___
	___
	___
TOTAL	___

The targets set forth above are collectively referred to as the "**Cumulative Opening Targets**" and individually, a "**Cumulative Opening Target**".

(b) **Net of Closures Requirement**. Area Developer acknowledges and agrees that all Cumulative Opening Targets must be achieved net of closures (as set forth in Section 5.1) so that such targets represent net restaurant growth (or NRG) in the Territory for each Development Year, and (ii) in the event of the closure of any Developer Restaurant in the Territory, and without distinction as to the reason for such closure (i.e., expiration, early termination or otherwise), such Developer Restaurant must be replaced by a New Developer Restaurant ("**Replacement Restaurant**") by the end of the Development Year in which the closure occurred, as necessary, in order to achieve the Cumulative Opening Targets net of closures**.**

SCHEDULE 2 – EQUITY HOLDINGS

Part 1 – Equity/Membership Interests in Area Developer

Part 2 Applicable if the Equity/Membership Interests by Principals in the Area Developer include a Corporate and/or Entity Principal(s)

EXHIBIT A – [EXISTING DEVELOPER RESTAURANTS]

[RESERVED]

EXHIBIT B – TERRITORY

The Territory consists of the following DMAs:

EXHIBIT Q

TIM HORTONS USA INC.
OPERATOR AGREEMENT

THIS OPERATOR AGREEMENT ("**Agreement**") is made this _____ day of _____, 20___ by and between TIM HORTONS USA INC., a Florida corporation having its principal place of business at 5707 Blue Lagoon Drive, Miami, Florida 33126, U.S.A. ("**THUSA**"), and _____ ("**Operator**"), a _____ whose business address is _____.

RECITALS:

A. A Tim Hortons shop located at _____ (#_____) sells selected foods and beverages such as coffee and other non-alcoholic beverages, baked goods, soups, sandwiches, and other related products ("**Shop**") and contains the fixtures, equipment, and other tangible personal property which are listed in Attachment A of this Agreement ("**Assets**").

B. THUSA desires to engage Operator to operate the Shop for THUSA, and Operator desires to accept such engagement, in accordance with the terms and conditions hereinafter set forth.

THUSA and Operator agree as follows:

1. Appointment. THUSA appoints Operator, and Operator accepts such appointment, on the terms and conditions hereinafter provided, to operate the Shop. Operator acknowledges and agrees that the Shop Assets are owned by THUSA or a THUSA affiliate. It is understood and agreed that Operator is an independent contractor, and nothing in this Agreement is intended to constitute Operator as THUSA's joint venturer, partner, or employee, for any purpose whatsoever.

2. Opening for Business: Operator shall not open for business without THUSA's prior written approval, which approval may be conditioned upon Operator's strict compliance with THUSA's specifications for Shop premises, and the completion of any required pre-opening training. Subject to the foregoing, Operator shall open for business on _____, 20___. Time is of the essence in connection with the opening of business.

3. Operation of the Shop. Except as otherwise provided for in this Agreement, Operator shall operate the Shop in the same manner as Tim Hortons restaurants operated in conformance with Tim Hortons USA Inc. Franchise Agreement, ("**Franchise Agreement**"), a copy of which is attached to this Agreement as Attachment B. The parties agree that the provisions of the Franchise Agreement, except to the extent that they are inconsistent with the relationship established by THUSA and Operator pursuant to this Agreement, are incorporated

herein by reference and shall govern the operation of the Shop and the relationships of the parties. In the event that the Shop is portable, Operator shall not move the Shop from the location specified in Recital A without THUSA's prior written consent. If the Shop premises are leased by THUSA or an affiliate of THUSA ("**Tenant**"), Tenant shall pay all rental charges imposed by the landlord, and Operator shall operate the Shop in conformance with Tenant's obligations under such lease, a copy of which Operator acknowledges having received from THUSA. Operator shall not do any act which will cause Tenant to be in default of the lease or which causes Tenant to be assessed additional charges or penalties under the lease. Operator shall promptly forward to Tenant any notices received from the landlord which concern the operation of the Shop and Tenant's rights or obligations under the lease.

4. Additional Obligations of Operator. Operator shall, at its expense and notwithstanding the fact that Operator does not own the Assets listed on Attachment A, (i) perform all of the obligations set forth in Section 5.07 (but not 5.08) of the Franchise Agreement; (ii) pay all real property and business taxes levied against the Shop; (iii) pay the premium for all policies of insurance required to be maintained by the Tenant under any Shop lease or by THUSA in connection with the operation of the Shop (which policies may, in THUSA's discretion, name both Operator and THUSA (and/or a THUSA affiliate) as insureds); (iv) pay the cost of all utilities, including without limitation, heating and air conditioning, water, telephone, and any other operating costs associated or chargeable to the Shop; and (v) pay for the operation, maintenance, and repair of the exterior and interior of the Shop premises, and all common operating costs where there are multi-tenants.

5. Payment by Operator to Shop Creditors. Operator shall pay all debts incurred by it in the operation of the Shop within fifteen (15) days after they are incurred, which trade debts include, without limiting the generality of the foregoing, all debts to suppliers of goods, services and labor.

6. Payment by Operator to THUSA. Operator shall pay THUSA an operator fee of twenty percent (20%) of weekly Gross Sales, as that term is defined in Section 4.07 of the Franchise Agreement ("Operator Fee"). For the purposes of this Agreement, a week shall commence 12:00:01 a.m. each Monday and end at 12:00 o'clock midnight on the following Sunday. Operator also shall pay THUSA an advertising contribution of four percent (4%) of monthly Gross Sales ("Advertising Contribution"), which THUSA shall allocate, in its sole and absolute discretion, between expenditures for local advertising and contributions to the Tim's National Advertising Program, Inc. or any successor fund. Except as THUSA may otherwise require pursuant to Section 4.09 of the Franchise Agreement, Operator shall submit the Operator Fee by Thursday of each week for the previous week, and shall submit the Advertising Contribution by the tenth day of each month for the previous month. Each Operator Fee and Advertising Contribution payment shall be accompanied by the Gross Sales reports specified by THUSA. Upon execution of this Agreement, Operator shall also deposit the sum of _____ Dollars ($_____) with THUSA, which sum shall be spent on an initial local advertising and promotion program, the form, timing and content of which shall be approved by THUSA in writing. THUSA shall use this deposit to pay expenses incurred by Operator in implementing the approved initial local advertising and promotion program, up to

the amount of the deposit, upon receipt from Operator of such documentation as THUSA shall reasonably require substantiating the expenditure. Operator's obligation to make the deposit for the initial local advertising and promotion program shall be in addition to Operator's obligations to pay the Advertising Contribution and no expenditures in fulfilling the obligation for the initial local advertising and promotion program shall be credited against the Advertising Contribution.

7. Shop Employees. Operator shall staff the Shop with its own employees, and compensate them out of Operator's own funds. Operator shall provide workers' compensation protection for all Shop employees. THUSA shall not be responsible for withholding or payment of any federal, state, or local taxes or assessments, howsoever denominated, arising out of Operator's employment of personnel. Operator agrees to indemnify and hold THUSA harmless from any damages or assessments (including but not limited to penalties or interest) arising out of the characterization for tax purposes of any of the payments made to Operator or Operator's employees pursuant to this Agreement as creating a tax liability on THUSA. Operator shall be responsible for all personnel decisions, including hiring, training, and terminating employees, as well as the amount and scope of their compensation and benefits, notwithstanding any advice that Franchisor may provide. Operator acknowledges and agrees that, as an independent contractor, neither it nor its employees is entitled to receive, and shall not receive, any benefits which THUSA may offer to THUSA's own employees, including, but not limited to, vacation, pension, and health insurance.

8. Term. The term of this Operator Agreement shall commence on the date set forth on page 1 hereof, and continue until the earlier of (i) the expiration date of _____, 20___, or (ii) termination by either party in accordance with Section 11 hereof.

9. Assignment. THUSA may assign this Agreement to any person or entity that, in THUSA's good faith judgment, is able to assume THUSA's obligations hereunder. Operator understands and acknowledges that the rights and duties set forth in this Agreement are personal to Operator and that THUSA has entered into this Agreement in reliance on Operator's business skill, financial capacity, and personal character. Accordingly, Operator may not assign this Agreement without THUSA's prior written consent. Any assignment by Operator without THUSA's prior written consent shall be null and void and shall constitute good cause to terminate this Agreement pursuant to Section 11 hereof.

10. Security Deposit. Operator shall deposit the sum of _____ Dollars ($_____) with THUSA at the time of execution of this Agreement, as security for Operator's performance of its obligations under this Agreement. THUSA will hold the deposit during the term hereof, without payment of any interest, and may co-mingle the deposit with THUSA's other assets. THUSA shall refund the security deposit to Operator within fifteen (15) business days after the expiration or termination of this Agreement, less any deductions as may be required to reimburse THUSA for (i) monies owed by Operator to THUSA; (ii) repairs, maintenance, and/or replacement to the Shop premises or Assets set forth in Attachment A for which Operator was responsible; and/or (iii) monies

owed by Operator to third parties which were incurred in connection with the operation of the Shop and for which Operator is or may become responsible.

11. Termination. Either party may terminate the Agreement, with or without cause, on thirty (30) business days advance written notice to the other. THUSA may terminate this Agreement for good cause effective upon receipt of notice by Operator. The events set forth in Sections 12.01 and 12.02 of the Franchise Agreement, or a breach of this Agreement, shall constitute good cause for termination. Upon termination or expiration, Operator shall promptly deliver to THUSA possession of the Shop premises and all of the items set forth in Attachment A in the same condition in which they were received, reasonable wear and tear excepted. Operator also shall settle all accounts with third parties incurred in connection with the operation of the Shop and for which the Operator is, pursuant to this Agreement, responsible. All prepaid and other expenses shall be adjusted between Operator and THUSA as of the date of termination or expiration of this Agreement.

12. Notices: Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to THUSA:
Tim Hortons USA Inc.
5707 Blue Lagoon Drive
Miami, FL 33126
Attn: General Counsel

Notices to Operator:
_____
_____
_____
Attention: _____

Notices shall be deemed to have been received as follows: by personal delivery -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the notice was given to the overnight delivery service; and certified mail -- three days after the date of mailing.

13. Owner's Guaranty. Simultaneously with the execution of the Agreement, Operator shall deliver to THUSA executed copies of the Owner's Guaranty attached as Attachment C from those individuals specified by THUSA.

14. In-term and Post-term Competition. Operator specifically acknowledges and agrees to be bound by and comply with Sections 13.05 and 13.06 of the Franchise Agreement concerning in-term and post-term competition.

15. Entire Agreement. This Agreement, the Attachments hereto, and the documents referred to herein, constitute the entire and complete agreement between the parties concerning

the subject matter hereof, and supersede any and all prior agreements between the parties, no other representations having induced Operator to execute this Agreement. Operator acknowledges that it is neither aware of nor relying upon any oral or written representation or understanding which is contrary to the terms and conditions of this Agreement or the contents of any document furnished to Operator. Except for those permitted to be made unilaterally by THUSA pursuant to this Agreement, the Attachments hereto and the documents referred to herein, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by them or their authorized officers or agents in writing. Nothing in this Section, however, is intended to disclaim any representations THUSA made in the FDD (as defined below) that it furnished to Operator.

16. Severability and Construction. The provisions of this Agreement are severable, and, in the event that any of them is held void and unenforceable as a matter of law, the remainder shall continue in full force and effect.

17. Acknowledgement. Operator acknowledges that it has received a copy of the Tim Hortons USA Inc. Franchise Disclosure Document and all exhibits and attachments referenced therein (**"FDD"**), as required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least 14 calendar days prior to the date on which this Agreement was executed, and, in addition, that THUSA has not made any material change to the Agreement within the seven calendar days prior to the date on which this Agreement is executed.

[*No further text on this page; signature pages follow*.]

By entering into this Operator Agreement, you expressly consent to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Operator Agreement may be executed by electronic signatures. The parties to this Operator Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Operator Agreement shall constitute an original for all purposes.

IN WITNESS WHEREOF, this Operator Agreement has been duly executed by the authorized representatives of each party as of the day and year specified at the beginning hereof.

TIM HORTONS USA INC.

By:_____
Name:_____
Title:_____

OPERATOR

_____

By:_____
Name: _____
Title: _____

List of Fixtures, Equipment and Other Tangible Personal Property
Located at the Shop and Owned by THUSA or a THUSA Affiliate

All of the equipment, machinery, point of sale systems, interior and exterior signs, trade fixtures, furnishings, furniture, small wares and tangible personal property owned by THUSA and which is located in and used in the operation the Shop [including that set out on the list attached hereto] but specifically excluding any and all leasehold improvements, equipment, machinery, systems, fixtures, furnishings, small wares or interior or exterior signs which are located in the Shop and to which a fee owner of the premises which is leased to THUSA or an affiliate of THUSA has or may claim rights, all of the above-listed items being in "as is" "where is" condition and without express or implied representations or warranties, including those of merchantability or fitness for a particular purpose.

TIM HORTONS USA INC.
FRANCHISE AGREEMENT

OWNER'S GUARANTY

This Owner's Guaranty (this "Guaranty") is made and executed by the undersigned as of the ____ day of _____, 20____. You, the undersigned (and each of you, if more than one) (hereinafter referred to as "you" or as "GUARANTOR") have an interest in _____, a _____ [corporation/limited partnership/limited liability company] (hereinafter referred to as "OPERATOR"). OPERATOR is the operator under that certain Tim Hortons USA Inc. Operator Agreement dated as of _____, 20___ (the "Operator Agreement") with Tim Hortons USA Inc., a Florida corporation ("THUSA") with respect to Tim Hortons shop #_____ (the "Shop"). This Guaranty is incorporated in and made a part of the Operator Agreement and may be attached thereto.

1. Acknowledgments. You acknowledge and agree that THUSA has entered into the Operator Agreement with OPERATOR solely on the condition that each GUARANTOR be personally obligated and jointly and severally liable with OPERATOR (and with each other GUARANTOR of OPERATOR) for the performance of each and every obligation of OPERATOR (and each GUARANTOR) under the Operator Agreement, including without limitation under the provisions of the Tim Hortons USA Inc. Franchise Agreement (the "Franchise Agreement") attached to the Operator Agreement that are incorporated into the Operator Agreement, any amendments or modifications to the Operator Agreement, any extensions or renewals of the Operator Agreement, and under each and every agreement ancillary to the Operator Agreement that has been, or hereafter may be, entered into by OPERATOR with THUSA (all such agreements are collectively referred to as the "TIM HORTONS Agreements").

2. GUARANTOR'S Covenants, Representations and Guaranty. In consideration of and as an inducement to the execution of the Operator Agreement by THUSA, you hereby personally, irrevocably and unconditionally:

(a) represent and warrant to THUSA, that Schedule "A" to the Franchise Agreement is accurate and complete;

(b) agree to guarantee the prompt payment and performance of all Obligations (as hereinafter defined) of OPERATOR to THUSA, its affiliates, and their successors and assigns;

(c) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Operator Agreement and each and every provision in any other TIM HORTONS Agreement, as if you were the OPERATOR, including, without limitation, the provisions of Article VI (Tim Hortons Trademarks) and Article XIII (Independent Covenants of Franchisee) of the Franchise Agreement; and

(d) agree to indemnify and save harmless THUSA and its affiliates against and from all losses, damages, costs, and expenses which THUSA and/or its affiliates may sustain, incur, or become liable for by reason of (i) the failure for any reason whatsoever of OPERATOR to pay or perform the Obligations of OPERATOR to THUSA, its affiliates, and their successors and assigns, or (ii) any act, action, or proceeding of or by THUSA for or in connection with the recovery of monies or the obtaining of performance by OPERATOR of any other act, matter or thing pursuant to the provisions of the TIM HORTONS Agreements.

The term "Obligations" means the payment of all debts, liabilities and obligations of OPERATOR to THUSA arising under the TIM HORTONS Agreements, whether direct, indirect, absolute, contingent, matured or unmatured, extended or renewed, wherever and however incurred, together with all costs of collection, compromise and enforcement, including reasonable attorneys' fees, and the prompt performance of each and every covenant, agreement and condition set forth in any of the TIM HORTONS Agreements. The guarantee by the GUARANTOR hereunder is an absolute, continuing, primary and unconditional guarantee of payment and performance and not of collection.

3. Waivers by GUARANTOR. You hereby waive:

(a) acceptance and notice of acceptance by THUSA of the foregoing guaranty;

(b) notice of demand for payment of any indebtedness or nonperformance by OPERATOR of any of the Obligations;

(c) presentment or protest of any instrument and notice thereof; and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of the Obligations;

(d) any right you may have to require that an action be brought against OPERATOR or any other person as a condition of liability;

(e) the defenses of the statute of limitations or laches in any action hereunder or for the collection or performance of any Obligation;

(f) any and all rights to payments, indemnities and claims for reimbursement or subrogation that you may have against OPERATOR arising from your execution of and performance under this Guaranty;

(g) any defense based on any irregularity or defect in the creation of any of the Obligations or modification of the terms and conditions of performance thereof;

(h) any defense based on the failure of THUSA or any other party to take, protect, perfect or preserve any right against and/or security granted by the OPERATOR or any other party;

(i) notice of any and all indebtedness or obligations of OPERATOR to THUSA, now existing or which may hereafter exist;

(j) notice of amendment of the TIM HORTONS Agreements;

(k) notices of dishonor, payment, presentation, and diligence;

(l) any and all other notices and legal or equitable defenses to which you may be entitled; and

(m) the right to trial by jury in respect of any litigation based on, or arising out of, under or in connection with this Guaranty.

4. Further Agreements and Understandings. You hereby consent and agree that:

(a) Your direct and immediate liability under this Guaranty will be joint and several with OPERATOR and each other GUARANTOR of OPERATOR;

(b) The death or incapacity of any GUARANTOR will not modify, amend or terminate this Guaranty, and upon such a death, the estate of such GUARANTOR shall be bound by this Guaranty;

(c) If you should die, become incapacitated, become insolvent or make a general assignment for the benefit of creditors, or if a proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally shall be filed or commenced by, against or in respect of you or any other GUARANTOR hereunder, any and all obligations of the GUARANTOR shall, at THUSA's option, immediately become due and payable without notice;

(d) If any payment or transfer to THUSA which has been credited against any Obligation is voided or rescinded or required to be returned by THUSA, whether or not in connection with any event or proceeding described in Section 4(c), this Guaranty will continue in effect or be reinstated as though such payment, transfer or recovery had not been made;

(e) You will render any payment or performance required under the Operator Agreement or any other TIM HORTONS Agreement upon demand if OPERATOR fails or refuses punctually to do so;

(f) Your liability hereunder will be construed as an absolute, unconditional, continuing and unlimited obligation without regard to the regularity, validity or enforceability of any of the Obligations, and without regard to whether any Obligation is limited, modified, voided, released or discharged in any proceeding under the United States Bankruptcy Code or any similar law affecting the rights of creditors generally, or any subsequent reorganization, merger, or consolidation of OPERATOR, or any other change in its composition, nature, personnel, or location;

(g) Your liability hereunder will not be contingent or conditioned upon THUSA's pursuit of any remedies against OPERATOR or any other person;

(h) This Guaranty will continue in full force and effect for and as to any extension of or modification or amendment to the Operator Agreement or any other TIM HORTONS Agreement and you waive notice of any and all such extensions, modifications or amendments;

(i) This Guaranty is irrevocable and is independent of any and all other guarantees that may be made by any other parties with respect to the Obligations. All rights of THUSA hereunder or otherwise arising under the TIM HORTONS Agreements are separate and cumulative and may be pursued separately, successively, or concurrently, or not pursued, without affecting or limiting any other right of THUSA and without affecting or impairing the liability of the GUARANTORS;

(j) Your liability hereunder will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence, or any waiver that THUSA may from time to time grant to OPERATOR or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other GUARANTORS), or the taking of any action by THUSA which may have the effect of increasing your obligations, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Operator Agreement and so long as any performance is or may be owed under any of the TIM HORTONS Agreements by OPERATOR or GUARANTOR and so long as THUSA may have any cause of action against OPERATOR or GUARANTOR, subject to paragraph (m) below;

(k) Your liability hereunder will not be diminished, relieved or otherwise affected by any other agreements or other dealings between THUSA and OPERATOR having the effect of amending or altering the TIM HORTONS Agreements or OPERATOR's obligations thereunder, or by any want of notice by THUSA to OPERATOR of any default of OPERATOR or by any other matter, thing, act, or omission of THUSA whatsoever;

(l) Any and all present and future debts and obligations of the OPERATOR to you or any other GUARANTORS are hereby subordinated to the full payment and performance of the Obligations;

(m) Your liability under this Guaranty shall terminate upon the termination or expiration of all of the TIM HORTONS Agreements, except that all Obligations which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged, and all covenants which by their terms continue in force after the expiration or termination of the TIM HORTONS Agreements shall remain in force according to their terms;

(n) The written acknowledgement of OPERATOR or the judgment of any court establishing the amount due from OPERATOR shall be conclusive and binding on you and your heirs, representatives, successors and assigns. THUSA's books and records showing the account between THUSA and OPERATOR shall be admissible in evidence in any action or proceeding, shall be binding upon you for the purpose of establishing the items therein set forth, and shall constitute prima facie proof thereof; and

(o) Except to the extent the provisions of this Guaranty give THUSA additional rights, this Guaranty shall not be deemed to supersede or replace any other guarantees given to THUSA by you; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by you pursuant to any other agreement of guarantee given to THUSA and other guarantees of the Obligations.

5. Assignment by THUSA. This Guaranty is for the benefit of THUSA, which may, without any notice, sell, assign or transfer any part of the Obligations guaranteed herein. Each and every successive assignee, transferee or holder of all or any part of the Obligations shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as though such assignee, transferee or holder were herein by name given such rights, powers and benefits; but THUSA shall have an unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this Guaranty for its benefit as to so much of said Obligations that it has not sold, assigned or transferred.

6. Choice of Law; Jurisdiction and Venue. This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida. You hereby irrevocably submit to the jurisdiction of the U.S. District Court for the Southern District of Florida, or if such court lacks jurisdiction, the 11th Judicial Court (or its successor) in and for Miami-Dade County, Florida, and any appellate court thereof in any action or proceeding arising out of or relating to the Guaranty. You hereby irrevocably waive, to the fullest extent you may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right to jurisdiction on account of your place of residence or domicile. You agree that a final

judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

7. Severability. If one or more provisions contained in this Guaranty shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

8. Counterparts. This Guaranty may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

By entering into this Guaranty, you expressly consent to transact business with THUSA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Guaranty may be executed by electronic signatures. The parties to this Guaranty agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Guaranty shall constitute an original for all purposes.

You now execute this Guaranty on the date shown above.

WITNESSES:	GUARANTOR(S):
_____	_____
Print Name: _____	Print Name:_____
_____	
Print Name: _____	
_____	_____
Print Name: _____	Print Name:_____
_____	
Print Name: _____	

ITEM 23
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 Tim Hortons USA Inc. 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, us or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tim Hortons USA Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit A.

The franchisor is Tim Hortons USA Inc., located at 5707 Blue Lagoon Drive, Miami, Florida 33126. Its telephone number is (305) 378-7128.

Issuance date: March 13, 2023.

The name, principal business address, and telephone number of the franchise sellers offering Tim Hortons franchises are listed on Exhibit N.

Tim Hortons USA Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated March 13, 2023 (the effective date of this disclosure document in states with franchise registration laws is listed on the State Effective Dates page). This Disclosure Document included the following Exhibits:

A. Agents for Service of Process and State Regulatory Authorities
B. Table of Contents to Operations Manual
C. Financial Statements
D. Franchise Agreement
E. Lease/Sublease
F. Tim Card Addendum and Participation Agreement
G. List of Current Franchisees
H. List of Former Franchisees
I. State Specific Disclosures and Agreement Amendments
J. Cold Stone Creamery Addendum
K. Franchise Application
L. Lease Option Agreement
M. Bill of Sale
N. Potential Franchise Sellers
O. Asset Purchase Agreement
P. Area Development Agreement
Q. Operator Agreement

FRANCHISEE(S)

Date Disclosure Document Received_____

If individual:

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

Date Disclosure Document Received:_____

If entity structure:

_____
Signature of Managing Owner

_____
Print Name of Managing Owner

(individually or as an officer or member of)

_____
Print name of entity

_____
Type of entity (corporation, LLC, etc.)

_____
State of incorporation/formation

This copy of the Receipt must be returned to Tim Hortons

ITEM 23
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 Tim Hortons USA Inc. 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, us or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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K. Franchise Application
L. Lease Option Agreement
M. Bill of Sale
N. Potential Franchise Sellers
O. Asset Purchase Agreement
P. Area Development Agreement
Q. Operator Agreement

FRANCHISEE(S)

Date Disclosure Document Received_____

If individual:

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

_____
Print Name:_____
Date: _____

Date Disclosure Document Received:_____

If entity structure:

_____
Signature of Managing Owner

_____
Print Name of Managing Owner

(individually or as an officer or member of)

_____
Print name of entity

_____
Type of entity (corporation, LLC, etc.)

_____
State of incorporation/formation

Prospective Franchisee's copy of Receipt