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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

Tropical Smoothie Café, LLC
(a Georgia limited liability company)
1117 Perimeter Center West
Suite W200
Atlanta, Georgia 30338
(770) 821-1900 phone
(770) 821-1895 fax
E-mail info@tropicalsmoothie com
www tropicalsmoothiecafe com
www facebook com/tropicalsmoothiecafe

The franchise is for the establishment and operation of a cafe offering customers a variety of premium quality real fruit smoothies blended fresh in the store using proprietary recipes, as well as specialty sandwiches, gourmet wraps, salads soups and coffee drinks (a '**Tropical Smoothie Cafe® franchise**' or "**Franchised Business**')

The total investment necessary to begin operation of a single-unit Tropical Smoothie Cafe® franchise ranges from $198,050 to $478,550 This includes $32,500 that must be paid to us If a franchisee chooses to develop multiple units, $22,500 of additional fees must be paid to us for the second and each additional unit

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Charles Watson at 1117 Perimeter Center West, Suite W200, Atlanta, Georgia 30338 and (770) 821-1900

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

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

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

Date of Issuance April 6, 2016, as amended October 31, 2016

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN GEORGIA OUT OF STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN GEORGIA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 UPON EARLY TERMINATION OF THE FRANCHISE, YOU MUST PAY US LIQUIDATED DAMAGES IN AN AMOUNT EQUAL TO THE AVERAGE MONTHLY ROYALTY FEES DURING THE TWELVE MONTHS PRIOR TO TERMINATION MULTIPLIED BY 18 OR THE NUMBER OF MONTHS REMAINING IN THE FRANCHISE AGREEMENT, WHICHEVER IS LESS

4 AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 27, 2015, THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF ($7,480,662) WHICH INDICATES WE MAY NOT BE ABLE TO MEET OUR OBLIGATIONS

5 THE FRANCHISEE OR MULTI-UNIT OPERATOR WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $198,050 TO $478,550 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 27, 2015, WHICH IS A DEFICIT OF ($7 480,662)

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

The effective dates of this disclosure document in the states with franchise registration laws in which we have sought registration appear on the following page

TROPICAL SMOOTHIE CAFE, LLC
STATE REGISTRATIONS

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

California	Effective date June 28, 2016, amended effective _____, 2016
Hawaii	Effective date May 22, 2016, amended effective _____, 2016
Illinois	Effective date April 14, 2016, amended effective _____, 2016
Indiana	Effective date August 26 2016, amended effective October 31 2016
Maryland	
Michigan	Effective date August 25 2016
Minnesota	Effective date May 5, 2016, amended effective _____, 2016
New York	Effective date June 27, 2016, amended effective _____ 2016
North Dakota	Effective date April 20, 2016 amended _____, 2016
Rhode Island	Effective date April 13, 2016, amended effective May 23, 2016, amended effective _____, 2016
South Dakota	Effective date April 15 2016, amended effective October 31 2016
Virginia	Effective date May 3, 2016, amended effective _____, 2016
Washington	Effective date
Wisconsin	Effective date April 17, 2016, amended May 4, 2016 and _____ 2016

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

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

1 A prohibition on the right of a franchisee to join an association of franchisees

2 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

3 A provision that permits a franchisor to terminate a franchise before 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

4 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

5 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

6 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

7 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

(a) The failure of the proposed transferee to meet the franchisor s then-current reasonable qualifications or standards

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

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

(d) 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

8 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)

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

If the franchisor s most recent financial statements are unaudited and show a net worth of less than $100 000 00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment inventory, training or other items included in the franchise offering are fulfilled At the option of the franchisor, a surety bond may be provided in place of escrow

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL

Any questions regarding this notice should be directed to

Michigan Department of Attorney General
G Mennen Williams Building 7th Floor
525 W Ottawa St
P O Box 30212
Lansing, MI 48909
(517) 373-7117

04/06/16, as amended 10/31/16
SC/v87

TROPICAL SMOOTHIE CAFE, LLC

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT THESE ADDITIONAL DISCLOSURES IF ANY, APPEAR IN EXHIBIT J

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document **Tropical Smoothie Cafe** or **we**' or '**us**' or '**our**" means Tropical Smoothie Cafe, LLC the franchisor **You**' or '**your**' means the person who is awarded the franchise rights If you are a corporation partnership, limited liability company or other legal entity, certain provisions of the Franchise Agreement and related agreements will apply to your shareholders partners, members, and owners, as applicable Those provisions will be noted where applicable

The Franchisor

We are a Georgia limited liability company organized on June 25 2012 Our principal place of business is 1117 Perimeter Center West, Suite W200, Atlanta Georgia 30338, and our telephone number is (770) 821-1900 We do business under our corporate name and under the trade names TROPICAL SMOOTHIE® and TROPICAL SMOOTHIE CAFE® If we have agents in your state for service of process they are disclosed in Exhibit 'A' to this disclosure document We have offered Tropical Smoothie Cafe® franchises since September 4 2012 We have never offered franchises in any other line of business We do not engage in any business other than the offer and sale of Tropical Smoothie Cafe® franchises

Our principals are partners of BIP Opportunities Fund LP ("**BIP**'), an Atlanta, Georgia-based investment firm focused on providing capital and operational support to emerging, high-growth companies BIP is our parent BIP's principal business address is 3575 Piedmont Road, Building 15, Suite 730, Atlanta, Georgia 30305

On August 16, 2012, we acquired substantially all of the assets, and all of the franchise and related agreements, from our affiliate and predecessor, Tropical Smoothie Franchise Development Corporation ("**TSFDC**") in exchange for issuing membership interests in us to it, and other consideration TSFDC is a Florida corporation incorporated on July 2, 1997 Its principal place of business is 267 John Knox Road, Suite 116, Tallahassee, Florida 32303 TSFDC offered Tropical Smoothie Cafe® franchises from 1997 through August 15 2012, when it had 310 franchises in operation and 30 sold and under development TSFDC never offered franchises in any other line of business and did not engage in any business other than the offer and sale of Tropical Smoothie Cafe® franchises TSFDC remains our affiliate because it is also one of our members, although it no longer will offer Tropical Smoothie Cafe® franchises for sale

Through common ownership, our affiliate is Tin Drum Asiacafe, LLC, a Georgia limited liability company, with its principal place of business at 1117 Perimeter Center West, Suite W200, Atlanta, Georgia 30338 ("**Tin Drum**') Tin Drum operates and franchises restaurants featuring fast-casual, Pan-Asian cuisine It has offered franchises since April 1 2011, and has sold 4 franchises as of December 27, 2015 It does not offer products or services to our franchisees

We are also affiliated, through common ownership, with BIP Franchise Finance, LLC ('**BIP Franchise Finance**") BIP Franchise Finance is a Delaware limited liability company with its principal place of business at 3575 Piedmont Road, Building 15, Suite 730 Atlanta, Georgia 30305 BIP Franchise Finance provides financing to Tropical Smoothie Cafe® franchisees that meet its qualifications You are not required to obtain financing from BIP Franchise Finance BIP Franchise Finance does not operate any Tropical Smoothie Cafe® franchises or engage in any other business activities

Except as described above, we have no affiliates that offer franchises in any line of business or provide products or services to Tropical Smoothie Cafe® franchisees

The Franchise

We grant Tropical Smoothie Cafe® franchises to qualified candidates for the right to develop and operate a Tropical Smoothie Cafe® store (each a **Tropical Smoothie Cafe® Store** or a '**Store**'), which is a customer-driven business that sells a variety of premium quality proprietary real fruit smoothies specialty sandwiches, gourmet wraps salads, soups and coffee drinks, all which are made on the premises of each Store We refer to this business as the "**Franchised Business**' in this disclosure document You must sign our standard Franchise Agreement (the '**Franchise Agreement**') in the form attached as Exhibit 'B' to this disclosure document The Franchise Agreement grants you the right to develop and operate a single Tropical Smoothie Cafe® Store at an approved location

The Franchised Business will operate under the trade names and service marks TROPICAL SMOOTHIE® and TROPICAL SMOOTHIE CAFE®, and will use other trade names service marks, trademarks, logos emblems and indicia of origin that we designate for use by Tropical Smoothie Cafe® businesses (the '**Marks**') We use and license others to use the Marks and our proprietary operating system which includes trade secret recipes (the **System**"), developed for the operation of a Franchised Business

Area Developers

We also grant area representative rights to individuals called '**Area Developers**' by a separate disclosure document An Area Developer acts as our sales representative within a defined geographic area to solicit prospective single-unit and multi-unit franchisees and to provide support before, during and after a franchisee begins operations An Area Developer identifies and qualifies potential franchisees The Franchise Agreement is signed by the franchisee and us after we have approved the franchisee and timely provided the Franchise Disclosure Document We have offered area representative rights since August 16, 2012 and TSFDC did so from 1997 until August 15 2012 (See Exhibit "C' for information regarding our Area Developers and the Illinois Addendum in Exhibit 'J")

The Tropical Smoothie Cafe® Business

A Tropical Smoothie Cafe® is a better-for-you, fast casual restaurant business offering freshly prepared food and smoothies served in a fun, friendly environment We offer breakfast, lunch and dinner Tropical Smoothie Café® is a destination for flavor Our customers enjoy great tasting, toasted wraps, sandwiches and flatbreads, and gourmet salads Our products are made with quality meats and cheese, and bold, flavorful sauces Our hand-crafted smoothies are made with select fruit and vegetables to deliver that fresh, better-for-you experience our consumers seek

The Tropical Smoothie Cafe® mission is to inspire a healthier lifestyle by serving amazing food and smoothies with a bit of tropical fun The values on which we operate our business are solid relationships, creative spirit, live better, and play to win

Each Tropical Smoothie Cafe® focuses on generating sales inside and outside of the Cafe's four walls We offer many local store marketing programs designed to build solid relationships in our communities and drive sales and traffic Our catering program delivers the 'tropical experience' direct to the consumer, whether they are at work or at home Consumers can enjoy our wrap and sandwich trays, salads, box lunches and smoothies at any time of the day

Tropical Smoothie Cafe® has supplemental programs to introduce our brand to new consumers through our fundraising program, which allows us to give back to our local communities Organizations can eat well, make some friends, and enjoy giving during our fundraisers They bring their friends and family in to enjoy an evening of fun and food at their local Tropical Smoothie Cafe® and earn a percentage of the event's sales

Our primary customers are consumers seeking better-for-you offerings in every age group, both female and male Our products inspire a healthy lifestyle

We support our franchise community with innovative leadership and tools focusing on sales building and profitability through our proprietary systems

If you enter into a Franchise Agreement with us, you will operate your Tropical Smoothie Cafe® according to the System, including our methods, standards and specifications Your Tropical Smoothie Cafe® must offer all of the products and services we specify The Franchised Business will occupy approximately 1,200 to 2,000 square feet and will seat approximately 10 to 40 customers We have developed a design package and have mandatory interior decor specifications for Tropical Smoothie Cafe Stores These specifications are brand specific and are designed to ensure uniformity in the presentation of the Tropical Smoothie Cafe® System to customers

The Market and Competition

The smoothie business and the restaurant business are both highly developed and competitive You will have to compete with other businesses offering smoothie beverages, as well as juice bars, and national and local restaurants that offer smoothie beverages as additional menu items and businesses offering sandwiches wraps salads soups and coffee drinks as menu items Many of our competitors are well-established national regional or local chains which may have substantial financial marketing, or other resources Other competitors include health food and general nutrition businesses You may also encounter competition from other Tropical Smoothie Cafe® Stores operated by us or other franchisees

We believe that strong brand recognition, attractive price-value relationship, and the quality of our products and our service enable us to differentiate ourselves from our competitors

Regulations Specific to the Industry

You should consider that certain aspects of the restaurant business are heavily regulated by federal, state and local laws rules and ordinances The U S Food and Drug Administration, the U S Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, and sanitary conditions State and local agencies inspect restaurants for compliance with these requirements Certain provisions of these laws impose limits on emissions resulting from commercial food preparation Some states have also adopted or are considering proposals to regulate indoor air quality

You will also have to comply with laws and regulations of the U S Food and Drug Administration and Federal Trade Commission that relate to the presentation of nutritional information Some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials Some state and local authorities have also adopted, or are

considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants such as the level of transfat contained in a food item

Since you must accept credit cards as a method of payment at your Tropical Smoothie Cafe® Store you must also comply with payment card industry ("**PCI**") compliance standards to protect personal information and ensure security when customer transactions are processed using a credit card PCI compliance standards apply to all organizations that store, process, or transmit cardholder data, and cover technical and operational payment system components involving cardholder data

You must also comply with laws and regulations that apply to businesses generally (such as workers' compensation Occupational Safety and Health Act (OSHA) and Americans with Disabilities Act (ADA) requirements and Patient Protection and Affordable Care Act)

There may be other laws applicable to your business It is your responsibility to investigate any applicable laws as they relate to operating a Tropical Smoothie Cafe® franchise You should consider these laws and regulations when evaluating your purchase of a franchise

ITEM 2 BUSINESS EXPERIENCE

CHAIRMAN OF THE BOARD H Scott Pressly

Scott Pressly has been our Chairman since August 16 2012 From November 2008 to the present, he has been a partner in BIP Opportunities Fund, LP, an Atlanta, Georgia-based investment firm From July 2007 to the present, he has been managing partner of Van Ness Capital Advisors, a financial consulting firm, in Atlanta, Georgia He has been a Board Member of Tin Drum since September 2012

DIRECTOR AND CHIEF EXECUTIVE OFFICER Mike Rotondo

Mike Rotondo has been our Chief Executive Officer since August 16, 2012 He has been one of our Directors since July 2013 Prior to joining us he was TSFDC's Chief Operating Officer from January 2011, after having served as TSFDC's Vice President of Operations from February 2008 through December 2010 Mike Rotondo also has been Chief Executive Officer of Tin Drum since January 2015

CHIEF DEVELOPMENT OFFICER Charles L Watson

Charles Watson has been our Chief Development Officer since November 20, 2015 after having served from August 16, 2012 as our Vice President of Franchise Development Prior to joining us, he was TSFDC s Vice President of Franchise Development from January 2010 Charles Watson has also been Chief Development Officer for Tim Drum since November 20, 2015 after serving as its Vice President of Franchise Development from March 2015

CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER Barry Schnur

Barry Schnur has been our and Tin Drum's Chief Operating Office since October 21, 2016, after having served from May 9, 2016 as our and Tin Drum's Chief Financial and Administrative Officer Prior to joining us, he was Senior Vice President of Customer Success at IgnitionOne in Atlanta, Georgia from May 2015 to May 2016 From January 2008 to May 2015, he was Senior Vice President of Operations for IBM as successor to Silverpop in Atlanta, Georgia

GENERAL COUNSEL Anne P Caiola

Anne has been our and Tin Drum's General Counsel since October 17, 2016 She is also partner and practicing attorney with Slotkin & Caiola LLC in Decatur Georgia where she has been since 2012

INTERIM CHIEF MARKETING OFFICER Josephine Herold

Josephine has been our Interim Chief Marketing Officer since September 2016 Prior to joining us, she was Chief Marketing Officer for Interface Inc in Atlanta, Georgia from July 2013 until August 2016 From July 2010 until July 2013 she was Vice President Brand Communications with Arby's Inc in Atlanta, Georgia

INTERIM VICE PRESIDENT OF MARKETING Michelle Spohnholz

Michelle has been our Interim Vice President of Marketing since April 2016 Prior to joining us, she was Vice President, Global Marketing Services for CSM Bakery Solutions from August, 2014 until April 2015 From June 2010 until August 2014 she served as Vice President (Head of) Marketing North America for CSM Bakery Solutions

SENIOR DIRECTOR OF FRANCHISE DEVELOPMENT Jennifer Folger

Jennifer Folger has been our Senior Director of Franchise Development since November 30, 2015 after serving as our Director of Franchise Development from January 20, 2015 Jennifer has also been the Senior Director of Development for Tin Drum since November 20 2015 Prior to joining us, she was Director of Franchise Development at McAlister's Deli in Alpharetta Georgia from August 2013 to January 2015 From August 2005 until August 2013 she was Marketing Manager, Franchise Development for Arby s Restaurant Group in Atlanta Georgia

DIRECTOR OF HUMAN RESOURCES Loretta Ann Sexton

Loretta has been our Director of Human Resources since October 2016 Prior to joining us, she was a Recruiting Manager for CraftWorks Restaurants & Breweries in Broomfield, Colorado from June 2012 until September 2016 From January 2005 until June 2012, she was a Recruiting Manager with Ted's Montana Grill in Atlanta Georgia

DIRECTOR OF FRANCHISE DEVELOPMENT Philip Watson

Philip Watson has been our Director of Franchise Development since August 16, 2012 Prior to joining us he was TSFDC's Director of Franchise Development since October 2011 From August 2009 until June 2011 he served in various restaurant management positions for the Cox Restaurant Group in Valdosta, Georgia

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FRANCHISE DEVELOPMENT ASSOCIATE Sophie Goldsmith

Sophie Goldsmith has been our and Tin Drum's Franchise Development Associate since November 1, 2015 after serving as our Operations Project Manager from May 2015 Prior to joining us, she was with Meeting Expectations in Atlanta Georgia, from August 2013 until May 2015 Prior to Meeting Expectations Sophie attended and graduated with honors from Trinity College in Hartford Connecticut

DIRECTOR OF DESIGN & CONSTRUCTION Ronald Thomas Plauche, Jr

Tom Plauche has been our and Tin Drum's Director of Design & Construction since March 11 2015 Prior to joining us, he was Project Manager for Candito Construction in Cartersville, Georgia from November 2013 to March 2015 From September 2009 until present, he is the owner of Farmers Market Baskets in Kennesaw, Georgia

SENIOR DIRECTOR OF FRANCHISE OPERATIONS Troy Godbee

Troy Godbee has been our Senior Director of Franchise Operations since September 2015 after serving as our Regional Director of Franchise Operations from August 2012 Prior to joining us, Troy was TSFDC's Director of Operations since February 2011 after serving one of TSFDC's Regional Directors of Franchise Operations since January 2006

REGIONAL DIRECTOR OF FRANCHISE OPERATIONS Robert Fischer

Robert Fischer has been one of our Regional Directors of Franchise Operations since August 16 2012 In this capacity he consults with both our area developers and our franchisees Prior to joining us, he was one of TSFDC's Regional Directors of Franchise Operations since November 2009

SENIOR DIRECTOR OF REAL ESTATE Gregg Kocenko

Gregg Kocenko has been our Senior Director of Real Estate since October 2015 and for Tin Drum since January 1, 2016 Prior to that he was Senior Director of Real Estate & Construction from December 2013 to October 2015 Prior to that, he was our Regional Director of Franchise Operations from August 2012 to December 2013 Prior to joining us, he was one of TSFDC's Regional Directors of Franchise Operations since August 2011 Prior to that, from January 2005 through December 2010, he was a regional director for Jamba Juice in Emeryville California

FRANCHISE REAL ESTATE MANAGER Kristen Klein

Kristen has been our and Tin Drum's Franchise Real Estate Manager since May 2015 Prior to joining us she was a Real Estate Broker with Kelly & Visconsi Associates in Cleveland, Ohio from February 2013 until May 2015 From May 2011 until January 2013, she was a Real Estate Agent with Coldwell Banker Hunter Realty in Canton, Ohio

FRANCHISE REAL ESTATE MANAGER Gabriel U'Donah Jonas

Gabriel has been our Franchise Real Estate Manager since September 2016 Prior to joining us, he was Director of Real Estate for Arby s Restaurant Group in Atlanta, Georgia from December 2015 until June 2016 From October 2011 until November 2015, he was an Area Real Estate Manager with McDonald's in Tampa, Florida

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FRANCHISE REAL ESTATE MANAGER Kyley Mills Yanker

Kyley has been our Franchise Real Estate Manager since October 2016 Prior to joining us, she was Real Estate Manager for Tim Hortons in St Louis, Missouri from October 2015 until October 2016 From August 2014 until October 2015, she was an Area Real Estate Manager for McDonald's in St Louis, Missouri From August 2013 until August 2014 she was an Associate with Cushman & Wakefield in St Louis Missouri From January 2012 until August 2013 she was an Assistant Real Estate Manager with CBRE in St Louis, Missouri From August 2011 until December 2011 she was a Leasing Agent with NTS Development in Louisville, Kentucky From March 2011 until August 2011 she was a Leasing Agent with RJ Allen and Associates in Oxford, Mississippi

SENIOR MANAGER OF COMMUNICATIONS Mary Anne Weigle

Mary Anne Weigle has been our Senior Manager of Communications since September 2013 Prior to joining us, she was Strategic Technology Manager for HoneyBaked Ham in Alpharetta, Georgia from October 2012 to August 2013 Prior to that, from January 2009 to October 2012, she was Associate Training and Communications for Manager HoneyBaked Ham in Alpharetta, Georgia

DIRECTOR OF FRANCHISE ADMINISTRATION Dana L Lodridge

Dana Lodridge has been our Director of Franchise Administration since November 8, 2013 Prior to that, she was our Sr Manager of Franchise Administration since September 10, 2012 Prior to joining us she returned to the workforce as Brand Consistency Coordinator for Primrose School Franchising Company in Acworth, Georgia from June 2011 to September 2012

OPERATIONS SUPPORT MANAGER Joseph Sowerby

Joseph has been our Franchise Operations Support Manager since January 2015 Prior to joining us, he was CEO and Founder of Arden Road Consulting in Atlanta, Georgia from September 2013 until January 2015 From May 2007 until August 2013, he was Manager Brand Training with Moe's Southwest Grill in Atlanta, Georgia

DIRECTOR Eric Jenrich

Eric Jenrich has been one of our Directors since August 16, 2012 Prior to joining us, he was, and continues to be, TSFDC's Chief Executive Officer and one of its Directors since its inception on July 2 1997 in Destin, Florida In January 2011, he was named President of TSFDC He had also been TSFDC's President from its inception through August 19, 2008 Mr Jenrich has also been Chief Executive Officer and a Director of 2 of TSFDC's now dormant subsidiaries, Cafe Management Inc and Tropical Smoothie Cafe, LLC (**'TSC'**) in Destin, Florida for more than the past 5 years both previously owned and operated Tropical Smoothie Cafe® restaurants Eric Jenrich is an owner and CEO of Island Wing Franchise Company LLC in Destin Florida since November 2011

DIRECTOR David W Walker

David Walker has been one of our Directors since August 16, 2012 Prior to joining us, he was, and continues to be, TSFDC's Executive Vice President and one of its Directors since its inception on July

2 1997 in Destin Florida He is the owner and President of Sizzle Adventures, LLC a Smashburger Franchisee, and Vibe Adventures, LLC a Which Wich Franchisee both based in Tallahassee, Florida from June 2014 until the present

DIRECTOR Thomas Wells IV

Tom Wells has been one of our Directors since December 2014 From January 2013 to the present, he has been Vice President at BIP Capital, an Atlanta Georgia-based investment firm From December 2014 to the present, he has served as a Board Member for us and Tin Drum in Atlanta Georgia From June 2012 to August 2012 he was a Summer Associate for New Capital Partners in Birmingham, Alabama From July 2008 to May 2011, he was Senior Associate with Century Park Capital Partners in Los Angeles, California

ITEM 3 LITIGATION

The following matters relate to our predecessor and affiliate TSFDC

Prior Actions

Commonwealth Of Virginia Vs Tropical Smoothie Franchise Development Corporation And Eric Jenrich (State Corporation Commission At Richmond, Virginia, Case No Sec-2007-00084) In 2007, the Commission initiated a second investigation (Case No SEC-2007-00084) relating to the lack of disclosure of the prior investigation in the offering circulars that had been registered in Virginia between 2002 and 2007 On January 14, 2008, the Commission entered a Settlement Order, whereby TSFDC and Eric Jenrich admitted to the allegations and agreed to pay $25,000 to the Treasurer of Virginia to pay the Commission the amount of $1,000 for the cost of investigation offered rescission to identified Virginia franchisees, and agreed not to violate the Virginia Retail Franchising Act in the future Four franchisees who had not yet opened their stores opted to rescind The Commission dismissed the case on March 4 2008, finding that TSFDC had fulfilled the requirements of the Order

In the Matter of Tropical Smoothie Franchise Development Corporation, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No 2008-0329 As a result of an investigation into the franchise related activities of Tropical Smoothie Franchise Development Corporation ("**TSFDC**"), the Maryland Securities Commissioner ("**Commissioner**") concluded that grounds existed to allege that TSFDC violated the registration and disclosure provisions of the Maryland Franchise Law and a previous agreement with the Commissioner, in relation to the offer and sale of Tropical Smoothie unit and area franchises In responding to inquiries from the Maryland Securities Division TSFDC disclosed that it sold an area franchise to a Maryland resident, during the time it was not registered to offer and sell area franchises in Maryland In addition, TSFDC failed to include required disclosure regarding litigation in its Uniform Franchise Offering Circular that it provided to prospective unit franchises and to the area franchisee with the offer to rescind the area franchise pursuant to the previous agreement with the Commissioner This failure to disclose violated the Maryland Franchise Law and the terms of a previous agreement with the Commissioner On September 23, 2008, the Commissioner and TSFDC agreed to enter into a consent order whereby TSFDC, without admitting or denying any violations of the law agreed to immediately and permanently cease from the offer and sale of unit and area franchises in violation of the Maryland Franchise Law complete its pending renewal applications to register its unit and area franchise offerings in Maryland, implement new compliance procedures, engage a franchise law compliance program to monitor its sales activities in Maryland and to Maryland residents for a period of two years, and offer

rescission to the unit and area franchisees who were sold franchises in Maryland in violation of the Maryland Franchise Law Four franchisees holding two franchise agreements opted to rescind

In the Matter of Tropical Smoothie Franchise Development Corporation, Administrative Proceeding Before the Securities Commissioner of Maryland Case No 2008-0329 In 2010 the Maryland Securities Division initiated a second investigation into the franchise related activities of Tropical Smoothie Franchise Development Corporation ("**TSFDC**") following its review of the compliance Monitor's 2010 Report that was prepared in connection with the requirements of the September 23, 2008 Consent Order disclosed above Based upon its investigation, the Maryland Securities Commissioner ("**Commissioner**") concluded that grounds existed to allege that TSFDC violated the registration and disclosure provisions of the Maryland Franchise Law the 2008 Consent Order, and an Agreement with the Commissioner in relation to a 2009 offer and sale of a Tropical Smoothie franchise in Maryland The Monitor's 2010 Report disclosed that TSFDC sold a franchise in Maryland without providing the franchisee with the required Maryland Addendum The Monitor also noted that TSFDC provided the Maryland franchisee with advertising in the form of a business plan template and break even analysis that had not been filed with the Division as required In responding to inquiries from the Maryland Securities Division in connection with TSFDC's amendment application of its franchise registration, TSFDC acknowledged that it failed to comply with the Commissioner's requirement to defer the collection of all initial fees received from the franchisee to whom it sold the franchise On March 10, 2011, the Commissioner and TSFDC agreed to enter into a consent order whereby TSFDC without admitting or denying any violations of the law, agreed to immediately and permanently cease from the offer and sale of franchises in violation of the Maryland Franchise Law, diligently pursue the completion of its pending application to amend the franchise offering in Maryland implement new compliance procedures, pay the Office of the Attorney General a civil monetary penalty of $10 000 and offer rescission to the franchisee who was sold a franchise in Maryland in violation of the Maryland Franchise Law

Pacheco v Tropical Smoothie Franchise Development Corporation, Case No 10-33167-18), (Circuit Court of the 17th Judicial Circuit, Broward County, Fla , filed July 27, 2010) Plaintiff, Victor Pacheco, was formerly the area developer for the Counties of Bronx, New York, Queens and Richmond territory in the State of New York On June 26, 2007, TSFDC terminated Pacheco s area sales development agreement based on his (a) failure to conduct himself in a manner consistent with TSFDC's missions principles and values, and (b) engaging in behavior that presented a health or safety hazard to customers employees or the general public Over 3 years later, Pacheco sued TSFDC alleging breach of contract and breach of the implied covenant of good faith and fair dealing arising out of the wrongful termination of the area sales development agreement with TSFDC Pacheco claims that TSFDC did not have sufficient grounds to terminate the contract and that TSFDC's decision to do so violated the implied covenant of good faith and fair dealing He seeks an unspecified amount of compensatory damages, lost profits and attorneys' fees TSFDC denies the claims and has moved to stay the lawsuit pending arbitration in compliance with the contract TSFDC's motion to compel arbitration and stay the lawsuit was granted by Order dated February 8 2011 A demand for arbitration in this matter alleging essentially the same facts and claims was filed against TSFDC on June 15 2012 While denying any liability to avoid further defense costs, we settled the claim on September 27 2012 by agreeing to pay Pacheco $75,000 in exchange for his release of all claims and dismissal of the arbitration with prejudice

Michael J Hunter, Suzanne J Hunter and Frederick & Friends, Atlanta, LLC v Tropical Smoothie Franchise Development Corporation, Tropical Smoothie Cafe, LLC, Tropical Smoothie, Inc , Eric Jemrich and James Valentino (Case No 2008CA3779), filed in the Circuit Court of the 2nd Judicial Circuit Court, Leon County, Florida This lawsuit was filed on November 18, 2008, and amended

in April 2010 alleging breach of contract breach of the implied covenant of good faith and fair dealing fraud promissory estoppel, conversion and unjust enrichment and constructive trust The lawsuit resulted from action TSFDC took in January 2008 to terminate the area development agreement with the Plaintiff Frederick & Friends, Atlanta, LLC the area developer for the Atlanta Georgia territory (the "**LLC**) The LLC had assumed the area sales development agreement dated July 9, 2004 (the '**ASDA**") in September 2007 from Robert Frederick, the original signatory of the ASDA ('**Frederick**) Frederick owned 50% of the LLC and the individual Plaintiffs Michael Hunter and Suzanne Hunter (the **Hunters**") owned the other 50% In December 2007 the Hunters had entered into an agreement to purchase Frederick's 50% interest in the LLC and TSFDC's consent to that transfer was requested TSFDC informed Frederick that its consent to the proposed transfer was conditioned on Frederick maintaining one of TSFDC's franchised stores in the Atlanta market that Frederick owned personally (the '**Frederick Cafe**'), and that if he closed the Frederick Cafe TSFDC would not consent to the transfer and in addition TSFDC would exercise its right, pursuant to the ASDA to terminate the ASDA When Frederick closed the Frederick Cafe in early January 2008 TSFDC terminated the ASDA The Hunters claim TSFDC breached its agreement to approve their purchase of Frederick s interest in the LLC and that TSFDC fraudulently induced them to enter into the purchase agreement with Frederick They sought an unspecified amount of compensatory damages, recovery of their investment and unspecified amounts that would have been due them if they acquired the ASDA prejudgment interest and any other relief allowed by the court TSFDC denies all of Plaintiffs claims and denies that it made any fraudulent statements or misrepresentations of any kind, whether in violation of a statute or common law TSFDC counterclaimed against the Plaintiffs' for Plaintiffs' actions which resulted in a diminution in the value of the Atlanta, Georgia market for TSFDC s business, and for libel After a summary judgment hearing on January 19 2015, the court granted partial summary judgment as follows (i) Eric Jenrich and Jim Valentino were granted summary judgment on all claims against them (ii) TSFDC was granted summary judgment on all claims against TSFDC by Suzanne Hunter, (iii) TSFDC was granted summary judgment on all claims against TSFDC by Michael Hunter, except for fraud in the inducement, (iv) Hunter was granted summary judgment on TSFDC's claim for libel, and (v) TSFDC was granted summary judgment on the Plaintiffs claim against TSFDC for conversion While denying any liability to avoid further defense costs, TSFDC (as the only remaining defendant following the summary judgment hearing), settled the remaining claims on April 7 2015 by agreeing to pay Michael Hunter $347,500 in exchange for the Plaintiffs' release of all claims and dismissal of the lawsuit with prejudice

Pending Actions

1 *Foodborne Illness Actions*

Samantha Kiker, on behalf of herself and all others similarly situated, Yleela Rogers, on behalf of herself and all others similarly situated, and Jillian Onstad, on behalf of herself and all others similarly situated v Tropical Smoothie Cafe, LLC, (Case No 2016CV279710), filed September 2, 2016, in the Superior Court of Fulton County, Georgia This putative class action lawsuit alleges the following causes of action (1) breach of warranty (2) negligence (3) fraudulent concealment/fraud by concealment (4) preliminary injunction, (5) preliminary injunction to prevent further injury, and (6) permanent injunction to prevent further harm Ms Kiker alleges that she consumed potentially contaminated food, including strawberries purchased at a Tropical Smoothie Cafe between January and August 2016 and, following public health announcements, obtained a blood test that verified that she was not positive for Hepatitis A Ms Rogers alleges that she consumed contaminated food, including strawberries, between January and August 2016 at a Tropical Smoothie Cafe in Newport News, Virginia, and subsequently tested positive for the Hepatitis A virus Ms Onstad alleges that she consumed contaminated food, including strawberries, on or about August 1 2016, purchased from a Tropical

Smoothie Cafe in Gainesville Virginia and subsequently tested positive for Hepatitis A In addition to pursuing their individual claims, Plaintiffs collectively seek to be appointed representatives of two separate class action groups (1) an ' Exposure Class which they define as encompassing all persons in the United States who consumed potentially contaminated food or drink, including smoothies containing strawberries purchased at Tropical Smoothie Cafes between January and August 2016 that obtained prophylactic treatment to prevent or medical tests to confirm they had not contracted Hepatitis A and (2) an ' Injury Class ' which they define as encompassing all persons who consumed contaminated food or drink, including smoothies containing strawberries purchased from Tropical Smoothie Cafes between January and August 2016 who subsequently were diagnosed with a Hepatitis A infection and thereafter obtained vaccines, immunoglobulin and/or medical treatment to treat their Hepatitis A infection Tropical Smoothie Cafe, LLC was served with the complaint, as amended, on September 23, 2016 On October 20, 2016, Tropical Smoothie Cafe, LLC removed the case to United States District Court for the Northern District of Georgia (Atlanta Division) Civil Action File No 1 16-cv-03923-AT Tropical Smoothie Cafe, LLC will timely file an answer deny the substantive allegations contained in the complaint and oppose class certification

Jordy Martinez, individually and on behalf of all others similarly situated, Michael Middleton, individually and on behalf of all others similarly situated, and Min Jin Byun, individually and on behalf of all others similarly situated v Patagonia Foods LLC, Sysco Virginia, LLC, Sysco Hampton Roads, Inc , Tropical Smoothie Cafe, LLC, TSC at Nova, Inc , individually and on behalf of all others similarly situated, (Civil Action File No 1 16-CV-1242), filed on September 30, 2016 in the United States District Court for the Eastern District of Virginia (Alexandria Division) This putative class lawsuit includes the following causes of action (1) violation of Virginia Consumer Protection Act (2) breach of warranty, and (3) negligence per se Mr Martinez alleges that he contracted Hepatitis A after purchasing a smoothie at the Tropical Smoothie Cafe operated by Tropical Smoothie Cafe, LLC's franchisee, TSC at Nova, Inc , in Woodbridge Virginia Mr Middleton and Mr Byun allege that they purchased smoothies from a Tropical Smoothie Cafe located in Fairfax County, Virginia and subsequently obtained vaccinations to prevent contracting the Hepatitis A virus In addition to their pursuing their individual claims, Plaintiffs collectively seek to be appointed representatives of three proposed class action groups (1) a "Hepatitis A Class," which they define as all persons who purchased smoothies from Tropical Smoothie Cafe franchisees between May and August 2016 made with strawberries sourced from Egypt who subsequently contracted Hepatitis A (2) a "Hepatitis Vaccination Class," which they define as encompassing all persons who purchased smoothies from Tropical Smoothie Cafe franchisees between May and August 2016 made with strawberries sourced from Egypt who subsequently received a vaccination against Hepatitis A, and (3) a 'Smoothie Purchaser Class ' which they define as encompassing all persons who purchased smoothies from Tropical Smoothie Cafe franchisees between May and August 2016 made with strawberries sourced from Egypt The plaintiffs also seek to certify a defendant class consisting of approximately 90 Virginia Tropical Smoothie Cafe franchisees which contend served the tainted strawberries between May and August 2016 Tropical Smoothie Cafe, LLC was served with the complaint on October 19, 2016 and will timely file an answer deny the substantive allegations contained in the complaint and oppose class certification

In addition to the two foodborne illness actions set forth above, as of the date of this filing, two (2) additional cases have been filed naming Tropical Smoothie Cafe, LLC and certain Virginia based Tropical Smoothie Cafe franchisees as defendants Tropical Smoothie Cafe LLC has not yet been served with legal process in these lawsuits According to the allegations common to all these complaints each customer ingested contaminated or potentially contaminated smoothies between May 2016 and August 2016 from Tropical

Smoothie Cafe franchised locations in the State of Virginia and either became ill or required a prophylactic vaccination

2 *Other Actions*

JSG Management Co v Tropical Smoothie Cafe, LLC, (Case No 01-16-0001-4215) American Arbitration Association in Atlanta, Georgia filed April 18 2016 JSG Management Co ('**JSG**') is a former single-unit franchisee JSG closed its cafe prior to the end of its term without prior authorization from Tropical Smoothie Cafe, and Tropical Smoothie Cafe subsequently terminated JSG s franchise agreement JSG's arbitration demand alleges that Tropical Smoothie Cafe breached the franchise agreement by modifying the operations manual to institute a 2009 breakfast initiative, and that Tropical Smoothie made fraudulent financial performance misrepresentations to induce JSG to further invest into its business Tropical Smoothie contends that it did not breach JSG's franchise agreement because the agreement gave Tropical Smoothie Cafe authority to modify the operations manual and system in its sole discretion Tropical Smoothie also denies that any fraudulent misrepresentations were made to JSG to induce further investment or otherwise Tropical Smoothie Cafe has asserted a counterclaim for breach of contract based on JSG s unauthorized early closure of its cafe and JSG's breach of its post-termination obligations under the franchise agreement The parties are engaged in discovery and the final hearing is scheduled for December 8-9 2016

Other than these actions no litigation is required to be disclosed in this Item See Exhibit "C" for any required disclosure relating to Area Developers

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item See Exhibit "C' for any required disclosure relating to Area Developers

ITEM 5 INITIAL FEES

Initial Franchise Fee

The initial franchise fee for a single Franchised Business is $25,000, payable in full upon execution of the Franchise Agreement If we approve, and you commit to open more than one Store within a defined development schedule (generally 2 per year), then we will reduce the initial franchise fees for the second and additional Stores to $15,000 each The initial franchise fee for the second and each subsequent Store to be developed will be due at the time you sign the Franchise Agreements

From time to time, we may discount or reduce the initial franchise fees for certain prospects due to special circumstances (e g re-opening a closed Store, a franchisee with multiple units who does not need initial training or support etc) During 2015, the initial franchise fees paid to us ranged from $1 to $25,000 In all cases, the initial franchise fee is deemed fully earned by us upon receipt and is non-refundable We use the initial franchise fee to provide training and other services to our franchisees

We are a member of the International Franchise Association (**"IFA"**) and participate in the IFA s VetFran program, which provides financial incentives to qualified veterans to help them acquire franchised businesses In support of this program we currently reduce the initial franchise fee for qualified veterans to $12,500 for the first and each subsequent Franchised Business developed

Grand Opening Contribution

Unless otherwise required by applicable state law, you will pay to us an amount to be used to pay for your Grand Opening Marketing Program in accordance with the Grand Opening Marketing Budget and Plan you and we develop (the "**Grand Opening Contribution**") The Grand Opening Contribution will require you to spend at least $7,500 If, for any reason applicable state law does not permit us to collect the Grand Opening Contribution prior to opening your Store then you must pay our approved vendors and service providers for their products and services furnished in accordance with the Grand Opening Marketing Program at the times when due based on invoices presented to you

Except as described above, we charge the initial franchise fee uniformly to all franchisees All of the foregoing fees and payments are fully earned by us on receipt and are non-refundable

Incentive Referral Program

From time to time we and our Area Developers may utilize incentive referral programs for our existing franchisees and their employees as well as our vendors, to refer franchise prospects to us Under these programs, we may pay cash compensation or provide other benefits and inducements for the referral of qualified franchise prospects In many cases, the compensation or benefit will not be paid unless the franchise prospect enters into a franchise agreement with us These referral programs may be altered, modified, suspended or terminated at any time

ITEM 6 OTHER FEES

Type of Fee [1]	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales[2]	Payable on Wednesday of each week for the prior week s Gross Sales[2]	You must pay the Royalty Fee by electronic funds transfer (Franchise Agreement Section 4 B)
National Marketing Fee	Up to 3% of Gross Sales[2], currently 2%	Payable on Wednesday of each week for the prior week's Gross Sales	We may use these funds to create marketing, advertising and promotional materials for your use, or we may use these funds for marketing, advertising and public relations programs and materials on a system-wide basis You must pay the National Marketing Fee by electronic funds transfer (Franchise Agreement, Section 4 E) Beginning January 1 2017 this fee will increase to 3%
Local Advertising Cooperative Contribution	2% of Gross Sales[2]	Payable on Wednesday of each week for the prior week's Gross Sales	We (or our designee) administer these funds in accordance with the direction of the cooperative members You must pay the Local Advertising Cooperative Contribution by electronic funds transfer (Franchise Agreement, Section 4 F)

Type of Fee [1]	Amount	Due Date	Remarks
MIS Fees	Currently $50 to $100 per month per Store	Payable the 3rd week of each month	You must pay us the amount we designate for the use of our mandated management information system, which includes auto-polling services of the POS System that you review via the Internet We deduct the MIS Fee from your account by electronic funds transfer (Franchise Agreement Section 4 C)
PCI Compliance Fee	Currently $99 to $109 per month per Store	Payable the 3rd week of each month	You must pay us the amount we designate for the use of our mandated PCI Compliance System to ensure your compliance with Payment Card Industry Data Security Standards (**PCIDSS'**) currently administered by Netsurion We deduct the PCI Compliance Fee from your account by electronic funds transfer (Franchise Agreement Section 4 D)
Level Up	$175 one time set up fee $50 scanner purchase, $75 per month	On demand for setup and scanner monthly on invoice	You must pay a one time set up fee and purchase a scanner for use of the Tropical Rewards Application known as Level Up The set up fee scanner and monthly fee are paid either to us or direct to LevelUp as we determine Currently they will be reimbursable through submission of your paid receipts to your Local Advertising Cooperative Contribution Account
OLO Fees	Currently, $44 per month plus a $35 per month Micros Licensing Fee	Payable the 3rd week of each month	For online ordering services you pay us for installation based on our prepayment to the vendor (currently Micros), then we pay the vendor the monthly fee on your behalf and invoice you Currently, we withdraw these fees out of your Local Advertising Cooperative Contribution Account
Interest Charge on Late Payments	The lower of (i) 18% per annum or (ii) the highest rate permitted by applicable state law	On demand	Only required if payment is late (Franchise Agreement, Section 4 G)
Late Fee	$25 per week (or portion thereof)	On demand	Only required if any payment is late (Franchise Agreement, Section 4 G)
Non-Compliance Fee	Up to $500 each time you default and for each week (or portion thereof) that the default continues	As stated in our notice	Only required, at our option, if we reasonably believe you have committed an event of default under the Franchise Agreement (Franchise Agreement, Section 4 H)
Reimbursement	Our out-of-pocket expenses	Within 15 days of request	Only required if we pay (or have become obligated to pay) monies that you owed to a third party or that you were obligated to pay a third party as part of our system (Franchise Agreement, Section 4 I)

Type of Fee [1]	Amount	Due Date	Remarks
Audit Fee	Cost of audit plus interest on late payment	Immediately upon determination by audit	Payable only if (i) we conduct an audit of your business because you failed to submit required reports or were otherwise not in compliance with our system or (ii) we find, based on an audit that you have understated amounts owed to us by 2% or more (Franchise Agreement Section 10 H)
Transfer Fee	5% of the total sales price or $10,000 whichever is greater or, $2 500 upon transfer of minority interest	Before transferring	Payable when more than a 49% interest in the Franchised Business is transferred to anyone including an unrelated 3rd party The Transfer Fee is $2,500 if you transfer an interest of 49% or less to someone other than a direct family member or the guarantor of your obligations (Franchise Agreement Section 13 B)
Management Fee	10% of Gross Sales for the period in which we operate the Franchised Business	As agreed	Payable during the period that our appointed manager manages the Franchised Business to avoid interruption of business operations at our option in the event that (i) you or your majority owner dies or becomes disabled, (ii) we elect to purchase the business assets upon expiration or termination of the Franchise Agreement, or (iii) you operate the Franchised Business in a manner that presents a danger to the health or safety of any person Our management of the Franchised Business will not exceed 90 days without your consent We will account to you for all income of the Franchised Business during the period in which our manager manages the business (Franchise Agreement, Section 13 G)
Default Cure	Our costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee	Upon demand	Payable if you breach or default under any provision of the Franchise Agreement and we take action to cure the default on your behalf (Franchise Agreement, Section 14 D)
Supplier Approval	Reasonable costs and expenses of inspection and testing estimated to range from $500 to $2 000	As invoiced	We may require you to pay us for our reasonable costs and expenses if we evaluate a proposed product service or supplier at your request (Franchise Agreement, Section 6 J)

Type of Fee [1]	Amount	Due Date	Remarks
Customer Satisfaction	Reimbursement of our costs and expenses	As invoiced	You must participate in any customer satisfaction and/or franchise compliance programs (e g guest surveys, mystery shoppers etc) that we designate We may require you to reimburse us for the cost of such programs or to pay the vendors directly You must also reimburse us if you fail to respond to and resolve any customer complaints or negative feedback, and we choose to do so on your behalf (Franchise Agreement, Sections 6 R and 6 S)
Indemnification	Will vary under circumstances	On demand	You must indemnify us when certain of your actions result in loss or damages to us (Franchise Agreement Section 17)
Liquidated Damages	Amount equal to the average Royalty Fees for the last 12 months (or shorter period if Franchised Business has been in operation less than 12 months), multiplied by the lesser of (i)18 or (ii) the number of months remaining in the term	On demand	We may require you to pay us this amount in the event you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for cause (Franchise Agreement, Section 15 D)
Costs and Attorneys Fees	Will vary under circumstances	On demand	The prevailing party in any legal proceeding is entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees (Franchise Agreement Section 18 K)
Casualty Insurance Proceeds	Will vary under circumstances	On demand	You must pay us 5% of the insurance proceeds of any business interruption of other insurance application to loss of revenue that you received in the event of fire or other casualty that results in damage or destruction of the Franchised Business If you do not reconstruct the Franchised Business in a prompt and timely manner your Franchise Agreement will automatically terminate (Franchised Agreement Section 12 H)
Relocation of Franchised Business	Will vary under circumstances	On demand	You must reimburse us for the out-of-pocket expenses we incur in helping you relocate
Training	Will vary under circumstances	As incurred	See Item 11 of this disclosure document
Remodel Marketing Expense	$3 750	As incurred	We may require you to spend $3,750 on marketing for any Remodel

Type of Fee [1]	Amount	Due Date	Remarks
Tax Reimbursement	Will vary under circumstances	On demand	You must reimburse us any amounts a taxing authority imposes on us any 'franchise" tax or other tax that is based on your gross sales, gross revenues business activities or operation of your Franchised Business
Third Party Inspection Fees	Will vary under circumstances	On demand	If you have failed to meet our standards after 2 inspections, and we choose to conduct a third inspection by a third party, then you must reimburse us for our out-of-pocket expenses including service fees, travel and living expenses

NOTES

(1) All fees and expenses described in this Item 6 are non-refundable All fees are uniformly imposed Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed, and they are payable to us We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer We require you to sign the Pre-Authorized Bank Form attached as Exhibit "D" to this disclosure document

(2) '**Gross Sales**' means all sales generated through the Franchised Business, whether for cash or credit and income of every kind or nature related to the Franchised Business including barter trade, and off-site catering and delivery Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by you, (iii) sales of used equipment not in the ordinary course of business or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales) You may not deduct payment provider fees (e g bank or credit card company fees and gift card vendor fees) from your Gross Sales calculation

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
INITIAL FRANCHISE FEE [1]	$12 500 - $25,000	Lump sum	When the Franchise Agreement is signed	Us
ARCHITECT [2]	$7,500 to $12 000	As arranged	Before opening	Designated Licensed Architect
STORE FIXTURES, FURNITURE, AND EQUIPMENT (including point of sale/cash register system) [3]	$76 250 to $136 250	Lump sum	As arranged	Designated Equipment Vendor

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
LEASEHOLD IMPROVEMENTS [4]	$65,000 to $196 000	Lump sum	Before opening	Designated Licensed Contractor or Designated Source
SIGNAGE	$7 500 to $16,500	Lump sum	Before opening	Suppliers
UNIFORMS	$1,000 to $1 800	Lump sum	Before opening	Suppliers
INITIAL INVENTORY	$5,000 to $12 000	Lump sum	Before opening	Suppliers
INITIAL TRAINING EXPENSES [5]	$2,500 to $9,000	Lump sum	As incurred	Your Employees, Suppliers of Transportation, Food, Lodging
INSURANCE DEPOSITS [6]	$300 to $6,500	As arranged	As incurred	Insurance Companies
INITIAL DEPOSITS'	$1,700 to $11,000	As arranged	As incurred	Landlord & Utility Providers
LICENSES, BONDING & PERMITS [7]	$800 to $7,500	As incurred	Before opening	Government Agencies
LEGAL/ACCOUNTING	$500 to $7 500	As arranged	As incurred	Attorney Accountant
GRAND OPENING CONTRIBUTION [8]	$7,500	Lump Sum	When the Franchise Agreement is signed	Us
ADDITIONAL FUNDS (WORKING CAPITAL) (3 to 6 months) [9]	$10,000 to $30,000	As needed	As needed	Third parties
TOTAL [10]	**$198,050 to $478,550**			

NOTES

1 Franchisees wishing to open more than one Franchised Business must sign a Franchise Agreement and pay an initial franchise fee for each additional location The initial franchise fee for the second and each subsequent Franchised Business is $15 000

2 You will be provided a set of plans for recommended construction in conformity with mandatory design specifications You may be required by local codes and regulations to retain a licensed architect or equivalent professional to review or certify the plans and/or to oversee construction The lower ranges assume that the site was formerly used as a restaurant so that the plans can utilize existing plumbing, electrical, etc

3 Fixtures, furniture and equipment needed to operate the Franchised Business includes (without limitation) tables and chairs wall cabinets merchandise display units, millwork, shelving, sinks, microwave, worktables, ovens, steamers, smallwares, ice machine, blenders, refrigerators, mixing bar, ice wells freezers, menu boards, artwork and point of sale/cash register system Grand Restaurant / Hockenbergs Foodservice Equipment & Supply (equipment, furnishings millwork. countertops fixtures, and smallwares), JOLT (learning/operations platform) and Howard Company (drive-thru equipment) are

our designated suppliers for these items You must purchase the equipment, furnishings and other items from these designated suppliers before your Franchised Business opens The cost of these items, purchased new ranges from $75,000 to $130,000, depending on type and quantity of equipment as well as freight and storage costs The types of costs are uniform among franchisees, but may vary depending on factors like the size and layout of the Franchised Business and whether new or used fixtures and equipment are utilized For instance in certain areas of the country to the extent available and subject to our approval, we may allow you to purchase pre-owned equipment that meets our specifications and standards, and thus, reduce the cost of these items Also, as stated in note 5 landlord improvement incentives are sometimes available for fixtures and equipment Likewise, for sites recovered from closed restaurants, leftover fixtures and equipment held by the landlord that meets our specifications and standards can be utilized This may include kitchen equipment, seating bathroom fixtures air conditioning and other items Payment is due upon receipt of invoice and is nonrefundable You will pay to JOLT a one time setup fee of $199 excluding the fee for hardware (Ipad(s), mounting bracket etc) and an ongoing monthly fee of $50 per month

4 These amounts are our best estimate of finish-out costs only Labor and material costs may vary significantly in accordance with local variations in wage rates, labor efficiency, union restrictions and availability, and price of materials Finish-out costs are based on leasing unfinished space that consists of walls, plumbing, concrete slab, lighting, HVAC, and electricity We are unable to calculate the exact real estate investment required of each franchisee for a Franchised Business due to the many factors which influence the total project costs, such as location, amount of space leased (1,200 to 2,000 sq ft) amount of remodeling needed and so forth In addition, you may be able to negotiate certain incentives from your landlord in the form of tenant improvement dollars and initial free rent, which, if available, will reduce the effective cost of your build-out The lower range of the estimates anticipates that landlord improvement incentives will be available to construct much of the improvements The amount of landlord incentives can vary widely depending on many factors including, without limitation financial capacity of the landlord, competitive retail leasing locations market conditions for rental rates, occupancy of the site and status of other leases and others The use of landlord improvement money may also result in higher rent or occupancy costs Also, some sites may have shells left vacant from prior tenants so that it costs less to convert the Stores to conform to our specifications This includes the possibility that existing walls, plumbing, concrete slab lighting HVAC and electricity can be utilized The availability of such sites may be limited or absent in your market There is no assurance that you will be able to find sites that have these options available to you The amount does not reflect an investment in real estate, since it is assumed that you will lease your premises The expenditures described above assume that your Franchised Business does not include a drive-thru option for customers If your Franchised Business includes a drive-thru, the additional expense (including the cost of leasehold improvements, store fixtures and equipment, and other costs) would be approximately $30,000 to $40,000

5 You are responsible for all transportation, meal and other expenses associated with the initial training program for you and/or your managers, designees and employees The cost will depend on the distance you must travel and the type of accommodations you choose

6 See Item 8 for a description of the current insurance requirements for a Tropical Smoothie Cafe® Store

7 This may include building inspection fees, occupational license fees, food service licenses and the like, and will vary from one jurisdiction to the other

8 You must conduct a "Grand Opening" marketing program in accordance with our Manuals, utilizing the tools timing, technologies, services and products we authorize and direct You and we will develop the budget and plan following the Grand Opening process described in the Manuals You must spend at least $7 500 (not counting cost of food and smoothies), on a grand opening marketing program for the Franchised Business during the Grand Opening time period beginning approximately 60 days before opening the Franchised Business through 30-60 days afterwards You will pay to us the Grand Opening Contribution and we will administer payments to service providers and other vendors out of such funds If, for any reason, we are unable to collect the Grand Opening Contribution from you when you sign your franchise agreement, then you must pay to the service providers and vendors as and when we direct in accordance with the Grand Opening Marketing Plan and Budget

9 This estimates your start-up expenses The estimate is intended to cover items such as possible initial operating losses additional insurance, rent and security deposits, miscellaneous additional pre-opening costs, payroll, utilities additional legal and accounting fees and payments to any governmental agency that are necessary to open the Franchised Business In addition you should be prepared to have cash available to pay your personal living expenses during the first 3 to 6 months of operation This is only an estimate however, and the necessary amount of working capital will vary considerably with each franchisee We cannot guarantee that this amount is sufficient You may require additional working capital over and above this estimated amount if your sales are low or if your fixed costs are high

10 Your initial investment will vary depending upon the method and amount of financing that you use The initial franchise fee, equipment, and other items are shown in full, although they may be financed or leased through third parties and except where the low ranges are based in part on either landlord incentives, conversions of prior tenant's locations, and used fixtures and equipment We have relied on historical experience provided by our franchisees and data from our predecessor, TSFDC, to compile these estimates The total actual cost to construct and operate each Tropical Smoothie Cafe® Store has varied from the estimates shown above and no particular outlet has experienced the high or low estimate for every category The amounts shown are estimates only and may vary for many reasons, including, without limitation, your management skill and experience, your business acumen, local economic conditions, and sales reached during the initial operating period **Estimated initial investment costs may be substantially higher in certain states and locations, including New York, California, Nevada and Hawaii** You should review these figures carefully with a business advisor before making any decision to purchase the Franchised Business

Our affiliate, BIP Franchise Finance, provides financing of the initial investment to franchise owners that meet its qualifications See Item 10 for a description of the amount it will finance, the required down payment, the annual interest rate rate factors, estimated loan repayments, and additional information about the financing terms

The amounts described above are not refundable unless otherwise stated

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to maintain the reputation, goodwill high standards, quality and uniformity of the System, the Franchise Agreement restricts the sources of products and services you utilize in establishing and operating your Franchised Business We have the right to require some items to be purchased only from us or our affiliates Some items can only be purchased from suppliers we have designated or approved, and others only in accordance with our standards and specifications The source for virtually all of your

purchases is restricted in some way The following table summarizes the approximate percentages of your purchase of goods and services through sourcing restrictions based on the nature of the restriction

Required Purchases From Us or Our Affiliates	Required Purchases from Approved Suppliers	Required Purchases In Accordance with Out Specifications and Standards
Establishment - 0%	Establishment - 15%	Establishment 25%
Operation - 0%	Operation - 90%	Operation - 5%

Purchases from Us

You may be required to purchase certain products, equipment or services directly from us or our affiliates Currently, we do not require you to purchase any items from us or our affiliates During 2015 we did not derive any revenue from direct sales of equipment, products or services to franchisees

There are no required suppliers in which any of our officers own an interest Although our affiliate BIP Franchise Finance is partially indirectly owned by 2 of our directors and officers you are not required to use the financing programs it offers

Purchases from Approved Suppliers

To maintain the superior quality of the goods and services sold by Tropical Smoothie Cafe® businesses and the reputation of the Tropical Smoothie Cafe® franchise network, you must purchase or lease fixtures equipment and supplies, furnishings products and services, and related items from suppliers that we designate or approve Examples of designated or approved suppliers are Oracle/Micros (data polling services, point-of-sale/register systems) Sysco (food and beverage products and supplies), Hockenbergs Foodservice Equipment & Supply (equipment, furnishings, and smallwares), Ulterior Motives Inc (marketing, promotional materials, graphics and artwork), Mobo Systems Inc (d/b/a OLO) (digital ordering, payment and loyalty systems) (See Exhibit E), Howard Company (drive-thru equipment), Logo Pros (uniforms), Hermitage Lighting (light fixtures), SCVGNR, Inc (d/b/a LevelUp) (Mobile marketing services (see Exhibit O), JOLT (learning/operations platform) and Restaurant Technology Group (low voltage installer)

We may change approved suppliers periodically upon written notice to you We will identify all designated and approved suppliers in our Manuals or other written or electronic communications We do not make any express or implied warranties for any products or goods that we recommend for your use

Purchases According to Standards and Specifications

In order to maintain the uniformly high standards and reputation of the System, you are required to purchase or lease certain items in accordance with the specifications and guidelines issued by us This requirement applies to design and build-out standards, computerized point-of-sale and cash register system, signage, menu boards uniforms, beverage and food products, branded paper goods and supplies to be used in developing and operating the Franchised Business (some of which must be purchased from approved suppliers) Specifications may include minimum standards for quality quantity, delivery, performance, design, appearance durability, style, warranties, price range and other related restrictions We consider these specifications to be of critical importance to the success of the System (All of these specifications and guidelines are more fully described in our Manuals)

Site Selection – The location for your Franchised Business must satisfy our site selection criteria, which we may modify Before you acquire the premises for the Franchised Business, you must submit to us all information that we request We will have 30 days after we receive the information from you to determine whether the proposed site meets our site selection criteria We will not unreasonably withhold our approval but no site will be deemed to conform to our criteria unless we have expressly indicated that in writing We have the right to ensure that the proposed lease or sublease for the premises satisfied the leasing standards we prescribe before you sign it We require you and your landlord to sign our standard Addendum to Lease Agreement/Conditional Assignment of Lease

Construction and Opening – You are responsible for developing the Franchised Business in compliance with our standards and specifications We will furnish you with mandatory and suggested specifications and layouts for a Tropical Smoothie Cafe® Store including requirements for dimensions, design, color scheme, image, interior layout decor fixtures equipment, signs and furnishings Our specifications and layouts are not intended to contain address or comply with the requirements of any federal state or local law, code or regulation including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities You are obligated, at your expense to have a licensed architect prepare all required construction plans and specifications to suit the shape and dimensions of the accepted site and to ensure that the plans and specifications comply with applicable ordinances building codes, permit requirements lease requirements and restrictions, and the mandatory specifications and layout provided by us You must obtain our prior written approval of your licensed architect You must also retain a licensed general contractor to oversee the construction of the Franchised Business You must obtain our prior written approval of your licensed general contractor Design quality is important to us, and we have the right to review and accept all plans and specifications and to confirm that construction is completed in conformance with our architectural and design standards and specifications for a Tropical Smoothie Cafe® Store Our review is not designed to assess potential for success or compliance with federal, state or local laws or regulations and is limited to assessing compliance with our standards and specifications for a Tropical Smoothie Cafe® Store If we so request, you must provide a schedule setting forth in detail the anticipated dates on which you will (i) deliver the final construction plans for the Franchised Business, (ii) receive all necessary building permits, and (iii) complete construction (we may inspect construction of the Franchised Business at all reasonable times) You must complete construction and begin operations of the Franchised Business within 12 months of the date that you sign the Franchise Agreement You may not open the Franchised Business to the public until you have received our approval

Computer Hardware and Software – You are required to purchase the point-of-sale system and computer hardware and software described in Item 11 of this disclosure document

Advertising and Promotional Materials – All of your advertising and promotions must conform to our standards and requirements We must approve all advertising and promotional materials before you use them You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least 15 days before their intended use, if such materials have not been prepared by us or previously approved by us during the 12-month period preceding the date of proposed use We will make reasonable efforts to approve or disapprove them within 10 days after we receive them You must not use the advertising or marketing materials until we have approved them, and must promptly discontinue using any advertising or promotional materials if we notify you to do so

Insurance – Before beginning any operations under the Franchise Agreement, you must obtain and maintain in full force and effect at all times during the term of the Franchise Agreement, at your own

expense, insurance coverage that we require periodically We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business, and standards for underwriters of policies providing required insurance coverage, including (a) our protection and rights under these policies as an additional insured (b) required or permissible insurance contract provisions (c) assignment of policy rights to us, (d) periodic verification of insurance coverage that must be furnished to us (e) our right to obtain insurance coverage at your expense if you fail to obtain required coverage and (f) similar matters relating to insured and uninsured claims

All policies must be written by an insurance company rated 'A" or better by A M Best Company, and that is otherwise satisfactory to us You are currently required to purchase and maintain throughout the term of the Franchise Agreement

1 Comprehensive general liability insurance including contractual liability broad form property damage personal injury, advertising injury, product liability, employee liability, employee benefits liability, completed operations and independent contractors coverage and fire damage coverage in the amount of $1,000 000 per occurrence with $2,000 000 aggregate coverage (or such higher amount as required by the lease for the premises)

2 An "umbrella" policy providing excess coverage with limits not less than $1,000 000,

3 Automobile liability coverage including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1 000,000 combined single limit and additional liability coverage as needed for delivery services,

4 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by applicable law

5 ' All risks coverage for the full replacement of the Franchised Business premises and all personal property and equipment on Site or used in the Franchised Business,

6 Business interruption and extra expense insurance for a minimum of 12 months to cover loss of profits and continuing expenses, including payment of royalty fees

7 Employment practices liability insurance, and

8 PCI Compliant Insurance

The cost of these coverages will vary depending on the insurance carrier's charges, terms of payments, and your history All insurance policies, except for workers' compensation and employers's liability insurance policies must name us our affiliates, and your Area Developer (if any) as an additional insured party In addition, you and your insurance company must waive all rights of subrogation against our affiliates and us under your general liability, automobile liability and liability umbrella policies At least 15 days prior to the opening of the Franchised Business and at least 30 days in advance of each policy renewal date, you must submit to us certificates evidencing the existence and continuation of proper coverage Such certificates of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days prior written notice to us In addition, if requested by us, you will deliver to us a copy of any insurance policy or policies that we require We do not derive revenue as a result of your purchase of insurance

In connection with any construction, leasehold improvements renovation refurbishment or remodeling of the premises of the Franchised Business your licensed general contractor must maintain comprehensive general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder s risk product liability and independent contractors coverage) in at least the amount of $1,000,000 with us named as an additional insured, as well as worker's compensation and employer's liability insurance as required by state law

Supplier Approval Procedure

If you propose to purchase or lease any services or products not previously approved by us in writing (for services and products that require supplier approval), you must first notify us We may require (among other things) submission of sufficient information specifications and/or samples for us to determine whether the product or service complies with our standards and specifications or whether the supplier meets our approved supplier criteria We generally apply the following criteria (among others) in considering whether the supplier will be designated as an approved supplier

1 Ability to produce the products, services, supplies, or equipment and meet our standards and specifications for quality and uniformity,

2 Production and delivery capabilities and ability to meet supply commitments,

3 Integrity of ownership (to assure that its association with us would not be inconsistent with our image or damage our goodwill), and

4 Financial stability

You are responsible for all reasonable expenses incurred by us in connection with evaluating the product, service or supplier Although we are not required to approve or disapprove supplier requests within any particular time period, we generally respond within 30 days after we receive your written request Suppliers must maintain our standards in accordance with written specifications and any modifications Failure to correct a deviation from the System's specifications will result in the termination of status as an approved supplier

Purchasing Arrangements

We may (but are under no responsibility to) negotiate with suppliers and manufacturers to receive discounts or rebates on certain items you must purchase For the fiscal year ended December 27, 2015, we received rebates of $2,099 946 in connection with purchases by franchisees of certain items from approved or designated suppliers these items included potato chips, chicken, frozen fruit, tortillas, yogurt and Sysco purchases This amounted to approximately 8 1% of our total revenues of $25,883,108 We used some of these rebates for the benefit of our franchisees (although we are under no obligation to do so), including (but not limited to) annual convention costs, road shows, marketing promotional materials, and a portion of administrative salaries for those individuals responsible for distribution and production that benefit the entire System Our rebate programs may vary depending on the supplier and the nature of the product or service

PRODUCT	BASIS FOR REBATE
Chips	$0 25 to $2 56 per case

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PRODUCT	BASIS FOR REBATE
Fruit	$0 05 to $0 10 per pound
Tortillas	$2 00 to $2 50 per case
Chicken	$0 15 per pound
Yogurt	$5 00 per case
Sysco	0 25% of Total System Purchases
Chocolate and caramel sauce	$1 00 per case
Logo Cups	$4 00 per case for 24 oz cups
Food	$0 01 to $2 59 per package
Beverages	$0 10 to $0 45 per package
Paper Products	$0 02 to $3 12 per package

Miscellaneous

There currently are no purchasing or distribution cooperatives We currently negotiate purchase arrangements with suppliers (including price terms) for most of the products and services you will purchase for use in operating the Franchised Business In doing so, we seek to promote the overall interests of the Tropical Smoothie Cafe® franchise system and company-owned operations We do not provide material benefits to you (for example, renewal or granting additional franchises) for purchasing particular products or services or using a particular supplier

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of your required purchases or leases

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	Sections 5 A , 5 B and 5 C	Items 7, 8 and 11
b Pre-opening purchases/leases	Sections 5 C 5 D , 5 H , 6 A , 6 L , 6 Q and 6 R	Items 5, 7, 8 and 11
c Site development	Sections 5 D and 5 H	Items 5, 7, 8 and 11
d Initial and ongoing training	Sections 5 G , 5 I , 6 E , 6 F	Item 11
e Opening	Sections 5 F and 5 I	Item 11
f Fees	Sections 4, 6 J, 6 K , 6 N , 10 H , 11 D , 13 B , 13 G , 14 E 15 D , 17, and 18 K	Items 5 and 6
g Compliance with standards and policies/operating manuals	Sections 5, 6, 8, and 10	Item 11
h Trademarks & proprietary information	Sections 7 and 9	Items 13 and 14
i Restrictions on Products and Services Offered	Section 6	Items 8 and 16

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OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
j Warranty and customer service requirements	Sections 6 U and 6 V	Item 6
k Territorial development and sales quota	Not applicable	Not applicable
l Ongoing product/service purchases	Section 6	Item 8
m Maintenance appearance and remodeling requirements	Sections 6 A 6 H 6 J , and 13 B	Item 11
n Insurance	Section 12	Items 7 and 8
o Advertising	Section 11	Items 6 8 and 11
p Indemnification	Section 17	Item 6
q Owners participation/management/staffing	Sections 6 A and 6 C	Items 11 and 15
r Records and reports	Section 10	Item 17
s Inspections and audits	Sections 6 N and 10 H	Items 6 and 11
t Transfer	Section 13	Items 6 and 17
u Renewal	Section 2 B	Items 6 and 17
v Post-termination obligations	Sections 15 and 16 B	Item 17
w Non-competition covenants	Section 16	Item 17
x Dispute resolution	Section 18	Item 17
y Owner's Guaranty	Section 5 B, Exhibit I' to this disclosure document	Item 15

ITEM 10 FINANCING

Except as set forth below, neither we nor any of our agents or affiliates offers direct or indirect financing to you, or guarantees any note, lease or obligation Our affiliate BIP Franchise Finance, provides financing to franchise owners that meet its qualifications You are not required to obtain financing from BIP Franchise Finance The following summarizes the financing terms (see Exhibit ' N" for Financing Documents)

SUMMARY OF FINANCING OFFERED

Term/Condition	Description	Agreement and Section
Lender	BIP Franchise Finance	Loan Agreement and Security Agreement
Item Financed	Development of a Tropical Smoothie Cafe, including franchise fees, leasehold improvements, equipment, fixtures and signage inventory and supplies development soft costs (see Note 1)	Loan Agreement, § 1(f)
Source of Financing	Our affiliate – BIP Franchise Finance, LLC	
Down Payment	20%	Loan Agreement, § 1(f)
Amount Financed	Up to 80% of total project cost (see Note 1)	Loan Agreement, § 1(a)

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Term/Condition	Description	Agreement and Section
Term	5 years (60 monthly payments) (see Notes 2 and 6)	Loan Agreement, § 1(a)
Interest Rate	Currently 9 75% per annum (see Note 3)	Loan Agreement, § 1(d)
Monthly Payment	Will depend on principal amount of loan (see Note 4)	Loan Agreement, § 1(c)
Prepayment Penalty	None	Loan Agreement, § 2
Security Required	Lien on all assets of the Franchised Business (see Note 5)	Loan Agreement, § 1(f) Security Agreement § 2(a)
	Personal guaranty by your owners (see Notes 6 and 7)	Loan Agreement § 1(e) Guaranty Agreement
Your Liability Upon Default	Accelerated obligation to pay entire amount of loan	Loan Agreement, § 7
	Interest rate increases 2% (subject to state law)	Loan Agreement, § 1(d)
	Collection costs, including attorneys' fees	Loan Agreement, §§ 7 8 Security Agreement, §§ 10, 13
	Loss of franchise and termination of Franchise Agreement, with all liabilities resulting under the Franchise Agreement	Franchise Agreement, § 14(a)
	BIP Franchise Finance or its designee may take possession of your business assets and take over operation of your Franchised Business (see Note 8)	Loan Agreement, § 7 Security Agreement, § 23(e)
	Each of your owners is equally liable as a guarantor	Guaranty Agreement
Governing Law	Georgia law applies (see Note 9)	Loan Agreement, § 8(g) Security Agreement, § 26 Guaranty Agreement, § 12
Jurisdiction	Fulton County, Georgia (see Note 10)	Loan Agreement, § 8(g) Security Agreement, § 26 Guaranty Agreement, § 13

Notes

1 You will typically receive your loan in three separate disbursements The first disbursement is made on the day you close the loan The final disbursement is made no later than 180 days later

2 Monthly payments of principal plus interest are due and payable beginning on the first day of the second calendar month following the month during which the Store opens for business and continuing on the first day of each month thereafter However, you must also make monthly payments of interest on the first day of each calendar month from the date of the initial disbursement (on the closing date of the loan) until the first payment of principal plus interest is due after you begin operations of the Store (Loan Agreement, § 1(c))

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3 As of the date of this disclosure document, BIP Franchise Finance offers loans at an annual interest rate of 9 75% (computed on the basis of the actual number of days elapsed in a year consisting of 360 days) In its discretion BIP Franchise Finance may offer a higher or lower interest rate, except that the rate of interest will not exceed the maximum rate allowed under applicable state law

4 In addition to your obligation to repay the principal and interest on the loan, you will also pay a loan origination fee equal to 1 5% of the principal amount of the loan The loan origination fee may be paid by you when incurred or you may have it deducted from the loan proceeds disbursed to you on the closing date of your loan You must also pay BIP Franchise Finance all of its transaction related expenses, including legal fees, evaluation costs, and due diligence costs (Loan Agreement § 1(g))

5 At the option of the lender you must also obtain and deliver executed deposit account control agreements from all financial institutions in which you maintain deposit accounts as additional security for the loan (Loan Agreement, § 1(e)) Until the loan has been paid in full you must deliver financial statements to the lender maintain minimum amounts and types of insurance, and comply with certain other covenants, as described in the Loan Agreement (Loan Agreement, § 4)

6 Upon the death or permanent disability of any guarantor the lender may, at its option accelerate the amount due under the loan documents (Loan Agreement, § 4(g))

7 We guaranty your debt to BIP Franchise Finance If you are in an Area Developer territory, the Area Developer will also be required to guaranty your debt to BIP Franchise Finance In that case, our guaranty will be a "last loss" guaranty, which may not be called by the lender until all other remedies have been exhausted

8 Upon an event of default, the lender will consult with us and with your Area Developer, if applicable, to determine what actions are necessary or appropriate to maintain and continue the operation of your Franchised Business We or your Area Developer, if applicable, may take over the operation of the Store during any period that you are in default under the loan documents or your Franchise Agreement (Loan Agreement, § 7 Addendum to Lease Agreement/Conditional Assignment of Lease, § 3) If an event of default has occurred under the loan documents or you are not in material compliance with all Franchise Agreements, then you may not (a) make any cash distributions to your owners or (b) develop any additional Tropical Smoothie Cafe® franchises (Loan Agreement, §§ 5(f)-(g))

9 The loan documents require you (and any guarantor) to waive certain defenses and legal rights You waive demand for payment, presentment, protest and notice of dishonor, notice of protest and notice of default, except as otherwise specified in the Loan Agreement, and all suretyship defenses (Loan Agreement, §8(d)) Each guarantor waives diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of the franchisee, and protest or notice of the obligations and all demands whatsoever Each guarantor also waives the right to participate in any security or collateral given by the franchisee to the lender until the lender has been paid all amounts owed (Guaranty Agreement, §§ 3-4) If the lender exercises any rights to the collateral, you waive all damages occasioned by the lender or its designee taking possession of the collateral, all rights of redemption, appraisement valuation, stay, extension or moratorium to prevent or delay the lender's enforcement of the Security Agreement or the sale of the collateral and all other requirements as to the time place and terms of such sale (Security Agreement, § 16)

10 You waive right to a trial by jury, to the extent such rights can be waived under applicable state law (Loan Agreement § 8(f) Security Agreement, § 29)

BIP Franchise Finance currently intends to sell, assign or discount the financing to an affiliate If it does so, you will lose all of your defenses against BIP Franchise Finance as a result of the sale or assignment However BIP Franchise Finance will not assign the financing before the final disbursement has been made to you under the loan BIP Franchise Finance will continue to serve as the agent for the loan

We do not receive any payments from BIP Franchise Finance or any other person, for any placement of financing

We participate in the IFA s VetFran program which provides financial incentives to qualified veterans to help them acquire franchised businesses

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

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

Pre-Opening Obligations Before you open your Franchised Business

1 If the location for your Franchised Business has not been approved at the time you sign the Franchise Agreement, we will designate a geographic area ("**Designated Area**") within which the Franchised Business is to be located The Designated Area for your Franchised Business will be inserted into the Franchise Agreement before you sign the Franchise Agreement The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection (Section 5 A of the Franchise Agreement)

2 We will provide to you our criteria for Tropical Smoothie Cafe® locations We will review and advise you regarding potential locations that you submit to us (Section 3 A 1 of the Franchise Agreement) Generally, we do not own the premises and do not lease it to you

3 We will accept or reject your site for the Franchised Business in the Designated Area (Section 5 A of the Franchise Agreement) We will use reasonable efforts to accept or reject a site that you propose within 30 days after we receive from you a complete site report and any other materials that we may require for assessing potential If you have not heard from us within such 30 day period, the proposed site is deemed rejected The factors that will affect our acceptance include demographic characteristics of the proposed site, traffic patterns, parking the predominant character of the neighborhood competition from other businesses providing similar services within the area, the proximity to other businesses (including other Tropical Smoothie Cafe® Stores), the nature of other businesses in proximity to the proposed site and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of the premises, appearance and other physical characteristics of the premises, financing, building permits zoning. local ordinances, and anticipated timetable for the installation of equipment, furniture and signs You must acquire your site (by purchase, lease, or

sublease) within 6 months of the date of your Franchise Agreement You must open your Franchised Business within one year of the date of your Franchise Agreement If you fail to do so, we may terminate the Franchise Agreement (Sections 5 A and 5 C of the Franchise Agreement)

If you commit to develop more than one Tropical Smoothie Cafe® Store under a Multi-Unit Development Addendum in the form attached as Exhibit B-1 to this disclosure document the site acquisition, opening deadlines and cumulative number in operation are as follows

Number of Cafes	Site Acquisition Deadline	Opening Deadline	Cumulative Open and Operating
1 & 2	6 months from Effective Date	1st anniversary of the Effective Date	2
3 & 4	18 months from Effective Date	2nd anniversary of the Effective Date	4
5 & 6	30 months from Effective Date	3rd anniversary of the Effective Date	6
7 & 8	42 months from Effective Date	4th anniversary of the Effective Date	8
9 & 10	54 months from Effective Date	5th anniversary of the Effective Date	10

4 We will review and accept or reject the lease for your site (Section 5 B of the Franchise Agreement)

You must obtain our acceptance of the lease or sublease (or any modification or amendment) for the location before you sign it, or any renewal of it A condition to our acceptance of the lease (or sublease) is the execution by you, the landlord and us of the Addendum to Lease Agreement/Conditional Assignment of Lease (a copy of which is attached as Exhibit "F' to this disclosure document)

5 We will provide to you our mandatory and suggested specifications and layouts for a Tropical Smoothie Cafe® including requirements for dimensions, design, color scheme, image interior layout, decor, furnishings equipment, signs, fixtures, opening inventory, and supplies (Section 3 A 2 of the Franchise Agreement)

You are solely responsible for developing and constructing the Site for your Franchised Business for all expenses associated with it, for conforming the premises to local ordinances and building codes and obtaining any required permits and for compliance with the requirements of any applicable federal, state or local laws You must use a licensed architect approved by us to prepare the plans and specifications for your Franchised Business You must use a licensed general contractor approved by us to oversee construction of the Franchised Business

6 We will provide, or grant access to, our lists of approved suppliers (Section 3 A 3 of the Franchise Agreement)

7 Upon your request, we will review and advise you regarding your pre-opening business plan (Section 3 A 4 of the Franchise Agreement)

8 If the Franchise Agreement relates to your first Tropical Smoothie Cafe® franchise we will provide our initial training program, which is described below (Section 3 A 5 of the Franchise Agreement)

9 We will have a representative support your business opening with at least 5 days on-site opening assistance (but if you already have 2 or more Tropical Smoothie Cafes® in operation, we are not obligated to provide onsite opening assistance) (Section 3 A 6 of the Franchise Agreement)

10 We will loan you (or provide you electronic access to) a copy of our operating manuals (the "**Manuals**"), which will include specifications for equipment, supplies inventory, management, and operation The Manuals are confidential and remain our property (Section 3 A 7 of the Franchise Agreement) The Manuals may be provided in several volumes or parts We may provide you with any portion or all of the Manuals, as well as other instructional materials, through electronic media, including the Internet A copy of the Table of Contents of our Manuals is attached as Exhibit 'G' to this disclosure document

Continuing Obligations During the operation of the Franchised Business

1 We will provide such general advisory assistance and field support deemed by us to be appropriate in the ongoing operation, advertising and promotion of the Franchised Business (Section 3 B 1 of the Franchise Agreement)

2 We may provide you with specific individual or group advice, consultation and assistance rendered by personal visit or telephone through newsletters bulletins, or other communication (delivered in hard copy or digitally), such advice, consultation and assistance will be available from time to time, as we deem appropriate (Section 3 B 1 of the Franchise Agreement)

3 We will provide recommended prices for certain products offered by franchisees of the System and may specify required prices for certain products at certain times (Section 3 B 2 of the Franchise Agreement)

4 We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control We may make any such procedures required (and not merely recommended) as part of the System (Section 3 B 4 of the Franchise Agreement)

5 We will provide updates, revisions and amendments to our Manuals as we deem appropriate (Section 3 B 4 of the Franchise Agreement)

6 On a periodic basis, we (or our third party designee) will conduct (as we deem advisable) quality control reviews of the Franchised Business (Section 3 B 5 of the Franchise Agreement)

7 We will manage the NMF Account and oversee advertising, promotion and marketing programs (Section 3 B 6 of the Franchise Agreement)

8 We will maintain the website for Tropical Smoothie Cafe®, which will include your location and telephone number (Section 3 B 7 of the Franchise Agreement)

9 We will provide, or grant access to our lists of approved suppliers, as changed from time to time (Section 3 B 8 of the Franchise Agreement)

We may delegate certain of our duties and responsibilities to an Area Developer (see Item 2 and Exhibit "C" of this disclosure document for Area Developers in your State) Although we may voluntarily provide additional services no additional duties may be implied because we provide those additional services (if any) We have no implied duties or other duties not expressly stated in the Franchise Agreement

Advertising and Promotion

Approval of Advertising All promotional and marketing materials that you propose to use must conform to our standards and requirements as specified in our Manuals You must provide us with all samples of promotional and marketing materials in whatever form you desire to use for our approval at least 15 days before your proposed use of the materials We will notify you of our approval or disapproval of the materials within 10 days of receiving them If you do not receive our written approval within this time period we will be deemed to have disapproved the materials You cannot use any advertising or promotional plans or materials that we have not approved (Section 11 A of the Franchise Agreement)

Grand Opening Advertising You must conduct a "Grand Opening" marketing program in accordance with our Manuals, utilizing the tools, timing, technologies services and products we authorize and direct You and we will develop the budget and plan following the Grand Opening process described in the Manuals You must spend at least $7 500 (not counting cost of food and smoothies), on a Grand Opening marketing program for the Franchised Business during the Grand Opening time period beginning approximately 60 days before opening the Franchised Business through 30-60 days afterwards The Grand opening program will use the marketing, advertising and public relations programs, media and materials we have developed or approved, and is separate from your other marketing and advertising requirements To the extent we do not manage the budget and expenditures for the Grand Opening marketing plan, you must submit expenditure reports to us to confirm your compliance with this requirement

You will pay to us the Grand Opening Contribution when you sign your Franchise Agreement If you determine to spend more than the minimum amounts, as demonstrated in the Grand Opening Budget and Plan that you develop with us then you will pay the additional amounts to the appropriate vendors as and when invoiced We will administer payments to service providers and other vendors out of the funds that you have paid us for the Grand Opening Contribution We will provide you an accounting of the expenditures during the Grand Opening period based on the methods procedures and reports we develop from time-to-time We are only obligated to administer the Grand Opening Marketing Plan and Budget Plan if you have paid to us the Grand Opening Contribution amounts you have agreed upon in the budget and plan

If, for any reason we are unable to collect the Grand Opening Contribution from you on the Effective Date, then you must pay to the service providers and vendors as and when we direct in accordance with the Grand Opening Marketing Plan and Budget Therefore, instead of us paying those suppliers from

the Grand Opening Contribution you will be obligated to pay them directly as and when the amounts are due To facilitate this within 10 days of our development of the Grand Opening Marketing plan and budget, you must deposit in a dedicated bank account the amount of the Grand Opening Contribution and such supplementary amount as required by the Grand Opening Marketing plan and budget you develop You will use the funds to pay the service providers and vendors in connection with the Grand Opening Marketing program We will not be obligated to pay them and it will be your responsibility to do so on a timely basis If you fail to pay them on a timely basis both we and the service providers and vendors may suspend services to you and you will be in material breach of your franchise agreement

Remodeling Advertising If you remodel your Franchised Business as part of a system-wide remodel program, we may require you to spend $3 750 on marketing to promote the Franchised Business in connection with the remodel

National Advertising Program You will be charged a non-refundable national marketing and advertising fee (" **National Marketing Fee** ") in an amount determined by us, not to exceed 3% of Gross Sales The current National Marketing Fee is 2% but will increase to 3% on January 1, 2017 The National Marketing Fee is placed in an account (**NMF Account**") and we use it in part to cover the costs incurred by us and/or our affiliates in designing and creating promotional marketing and advertising resources, including, but not limited to, in-store point of purchase materials flyers, radio and television commercials and other materials that we in our sole discretion, deem appropriate The NMF Account may be used by us to duplicate or distribute these materials, otherwise it is your cost to do so We may also use funds in the NMF Account for media placement However, you are responsible for some of these costs if you elect to use the materials created in your own market and the NMF Account does not do so We may elect in the future to use the NMF Account in connection with advertising with different media outlets, including print, radio, television and/or online on a national and/or regional level We (or our designee) administer and maintain the NMF Account in the following manner

1 We (or our designee) oversee all advertising, promotion and marketing programs, with sole discretion over the creative concepts materials and media used in the programs, and the geographic market and media placement and allocation thereof We do not warrant that any particular franchisee will benefit directly or pro rata from expenditures of the NMF Account The NMF Account may be used to satisfy all costs of maintaining, administering directing, preparing and producing marketing, promotion and advertising resources including, but not limited to, the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising, the cost of marketing and promotion activities, including advertising and marketing agencies, the cost of public relations activities, including advertising and public relations agencies, the cost of developing and maintaining an Internet website, the cost of providing promotional and/or other marketing materials to franchisees, and personnel and other departmental costs for advertising, promotion and marketing that we internally administer or prepare

2 The NMF Account is accounted for separately from our other funds and is not used to defray any of our general operating expenses, except for the reasonable salaries, administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of our marketing programs

3 It is anticipated that NMF Account contributions will be expended for programs during the fiscal year in which the contributions to it are made If excess amounts remain at the

end of the fiscal year all expenditures in the following fiscal year(s) will be made first out of the excess amounts including any interest or other earnings on the NMF Account and next out of current contributions We may, in our sole discretion spend in any fiscal year an amount greater or less than NMF Account contributions in that year, and we may lend money to cover any deficits

4 Each company-owned Tropical Smoothie Cafe® Store will contribute to the NMF Account at the same rate as franchised locations

5 An accounting of the NMF Account will be prepared annually and will be made available to you upon request We retain the right to have the collections and expenditures of the NMF Account audited at the expense of the NMF Account, by an independent certified public accountant we select

We assume no fiduciary duty in administering the NMF Account We are under no obligation to ensure that expenditures of the NMF Account are or will be proportionate or equivalent to contributions of National Marketing Fees by Tropical Smoothie Cafe® Stores operating in any geographic area or that any Tropical Smoothie Cafe® Store will benefit directly or in proportion to the amount of National Marketing Fees it has paid (Section 11 C of the Franchise Agreement)

The National Marketing Fees are deposited in our operating account, but are accounted for separately in our financial statements During its fiscal year ended December 27 2015, we used all of the National Marketing Fees as follows

Item	% Spent
Production	39 0%
Media Placement	38 8%
Administrative Expenses	16 8%
Other	5 4%
Total	**100 00%**

We do not currently have a franchisee advertising council

We may require you to honor rebates, give-aways, discounts, incentives and promotions that we issue from time to time You must honor rebates give-aways, discounts, incentives and promotions that are issued by other franchisees

Local Advertising Cooperative You will be required to participate in a local advertising cooperative with other franchisees in your area and to pay 2% of Gross Sales each week into a fund to be used by the cooperative in accordance with mandatory administrative oversight by us in our sole discretion If there are no other franchisees in your designated market area, then you will be the sole member of the advertising cooperative until additional franchises are established in your designated market area We have contracted with an outside independent accounting firm to administer the funds in accordance with the direction of the cooperative members Cooperatives will usually be based on practical geographic divisions like cities counties and states, and we reserve the right to designate the geographic area for establishing each cooperative Each cooperative will allow franchisee members to coordinate advertising and marketing efforts and programs and to maximize the efficient use of local advertising media No money may be spent, nor will any promotional or advertising plans or materials be used by a cooperative or its members without our prior written approval (Section 11 D of the Franchise Agreement)

We reserve the right to require cooperative members to adhere to governing documents that we develop You may also be required to submit monthly financial statements for the cooperative We will have the power to require a cooperative to be changed, dissolved or merged Activities of the cooperative will generally be determined by its members except that we reserve the right to exercise sole decision-making power over the cooperative funds if we determine in our sole discretion that the cooperative is not functioning properly either due to a lack of participation or an impasse among the members Company-owned locations may participate in the cooperatives and, if they do so, they will be subject to the same fees and voting powers as franchisee members (Section 11 D of the Franchise Agreement)

Internet Advertising In addition to our general rights over all advertising promotion and marketing, we have the exclusive right to conduct and manage all marketing on the Internet or other electronic medium including all websites and "social media" marketing related to the Tropical Smoothie Cafe® brand You may not conduct such marketing, or establish any website or social media presence independently, except as we may specify, and only with our written consent We retain the right to approve any linking to or other use of our website You must comply with any Internet and social media policy that we may prescribe (Section 11 B of the Franchise Agreement)

Training Program

TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Franchise Basics – Two Weeks in Café			
Week One 5 Days			
Complete Orientation, Safety & Security, Cleaning & Sanitation and Unparalleled Hospitality materials, observation & clean up	–	8	Existing Tropical Smoothie Café® restaurant as selected by your Area Developer ("AD") or Regional Director ("RD")
Complete & Food Safety and Product Preparation materials, prep products as needed & clean up	–	8	Existing Tropical Smoothie Cafe® restaurant as selected by your AD or RD
Complete One Perfect Smoothie and Cafe Menu materials, prep products work the smoothie & food line	–	8	Existing Tropical Smoothie Café® restaurant as selected by your AD or RD
Complete Catering materials, prep products, work the smoothie & food line and assemble catering order	–	8	Existing Tropical Smoothie Cafe® restaurant as selected by your AD or RD
Complete Register Operations materials, ring orders on the register	–	8	Existing Tropical Smoothie Café® restaurant as selected by your AD or RD
Week Two 5 Days			
Scheduling and Stat Book	–	8	Existing Tropical Smoothie Cafe® restaurant as selected by your AD or RD
Food Vendors Inventory and Food Ordering	–	8	Existing Tropical Smoothie Café® restaurant as selected by your AD or RD

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Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Prep POS System & Order Taking BOH Cash Management	–	8	Existing Tropical Smoothie Cafe® restaurant as selected by your AD or RD
AM Prep, POS System & Order Taking BOH Cash Management	–	8	Existing Tropical Smoothie Café® restaurant as selected by your AD or RD
Complete Break Even Analysis comparing actual to targeted numbers Discuss principal of contribution margin ratio BOH Cash Management	–	8	Existing Tropical Smoothie Cafe® restaurant as selected by your AD or RD
Franchise Leadership – Approximately 60 Days Before Opening **One Week of Classroom Training**			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome	1	–	Support Center/Atlanta, GA
It Starts With a Name/Hospitality	1	–	Supper Center/Atlanta GA
Brand Communication	1	–	Support Center/Atlanta GA
MyMicros Introduction	1	–	Support Center/Atlanta, GA
Hiring Your Team	3	–	Support Center/Atlanta GA
Training Your Team	2	–	Support Center/Atlanta, GA
Leading Through CHOICE	2	–	Support Center/Atlanta, GA
Handbook Workshop	3	–	Support Center/Atlanta GA
Profitability My Inventory	2	–	Support Center/Atlanta, GA
Profitability Labor Management	2	–	Support Center/Atlanta, GA
Marketing	3	–	Support Center/Atlanta, GA
Operational Excellence Tropical Report	1	–	Support Center/Atlanta GA
Distribution & Our Partners	1	–	Support Center/Atlanta, GA
Sysco	2	–	Support Center/Atlanta, GA
Thoughts from the CEO	1	–	Support Center/Atlanta, GA
Final Exam & Review	2	–	Support Center/Atlanta, GA
NEW STORE OPENING			
When the Store is ready to open, your Regional Director or Area Developer will assist with opening the Store	–	50	Your Franchised Business
TOTALS	**28**	**130**	

The time periods allocated to the subjects listed above are approximations and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained The instructional materials used in the initial training program will consist primarily of our Manuals, marketing and promotional materials, videos and other handouts Our training is conducted by the following employees Their experience relating to the subjects taught and our operations are as follows

Mary Anne Weigle has been our Sr Manager of Communications since September 2013 Prior to that she was HoneyBaked Ham Company s Strategic Technology Manager See Item 2 for additional information regarding her experience

Dawn Suhail-Lewis has been our Human Resource Consultant since August 2012 and prior to that was Director of Human Resources with HoneyBaked Ham Company Dawn is the founder and President of New Dawn Consulting, an Atlanta, Georgia-based consulting company providing consulting services in the areas of human resources leadership development and training She has 16 years of experience in this field

Joe Sowerby has been our Operations Support Manager since January 2015 and prior to that was Manager of Brand Training for Moe s Southwest Grill from May 2007 to September 2013

The initial training is mandatory for you (or if you are entity, one owner designated as your **Operating Principal**") and your approved manager, and must be successfully completed within 15 days before opening the Franchised Business Initial training consists of Franchise Basics (approximately 2 weeks), followed by Franchise Leadership (approximately 1 week) and then New Store Opening (approximately 1 week) In-store training is conducted by our Area Developer (if any) who is responsible for the area where your Franchised Business is located or by an existing franchisee, at an existing Store There is no fee for initial training for you (or your Operating Principal) and your approved manager Additional persons may attend initial training with our consent In all cases, you are responsible for the travel and living expenses of any persons who attend initial or other training

We will (in our sole discretion) make available other ongoing continuing education and training programs, meetings or seminars (on an optional or mandatory basis), that we deem advisable We may also host one or more conventions per calendar year, as well as conference telephone calls, which may include education and training You and your designated managers must attend and successfully complete all ongoing continuing education and training programs and must attend all meetings, seminars, conventions and conference telephone calls, as we may require We may charge a reasonable fee for instruction and training materials, you are responsible for all other expenses, including travel, lodging and meals, incurred by you and your managers (Sections 6 F and 6 G of the Franchise Agreement)

Computer and Point-of-Sale Systems

You must, at your sole cost, purchase, use maintain and update the point-of-sale system ('**POS System**") and other computer systems that we specify for use in the operation of the Franchised Business, and must follow all policies and procedures that we specify in the Manuals or otherwise in writing (Section 6 O of the Franchise Agreement)

You must maintain the POS System and other computer systems in good working order at all times, and upgrade or update the computer hardware and software during the term of the Franchise Agreement, as we may require You must enter into contracts for the maintenance support, upgrades and updates to the POS System and other computer systems with approved suppliers described in the Manuals, and you must purchase any updated software upgrades for the POS System or other computer systems (Section 6 O of the Franchise Agreement)

The POS System and all other computer systems must be capable of connecting with our computer systems To this end you must maintain a high-speed Internet connection (including e-mail capabilities) and participate in our mandated management information system (the " **MIS System** "), which allows us to communicate with you, and poll and review the results of your Franchised Business operations, including (without limitation) sales data, consumer trends, food and labor costs, and other financial and marketing information You must purchase the MIS System from Micros We may distribute this data on a confidential basis to our network of franchisees (Section 6 O of the Franchise Agreement)

We estimate that the cost of the POS System will be approximately $9,000 to $21 000, depending on the size of your Tropical Smoothie Cafe® Store and the number of terminals that you require Micros (our current designated software provider) provides one year of hardware and software technical support with the purchase of the POS System Optional ongoing maintenance and support contracts can be obtained from Micros for an annual cost that ranges from approximately $600 to $3,000, depending on the system configuration In addition, there are (a) currently a $50 to $100 per month charge for My Micros a web service that allows us to poll and review Store level information online, (b) a $44 per month charge and a $35 per month Micros fee for online ordering, (c) a $75 per month fee for mobile loyalty and payment program, and (d) a $50 per month fee for Learning/Operations Platform During the term of the Franchise Agreement, we (or our designee) will provide you with limited programming support, including menu updates and promotions

Except as described above (a) neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs upgrades, or updates to your computer system, and (b) there are no optional or required maintenance/upgrade contracts for the point-of-sale or computer system

You must install any other hardware or software for the operation of the Franchised Business that we may require in the future including any enhancements, additions substitutions modifications and upgrades Specifically, we may require that you install and maintain systems that permit us to access and retrieve electronically any information stored in your computer systems, including information regarding your Franchised Business' Gross Sales, at the times and in the manner we specify There is no contractual limitation on the frequency or cost of these obligations We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Tropical Smoothie Cafe® Stores

Typical Length of Time Before You Open Your Franchised Business

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is 6 to 12 months Factors affecting this range include site acquisition, lease negotiation and construction timetable You are responsible and the Franchised Business must be open for business within 12 months from the date of execution of the Franchise Agreement If you sign a Multi-Unit Development Addendum then the initial 2 Franchised Businesses must open for business within 12 months from the Effective Date of the Franchise Agreement and every subsequent 2 Franchised Businesses must open on the respective anniversary of the Effective Date of the Franchise Agreement For example, the third and fourth Tropical Smoothie Cafes® must be open for business no later than the second anniversary of the Effective Date, the fifth and sixth Tropical Smoothie Cafes® must be open for business no later than the third anniversary of the Effective Date and so on for each 2 additional Tropical Smoothie Cafes® that you commit to develop

ITEM 12 TERRITORY

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

You will operate the Franchised Business at a specific location that we approve You may operate the Franchised Business only at the approved premises and may not relocate without our prior approval

We will grant you a protected area consisting of a geographical area within a one-half mile radius around the site of your TROPICAL SMOOTHIE CAFE® Store (the "**Protected Area**") As long as you are in substantial compliance with the Franchise Agreement, we will not operate or grant to others the right to operate a TROPICAL SMOOTHIE CAFE Store from a location within your Protected Area

The territorial rights granted to you are not dependent on your achievement of a certain sales volume market penetration, or other contingency You may face competition from other franchisees outside your Protected Area and from Tropical Smoothie Cafes® that we operate outside your Protected Area If we or our affiliates have competitive brands, you may face competition from these other brands inside or outside your Protected Area We reserve the right to own and operate, and license others to own and operate, Tropical Smoothie Cafes® at Reserved Facilities within your Protected Area The term "Reserved Facilities refers to enclosed shopping centers universities captive audience facilities (such as parks charging admission, stadiums, and amusement parks) special purpose facilities (such as airports, transportation centers, and hospitals) and limited access facilities (such as military complexes buyer s club businesses, educational facilities, and business/industrial complexes) We have the right to own and operate, or license others to own and operate a business that does not operate under the Tropical Smoothie Cafe brand name inside or outside your Protected Area We have the right to sell and distribute, or license others to sell or distribute, products whether or not bearing the Marks from any location to any business or customer, including through grocery stores, retail stores, the Internet, and other channels of distribution, inside or outside your Protected Area You will not receive payment of any compensation from any of this competition

We may establish policies regarding your off-site marketing and promotion and catering and delivery services, which will be set forth in the Manuals or otherwise in writing Currently, we recommend, but do not require, that you offer catering You cannot offer delivery service without our prior approval Currently, you may solicit customers and advertise your Franchised Business anywhere you choose There are no restrictions on you, any of our other franchisees, any of our affiliates or us to prevent any soliciting or advertising in another person's Protected Area No party is obligated to pay compensation to any other party for soliciting customers from the other party s Protected Area

The location of your Franchised Business may be changed only with our prior written consent and upon the following conditions (a) you are in good standing under your Franchise Agreement and current in your financial obligations to us and our affiliates, (b) you are good standing under the lease for the current location, (c) you provide us with a financial statement covering the previous 12 months, (d) you provide us with a copy of the proposed lease for the new location (e) you comply with required site selection and construction procedures (f) the new location is constructed, furnished and equipped in accordance with our then-current design specifications and standards (g) you give us 90 days' written notice of the proposed relocation and (h) at our option, you enter into our then-current form of franchise agreement, including our then-current royalty rate, except that the term of the new franchise agreement will expire on the date of the prior franchise agreement and no new initial franchise fee will be required The Franchised Business must

be open at the new location within 30 days of the closing of the prior location unless we consent to a 30-day extension

If, through no fault of your own you lose possession of the premises due to an event of force majeure we will allow you to relocate the Franchised Business to another location, which we must approve within 60 days of the event of force majeure You must reopen for business at the new location within 5 months after we approve the location, and we may charge you an agreed minimum royalty fee during the period in which the Franchised Business in not in operation

We reserve the right to establish company-owned or franchisee-operated businesses that sell similar products and/or services under different trade names or trademarks other than the Marks We may also sell products or services under the Marks or any other marks, through any other retail outlets, and we may establish other channels of distribution (including the Internet) providing the same or similar products and services under the same or a different trade name or trademark

Our affiliate, Tin Drum, franchises a full-service restaurant concept specializing in fast-casual, Pan-Asian cuisine (see Item 1) Tin Drum restaurants will not feature smoothies and so are not "competitive restaurants ' Tin Drum restaurants may be located within, and solicit and accept orders from the same market area as Tropical Smoothie Cafe® Stores However we do not believe these restaurants offer goods and services substantially similar to those offered by Tropical Smoothie Cafe® Stores since each restaurant concept has its own unique menu and business format, and because only Tropical Smoothie Cafe® Stores feature smoothies Therefore, we do not expect any conflicts to arise regarding territories or customers

You have no right of first refusal or similar rights to acquire additional franchises or establish additional Tropical Smoothie Cafe® Stores If we grant you an additional franchise, you must enter into a separate Franchise Agreement with us

You may use the Internet to advertise only in compliance with the Franchise Agreement

We do not generally grant options, rights of first refusal or similar rights to acquire additional franchises, as each franchise is awarded on a franchise-by-franchise basis Accordingly, you may only acquire additional franchised Tropical Smoothie Cafe® Stores from us if you meet our qualifications at the time you apply And we may limit the number of Tropical Smoothie Cafe® Stores owned by any franchise owner or its affiliates You may only relocate your Tropical Smoothie Cafe® Stores with our approval, both for the relocation and for the new site We apply the same considerations for evaluating relocation of a Tropical Smoothie Cafe® Stores and the leasing of the additional site as we do for Tropical Smoothie Cafe® Stores and sites generally

ITEM 13 TRADEMARKS

Pursuant to the terms of the Franchise Agreement, we grant you the right and license to operate a Franchised Business pursuant to the System and using the Marks and related names and marks that may be developed in the future and used as part of the System TSI assigned to TSFDC the trade name and trademark/service mark TROPICAL SMOOTHIE® on March 3, 2000, and in turn TSFDC assigned all of its trademarks to us on August 16 2012 The following are our principal marks, which are registered on the Principal Register of the United States Patent and Trademark Office ("**USPTO**")

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
TROPICAL SMOOTHIE CAFE	2 103 370	October 7, 1997 (renewed October 23, 2007)
TROPICAL SMOOTHIE CAFÉ AND DESIGN	2 763 722	September 16, 2003 (renewed February 27, 2013)
TROPICAL SMOOTHIE CAFE	2 892 598	October 12 2004 (renewed October 24 2014)
TROPICAL SMOOTHIE CAFE AND COLOR DESIGN	2 918 995	January 18 2005 (renewed January 30 2015)
TROPICAL SMOOTHIE CAFE AND COLOR DESIGN	4 756 680	June 16, 2015
TROPICAL SMOOTHIE CAFE (Curved stylized)	4 253 918	December 4 2012

All required affidavits have been filed for the registered trademarks We intend to renew the registrations and file all appropriate affidavits for the marks at the times required by law

In addition we have applied to register the following trademarks on the Principal Register of the USPTO

TRADEMARK	APPLICATION NO	APPLICATION DATE
TROPICAL SMOOTHIE CAFE (New Logo Color)	86,582 007	March 31, 2015

We do not have a federal registration for the TROPICAL SMOOTHIE CAFE (New Color Logo) mark Therefore this trademark does not have as many legal benefits and rights as a federally registered trademark If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

You must use all names and marks in full compliance with provisions of the Franchise Agreement and in accordance with the rules we periodically prescribe You may not use any name or mark as a part of any corporate name or with any prefix suffix or other modifying words, terms designs or symbols (other than logos licensed by us to you) In addition, you may not use any name or mark for the sale of any unauthorized product or services or in any other manner not explicitly authorized in writing by us

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceeding or any pending material litigation involving the principal trademarks

There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks, service marks, trade names logotypes or other commercial symbols in any manner material to the Franchised Business

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If there is any infringement of or challenge to, your use of any name, mark or symbol you must immediately notify us, and we will have the sole discretion to take any action as we deem appropriate in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Marks We are not obligated to protect your rights in the Marks, nor are we obligated to indemnify you for losses associated with any infringement of or challenge to our rights in the Marks If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with a change

We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you

You may not contest directly or indirectly, our ownership, title, right or interest in any of our names or marks, trade secrets, methods procedures, and advertising techniques which are part of the System, or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques

We do not actually know of either superior or infringing uses that could materially affect your use of such trademarks, service marks, trade names logotypes or other commercial symbols in this state or any state in which a Franchised Business is to be located

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise We do claim copyright protection and proprietary rights to the confidential information contained in our Manuals The Manuals are described in Item 11 We claim common law copyrights on our operational materials and on other proprietary materials specifically created by us in connection with the System, including the proprietary advertisements, all of our materials presented to your prospective customers, printed materials and forms used in connection with the operation of a Franchised Business The Manuals and other proprietary materials have not been registered with any copyright office, but we reserve the right to register these copyrights in the future

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials Nor are there any agreements currently in effect that significantly limit our right to use or authorize franchisees to use the copyrighted materials Furthermore, there are no infringing uses actually known to us that could materially affect a franchisee's use of the copyrighted materials in any state

We have proprietary rights to the contents of the Manuals and to all other materials and information we create or use in the development and operation of the System These items include, but are not limited to, our training materials, marketing programs, site selection criteria, plans and specifications for Tropical Smoothie Cafes® standards methods, procedures, newsletters, policies, strategies, expansion plans, supplier lists supplier price lists, buying strategies, advertising strategies, and all other materials goods and information we create or use and designate as confidential They also include items one would deem reasonably confidential, even if we do not expressly designate them as confidential We refer to this material as 'Confidential Information ' We claim trade secret protection in the recipes that are a part of the System

You must not, during the term of the Franchise Agreement and after the term ends, communicate divulge, or use for the benefit of any other party any confidential information, knowledge, know-how, or techniques concerning our secret recipes or methods of operation of the Franchised Business that you learned while you were our franchisee You may divulge Confidential Information only to your employees who need the information to operate your Franchised Business All information, knowledge, know-how and techniques that we designate confidential will be deemed confidential, except information that you can demonstrate come to your attention before we disclosed it to you, or which after we disclosed it to you became a part of the public domain through publication or communication by others You must not at any time, without our prior written consent, make available in any way any of these materials or information to any unauthorized person

You must also promptly tell us when you learn about unauthorized use of this proprietary information We are not obligated to take any action but will respond to this information as we deem appropriate We will not indemnify you for losses brought by a third party concerning your use of this information If you develop any new concept process or improvement in the operation or promotion of your Franchised Business, you must promptly notify us and give us all necessary information about the new process or improvement without compensation You agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we deem appropriate

You must conduct your business in accordance with the Manuals We will loan you a copy of the Manuals for the term of the Franchise Agreement You must at all times treat the Manuals, and other manual, videotape, and other materials created for or approved for use in the operation of your Franchised Business, and all information in them, as confidential and must use all reasonable efforts to maintain the information as secret and confidential The Manuals will at all times remain our sole property You must keep your copy of the Manuals current and up-to-date

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

You are not required to participate personally in the direct operation of your business However, we recommend that you participate

If you are an entity, you must designate one of your owners as your "Operating Principal" under your Franchise Agreement Your Operating Principal is the executive primarily responsible for the Franchised Business Your Operating Principal must have and maintain at least 5% ownership of the Franchised Business and have decision-making authority about the Franchised Business We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill its responsibilities under the Franchise Agreement

The Franchised Business must be under the direct, on-site supervision of you (or your Operating Principal) or a manager who has been selected by you and approved by us You (or your Operating Principal) and your approved manager must successfully complete our initial training program

You must obtain covenants against the use and disclosure of any confidential information and covenants not to compete from your owners, managers and any other employees or agents who have received or will have access to our training or Confidential Information All of the required covenants must

be in substantially the form of Nondisclosure and Noncompetition Agreement attached as Exhibit 'H' to this disclosure document

Each owner of the Franchised Business must guaranty your obligations under the Franchise Agreement and be personally bound by each term of the Franchise Agreement Our current form of Owners' Guaranty is attached as Exhibit "I' to this disclosure document

Unless your spouse is an owner of the Franchised Business or an owner of the Business Entity that owns the Franchised Business, he or she will not be required to sign the Franchise Agreement or a personal guaranty

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all menu items, products foods, beverages, goods and services that we require, in compliance with our standards and specifications These are described in our Manuals and other writings, as they may be updated periodically You must use any off-site distribution methods we require, and you are not permitted to use other off-site distribution methods without our prior approval We recommend that you offer catering but we do not require it You may offer delivery service only with our prior approval

Unless you obtain our prior written approval, you are prohibited from (a) offering or selling products or services not authorized by us (b) using the premises of the Franchised Business for any purpose not related to the Franchised Business, and (c) soliciting other franchisees either directly or indirectly for any other business or investment activity You must prepare all menu items using the procedures for preparation contained in our Manuals or other written instructions, and the smoothies, specialty sandwiches, and gourmet wraps must be sold immediately after their preparation We have the right to add or delete items products, merchandise or services and you must do the same on notice from us There are no limits in our right to do so

There are no limitations imposed by us on the persons to whom you may provide products and services

ITEM 17 RENEWAL, TERMINATION, TRANSFER & DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section In Franchise Agreement	Summary
a Length of the franchise term	Section 2 A	15 years
b Renewal or extension of the term	Section 2 B	If you are in good standing and satisfy certain conditions, you may renew for one additional 10 year term
c Requirements for franchisee to renew or extend	Section 2 B	Your renewal right permits you to remain as a franchisee after the initial term of your

Provision	Section In Franchise Agreement	Summary
		Franchise Agreement expires However, to remain a franchisee you must meet all required conditions to renewal, including signing our then-current form of Franchise Agreement, which may be materially different than the form attached to this disclosure document Other conditions are Give us advance written notice if required by us remodel the business to our then-current brand image for new Tropical Smoothie Café® Stores not be in default be in compliance with all system requirements satisfy all monetary obligations to us and suppliers, sign general release There are no renewal fees
d Termination by franchisee	None	Not Applicable
e Termination by franchisor without cause	None	Not Applicable
f Termination by franchisor with cause	Sections 14 A , 14 B , 14 C and 14 D	We can terminate only if you default
g **'Cause'** defined – curable defaults	Sections 14 A and 14 B	You have 10 days to cure the following failure to pay amounts owed to us or our affiliate when due, non-compliance with our product specifications or quality control standards, use of unapproved supplier real estate broker, architect or general contractor failure to offer required menu item or offer unapproved menu item, failure to maintain or observe health and sanitation procedures, non-compliance with standards and specifications in Manuals failure to pay any vendors or suppliers, or your landlord, default by you (or your affiliate or owners) under any agreement with us (or our affiliate), refusal to permit inspection or audit of the Franchise Business, failure to complete training, or failure to provide certificates of insurance You have 30 days to cure any other breach of the Franchise Agreement, except for non-curable defaults
h **"Cause'** defined – non-curable defaults	Section 14 C and 14 D	Non-curable defaults include material misrepresentation or omission, by entering this Franchise Agreement you violated any non-competition agreement by which you are bound, failure to acquire your Site or open the Franchised Business for business by the specified deadlines of the Franchised Business ceases operation for 3

Provision	Section In Franchise Agreement	Summary
		consecutive days without our prior approval, loss of the right to possession of the Site unauthorized relocation of the Franchised Business engaging in any violent or threatening act towards an employee, customer or any other person, any threat, danger or injury to health or safety of any person results from any act or failure to act by you (or any of your owners), or from the construction maintenance or operation of the Franchised Business, conviction by a trial court of, or plead no contest or guilty to a crime or offense that is likely to have an adverse effect on the System or the Marks or a felony, a material violation of the franchise agreement which by its nature cannot be cured, knowingly maintain false books or records, or knowingly submit any false statements or information to us or underreport Gross Sales by more than 5% for any week if you or your Operating Principal loses the right to reside in the United States failure to make payment when due on any loan to (or secured by) the Franchised Business, and do not cure such non-payment within any applicable grace period, if a judgment is issued against you from any court that is not satisfied or properly appealed so that it is stayed from execution within 30 days of issuance repeated violations of the franchise agreement, or misuse or unauthorized use of the Marks or otherwise materially impair the goodwill associated with the Marks or our right's in or to any aspect of the System insolventency any general assignment for the benefit of creditors, bankruptcy, appointment of a receiver of or other custodian of your business or assets, or if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed), or if execution is levied against the Franchised Business, or suit to foreclose any lien or mortgage against the Franchised Business is instituted against you and not dismissed within 30 days or if any substantial real or personal property of the Franchised Business has been sold after levy is placed on it
1 Franchisee s obligations on termination/ non-renewal	Section 15	Obligations include, among others You must cease operating the Franchised

Provision	Section In Franchise Agreement	Summary
		Business and cease using the Marks, completely de-identify the business, pay all amounts due to us or our affiliates and suppliers, return all Manuals and other proprietary materials close vendor accounts, promptly cancel all assumed name or equivalent registrations relating to your use of the Marks, assign telephone numbers, domain names and listings to us or our designee, and comply with confidentiality requirements and post-term restrictive covenants If we terminate the Franchise Agreement for cause prior to expiration, you must pay us liquidated damages to compensate us for your failure to continue operating the business for the remainder of the term
j Assignment of contract by franchisor	Section 13 A	No restriction on our right to assign as long as the transferee or assignee assumes our obligations under the Franchise Agreement
k **Transfer**" by franchisee – defined	Section 13 B 3	Includes transfer of an interest in the assets of the Business Entity that owns the Franchised Business the Franchised Businesses or the Franchise Agreement
l Franchisor approval of transfer by franchisee	Sections 13 B and 13 C	We have the right to approve all transfers (except that you may transfer the Franchised Business to an entity you own and control) we may withhold our consent if we desire
m Conditions for franchisor approval of transfer	Section 13 B	We may impose conditions on our consent, including, that you (a) pay the transfer fee, (b) pay all amounts due us or our affiliates, (c) not otherwise be in default, (d) pay all suppliers and vendors (e) sign all required documents including a then-current form of the franchise agreement and a transfer agreement containing a general release, and (f) ensure the Franchised Business complies with all of our requirements If required by us you you or the transferee must remodel the Franchised Business to our then-current image for new Tropical Smoothie Cafes® The proposed transferee must meet our criteria, assume all of your obligations, and attend training
n Franchisor's right of first refusal to acquire franchisee's business	Section 13 D	We can match any offer for sale of your business or any ownership interest in you
o Franchisor's option to purchase franchisee s business	Section 15 H	We have the right to purchase any or all of the tangible assets of the Franchised Business at your cost or fair market value

Provision	Section In Franchise Agreement	Summary
		whichever is less by written notice to you within 30 days after termination or expiration of the Franchise Agreement
p Death or disability of franchisee	Section 13 E	The interest must be assigned to an approved transferee within nine months The transfer is subject to our approval If the transfer is to a family member of yours then (i) we will approve the transfer so long as the family member meets our standards for new franchisees and completes our training, and (ii) the transfer will not be subject to our right of first refusal
q Non-competition covenants during the term of the franchise	Section 16 A	You and your owners may not (a) divert any business or customer to a competitor, or do or perform any act injurious or prejudicial to the goodwill of the Marks and System, (b) recruit or hire any person employed by us or our franchisees or area developers (c) solicit other franchisees or area developers, nor use available lists of franchisees or area developers for any commercial purpose unrelated to the operation of the Franchised Business, (d) have any involvement or interest in a competitive business or (e) authorize, assist or induce another to develop open or operate a competitive business
r Non-competition covenants after the franchise is terminated or expires	Section 16 B	You and your owners may not, for 2 years after expiration termination, or transfer of the Franchise Agreement (a) divert any business or customer to a competitor, (b) recruit or hire any person employed by us or our franchisees or area developers (c) solicit other franchisees or area developers, nor use available lists of franchisees or area developers, for any commercial purpose, (d) have any involvement or interest in a competitive business located within a 5-mile radius of the premises of the Franchised Business or the location of any Tropical Smoothie Cafe®, or (e) authorize assist or induce another to have any involvement or interest in a competitive business located within a 5-mile radius of the premises of the Franchised Business or the location of any Tropical Smoothie Café®
s Modification of the Agreement	Sections 3 A 7 and 21 L	You must comply with the Manuals as amended Franchise Agreement may not be modified unless mutually agreed to in writing

Provision	Section In Franchise Agreement	Summary
t Integration/merger clause	Section 21 L	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) No other representations or promises will be enforceable Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this disclosure document
u Dispute resolution by arbitration or mediation	Sections 18 A and 18 B	Except for certain claims, all disputes must be mediated at our headquarters Before you take any legal or other action against us whether for damages injunctive, equitable or other relief (including rescission), upon any alleged act or omission of ours, you must first give us 90 days prior written notice and an opportunity to cure such alleged act or omission or otherwise resolve such matter
v Choice of forum	Section 18 D	Litigation in the state and federal courts with jurisdiction over the City of Atlanta, Georgia (subject to applicable state law)
w Choice of law	Section 18 C	Georgia law applies (subject to applicable state law)

Please refer to the disclosure addenda and contractual amendments appended to this disclosure document for additional terms that may be required under applicable state law These additional disclosures, if any, appear in an addendum or rider in Exhibit ' J Please note, though, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum that describes the provisions of those state laws

ITEM 18 PUBLIC FIGURES

We currently do not use any public figures to promote our franchise

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and 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

FINANCIAL PERFORMANCE REPRESENTATIONS
INDIVIDUAL UNIT TROPICAL SMOOTHIE CAFE FRANCHISES

The following tables provide historical sales information for Tropical Smoothie Cafe® franchised stores ("**Stores**") that were open at least one full year as of (a) the calendar year 2015 for 359 Stores, (b) the calendar year 2014 for 316 Stores, and (c) the calendar year 2013 for 309 Stores. The tables do not include any financial performance information for any other types of franchises, such as non-traditional locations (i.e. college campus or other captive locations) or seasonal locations and do not include any franchises of any type that had not been open for at least one year on December 27, 2015, December 28, 2014 and December 29, 2013, respectively. The information presented is not a forecast of future potential performance. The gross revenue figures are based on the same computation for computing royalties as required under the Franchise Agreement.

The tables provide the average and median gross revenues for the following categories of Stores in 2015, 2014 and 2013 on a category and cumulative basis: (a) our top 10% revenue producing Stores (meaning the average gross revenue for the number of Stores that were in the top 10% of gross revenues for that year), (b) our top 25% revenue producing Stores (which includes the Stores that are in the top 10%), (c) our top 50% revenue producing Stores (which includes the Stores that are in the top 10% and the top 25%), and (d) our top 75% revenue producing Stores. We present the average gross sales for the year in that category as well as the number and percentage achieving or surpassing the average gross sales in that category alone and cumulative for all Stores. For example, 24 of the 71 Stores in the top 25% for 2013 (or 34%) and 134 of the 283 total Stores for 2013 (or 47%) achieved or surpassed that average.

Average Gross Revenues in 2015

	Top 10%	Top 25%	Top 50%	Top 75%	Total
No. of Stores	36	90	180	269	359
Avg. Gross Revenues	$1,062,898	$928,429	$806,920	$721,310	$634,007
Median Gross Revenues	$1,033,247	$890,322	$762,264	$688,765	$613,657
No. that Attained or Surpassed Stated Result in Category (Cumulative)	14	37	77	106	168
Percent that Attained or Surpassed Stated Result in Category (Cumulative)	39%	41%	43%	39%	47%

As of December 27, 2015, there were 465 franchised Stores and 1 company-owned Store. Of the 465 franchised Stores, 400 were franchised Stores that had been open for at least 12 months as of December 27, 2015. Of the 400 Stores, 41 Stores were excluded since they were non-traditional locations. Of the 359 Stores referenced in the above table, all reported sufficient financial performance information to be included in this financial performance representation.

Average Gross Revenues in 2014

	Top 10%	Top 25%	Top 50%	Top 75%	Total
No. of Stores	32	79	158	237	316
Avg. Gross Revenues	$981,273	$851,880	$734,179	$653,759	$578,167
Median Gross Revenues	$929,908	$825,066	$683,738	$623,081	$550,864

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	Top 10%	Top 25%	Top 50%	Top 75%	Total
No that Attained or Surpassed Stated Result in Category (Cumulative)	12	34	64	92	142
Percent that Attained or Surpassed Stated Result in Category (Cumulative)	38%	43%	41%	39%	45%

As of December 28 2014 there were 412 franchised Stores and 1 company-owned Store Of the 412 franchised Stores 355 were franchised Stores that had been open for at least 12 months as of December 28, 2014 Of the 355 Stores, 39 Stores were excluded since they were non-traditional locations Of the 316 Stores referenced in the above table, all reported sufficient financial performance information to be included in this financial performance representation

Average Gross Revenues in 2013

	Top 10%	Top 25%	Top 50%	Top 75%	Total
No of Stores	28	71	142	212	283
Avg Gross Revenues	$907 812	$775,639	$669 054	$597,406	$526,423
Median Gross Revenues	$859 631	$728,867	$616 874	$558 398	$513 109
No that Attained or Surpassed Stated Result in Category (Cumulative)	9	24	61	83	134
Percent that Attained or Surpassed Stated Result in Category (Cumulative)	32%	34%	43%	39%	47%

As of December 29, 2013, there were 359 franchised Stores and 1 company-owned Store Of the 359 franchised Stores, 309 were franchised Stores that had been open for at least 12 months as of December 29, 2013 Of the 309 Stores, 26 Stores were excluded since they were non-traditional locations Of the 283 Stores referenced in the above table, all reported sufficient financial performance information to be included in this financial performance representation

As stated the sales for each of the Stores presented are limited to the sales results for Stores that had been open for a full 12 months of operations as of December 27, 2015, December 28, 2014 and December 29, 2013, respectively Sales during the first year of operations are likely to be significantly less than for those that have been open for a year or more

All Tropical Smoothie Cafe® Stores offer substantially the same products and services to the public None of the franchised Tropical Smoothie Cafe® Stores received any services not generally available to other franchisees and substantially the same services will be offered to new franchisees

We obtained these historical financial results from the information submitted by our franchisees Neither we nor an independent certified public accountant has independently audited or verified the information Some Stores have sold the amounts shown in the tables Your individual results may differ There is no assurance you will sell as much

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YOUR INDIVIDUAL FINANCIAL RESULTS MAY DIFFER SUBSTANTIALLY FROM THE RESULTS DISCLOSED IN THIS ITEM 19

The foregoing data relates to revenues only we are not presenting any information on the costs and expenses of operating a Store Operating a Store incurs a wide variety of expenses that will reduce the Store s income from the revenue levels shown Examples of the types of these expenses include, without limitation, rent and occupancy expenses, food and beverage product and supply costs salaries, wages and other personnel-related expenses, federal state and local taxes and fees, utilities, financing costs (including on loans and leases) royalties and other amounts due us

CHARACTERISTICS OF THE INCLUDED FRANCHISED STORES MAY DIFFER SUBSTANTIALLY FROM YOUR STORE DEPENDING ON YOUR PREVIOUS BUSINESS AND MANAGEMENT EXPERIENCE COMPETITION IN YOUR AREA LENGTH OF TIME THAT THE INCLUDED STORES HAVE OPERATED COMPARED TO YOUR STORE, AND THE SERVICES OR GOODS SOLD AT YOUR STORE COMPARED TO THE INCLUDED STORES THE SALES, PROFITS AND EARNINGS OF AN INDIVIDUAL FRANCHISEE MAY VARY GREATLY DEPENDING ON THESE AND A WIDE VARIETY OF OTHER FACTORS, INCLUDING THE LOCATION OF THE STORE, POPULATION AND DEMOGRAPHICS IN YOUR MARKET AREA, ECONOMIC AND MARKET CONDITIONS LABOR AND PRODUCT COSTS ETC

WE HAVE WRITTEN SUBSTANTIATION IN OUR POSSESSION TO SUPPORT THE INFORMATION APPEARING IN THIS FINANCIAL PERFORMANCE REPRESENTATION WRITTEN SUBSTANTIATION WILL BE MADE AVAILABLE TO YOU ON REASONABLE REQUEST

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the franchise agreement

Other than the preceding financial performance representation, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Mike Rotondo our CEO at 1117 Perimeter Center West, Suite W200, Atlanta, Georgia 30338 and 770-821-1900, the Federal Trade Commission, and the appropriate state regulatory agencies

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ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For Years Ending December 29, 2013, December 28, 2014 and December 27, 2015

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2013	329	359	+30
	2014	359	412	+53
	2015	412	464	+52
Company- Owned	2013	0	1	+1
	2014	1	1	0
	2015	1	1	0
Total Outlets	**2013**	**329**	**360**	**+31**
	2014	**360**	**413**	**+53**
	2015	**413**	**465**	**+52**

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years Ending December 29, 2013, December 28, 2014 and December 27, 2015

State	Year	Number of Transfers
Alabama	2013	0
	2014	1
	2015	1
Alaska	2013	0
	2014	0
	2015	0
Arizona	2013	1
	2014	1
	2015	1
Arkansas	2013	2
	2014	1
	2015	0
California	2013	0
	2014	0
	2015	0
Colorado	2013	0
	2014	0
	2015	0
Connecticut	2013	0
	2014	0
	2015	0
Delaware	2013	0
	2014	0
	2015	0
District of Columbia	2013	0
	2014	0
	2015	0

State	Year	Number of Transfers
Florida	2013	13
	2014	15
	2015	4
Georgia	2013	0
	2014	0
	2015	0
Hawaii	2013	0
	2014	0
	2015	0
Idaho	2013	0
	2014	0
	2015	0
Illinois	2013	1
	2014	0
	2015	2
Indiana	2013	0
	2014	0
	2015	0
Iowa	2013	0
	2014	1
	2015	0
Kansas	2013	0
	2014	0
	2015	0
Kentucky	2013	0
	2014	0
	2015	0
Louisiana	2013	1
	2014	0
	2015	0
Maine	2013	0
	2014	0
	2015	0
Maryland	2013	1
	2014	0
	2015	0
Massachusetts	2013	0
	2014	0
	2015	0
Michigan	2013	0
	2014	0
	2015	0
Minnesota	2013	0
	2014	0
	2015	1
Mississippi	2013	0
	2014	0
	2015	0
Missouri	2013	0
	2014	0

State	Year	Number of Transfers
	2015	0
Montana	2013	0
	2014	0
	2015	0
Nebraska	2013	0
	2014	0
	2015	0
Nevada	2013	2
	2014	0
	2015	2
New Hampshire	2013	0
	2014	0
	2015	0
New Jersey	2013	0
	2014	0
	2015	0
New Mexico	2013	0
	2014	0
	2015	0
New York	2013	1
	2014	1
	2015	0
North Carolina	2013	0
	2014	0
	2015	1
North Dakota	2013	0
	2014	0
	2015	0
Ohio	2013	0
	2014	1
	2015	0
Oklahoma	2013	0
	2014	0
	2015	0
Oregon	2013	0
	2014	0
	2015	0
Pennsylvania	2013	0
	2014	0
	2015	1
Rhode Island	2013	0
	2014	0
	2015	0
South Carolina	2013	0
	2014	0
	2015	0
South Dakota	2013	0
	2014	0
	2015	0
Tennessee	2013	1

State	Year	Number of Transfers
	2014	0
	2015	0
Texas	2013	0
	2014	0
	2015	0
Utah	2013	0
	2014	0
	2015	0
Vermont	2013	0
	2014	0
	2015	0
Virginia	2013	11
	2014	7
	2015	4
Washington	2013	0
	2014	0
	2015	1
West Virginia	2013	0
	2014	0
	2015	0
Wisconsin	2013	0
	2014	0
	2015	0
Wyoming	2013	0
	2014	0
	2015	0
Total	**2013**	**34**
	2014	**28**
	2015	**18**

Table No 3
Status of Franchised Outlets
For Years Ending December 29, 2013, December 28, 2014 and December 27, 2015

State	Year	Outlets at the Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2013	9	2	0	0	0	0	11
	2014	11	1	0	0	0	0	12
	2015	12	0	0	0	0	0	12
Alaska	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Arizona	2013	4	3	0	0	0	0	7
	2014	7	2	0	0	0	0	9
	2015	9	1	0	0	0	1	9
Arkansas	2013	14	3	0	0	0	0	17
	2014	17	2	0	0	0	0	19
	2015	19	3	0	0	0	0	22

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2013	1	0	1	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Colorado	2013	0	2	0	0	0	0	2
	2014	2	1	0	0	0	0	3
	2015	3	1	0	0	0	1	3
Connecticut	2013	0	0	0	0	0	0	0
	2014	0	2	0	0	0	0	2
	2015	2	1	0	0	0	1	2
Delaware	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
District of Columbia	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Florida	2013	106	8	0	0	0	2	112
	2014	112	9	0	0	0	3	118
	2015	118	10	1	0	0	1	126
Georgia	2013	2	1	0	0	0	0	3
	2014	3	2	0	0	0	0	5
	2015	5	0	0	0	0	0	5
Hawaii	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Idaho	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Illinois	2013	7	0	0	0	0	2	5
	2014	5	1	0	0	0	0	6
	2015	6	0	0	0	0	0	6
Indiana	2013	1	1	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Iowa	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
	2015	3	1	0	1	0	0	3
Kansas	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
Kentucky	2013	2	0	1	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Louisiana	2013	3	0	0	0	0	0	3
	2014	3	1	0	0	0	0	4
	2015	4	0	1	0	0	0	3
Maine	2013	1	1	0	0	0	0	2
	2014	2	0	0	0	0	0	2

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2015	2	0	0	0	0	0	2
Maryland	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
	2015	2	3	0	0	0	0	5
Massachusetts	2013	1	1	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	2	0	0	0	0	4
Michigan	2013	15	3	0	0	0	0	18
	2014	18	6	0	0	0	0	24
	2015	24	9	0	0	0	0	33
Minnesota	2013	2	0	0	0	0	1	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Mississippi	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	1	0	0	0	1	2
Missouri	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
Montana	2013	1	0	0	0	0	1	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Nebraska	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Nevada	2013	21	2	0	0	0	1	22
	2014	22	4	0	0	0	0	26
	2015	26	3	0	0	0	2	27
New Hampshire	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
New Jersey	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
New Mexico	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
New York	2013	11	1	0	0	0	0	12
	2014	12	4	0	0	0	1	15
	2015	15	2	1	0	0	0	16
North Carolina	2013	7	4	0	0	0	0	11
	2014	11	6	0	0	0	0	17
	2015	17	4	0	0	0	0	21
North Dakota	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Ohio	2013	11	1	1	0	0	0	11

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2014	11	1	0	0	0	0	12
	2015	12	1	0	0	0	0	13
Oklahoma	2013	3	2	0	0	0	0	5
	2014	5	0	0	0	0	0	5
	2015	5	5	0	0	0	0	10
Oregon	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Pennsylvania	2013	4	2	0	0	0	0	6
	2014	6	2	0	0	0	0	8
	2015	8	2	0	0	0	0	10
Rhode Island	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
South Carolina	2013	2	2	0	0	0	0	4
	2014	4	0	0	0	0	0	4
	2015	4	3	0	0	0	0	7
South Dakota	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Tennessee	2013	4	0	2	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	1	0	0	0	0	3
Texas	2013	3	1	0	0	0	0	4
	2014	4	4	0	0	0	0	8
	2015	8	5	0	0	0	1	12
Utah	2013	0	2	0	0	0	0	2
	2014	2	1	0	0	0	0	3
	2015	3	1	0	0	0	0	4
Vermont	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Virginia	2013	79	1	0	0	0	1	79
	2014	79	5	0	0	0	0	84
	2015	84	3	1	0	0	0	86
Washington	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
West Virginia	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Wisconsin	2013	4	0	0	0	0	0	4
	2014	4	1	2	0	0	0	3
	2015	3	0	0	0	0	0	3
Wyoming	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Total	2013	329	43	5	0	0	8	359
	2014	359	59	2	0	0	4	412
	2015	412	65	4	1	0	8	464

Table No 4
Status of Company-Owned Outlets
For Years Ending December 29, 2013, December 28, 2014 and December 27, 2015

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Georgia	2013	0	1	0	0	0	1
	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
Totals	**2013**	**0**	**1**	**0**	**0**	**0**	**1**
	2014	**1**	**0**	**0**	**0**	**0**	**1**
	2015	**1**	**0**	**0**	**0**	**0**	**1**

Table No 5
Projected Openings as of December 27, 2015

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In the Next Fiscal Year (2016)	Projected New Company-Owned Outlet In the Next Fiscal Year (2016)
Alabama	4	2	0
Alaska	0	0	0
Arizona	3	2	0
Arkansas	8	6	0
California	24	9	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	1	1	0
District of Columbia	1	1	0
Florida	29	14	0
Georgia	27	12	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	1	1	0
Indiana	1	1	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	1	1	0
Louisiana	1	1	0

04/06/16, as amended 10/31/16
SC/v87

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In the Next Fiscal Year (2016)	Projected New Company-Owned Outlet In the Next Fiscal Year (2016)
Maine	0	0	0
Maryland	5	1	0
Massachusetts	0	0	0
Michigan	37	11	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	1	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	2	2	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	1	1	0
New York	5	3	0
North Carolina	23	5	0
North Dakota	1	1	0
Ohio	2	1	0
Oklahoma	9	4	0
Oregon	0	0	0
Pennsylvania	9	2	0
Rhode Island	3	2	0
South Carolina	6	3	0
South Dakota	0	0	0
Tennessee	10	3	0
Texas	11	3	0
Utah	1	1	0
Vermont	0	0	0
Virginia	13	5	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Totals	**240**	**100**	**0**

Exhibit "K" attached to this disclosure document lists the names of all current franchisees with their business address and business telephone number as of December 27, 2015

The name, city, state, and current business telephone number (or, if unknown, the last known home telephone number) of 33 franchisees who had an outlet terminated, cancelled not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the issuance date of this disclosure document, are listed on Exhibit K'

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

04/06/16, as amended 10/31/16
SC/v87

As of the date of this disclosure document, we are not offering any existing franchised outlets to prospective franchisees including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document

We have no current or former franchisees who have signed provisions during the last 3 fiscal years restricting their ability to speak openly to you about their experience with the Tropical Smoothie Cafe® franchise system

As of the date of this disclosure document, there are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements for the years ended December 27 2015 December 28, 2014 and December 29 2013 are attached as Exhibit L" to this disclosure document Our fiscal year ends on the last Sunday in December Our unaudited financial statement as of September 25, 2016 are also attached as Exhibit "L" to this Disclosure Document

ITEM 22 CONTRACTS

Copies of the following forms, contracts and/or agreements are attached as exhibits to this disclosure document

Exhibit B	Franchise Agreement (with attachments)
Exhibit B-1	Multi-Unit Development Addendum to Franchise Agreement
Exhibit D	Pre-Authorized Bank Form
Exhibit E	OLO Online Ordering Services Agreement
Exhibit F	Addendum to Lease Agreement/Conditional Assignment of Lease
Exhibit H	Nondisclosure and Noncompetition Agreement
Exhibit I	Owners' Guaranty
Exhibit M	Netsurion Agreement
Exhibit N	Form of Financing Program Documents
	N-1 - Loan Agreement
	N-2 - Security Agreement
	N-3 - Personal Guaranty
Exhibit O	Level Up Services Agreement
Exhibit P	Franchisee Disclosure Questionnaire

ITEM 23 RECEIPTS

You will find 2 copies of a detachable Receipt in Exhibit "Q" at the end of the disclosure document One Receipt must be signed, dated and delivered to us The other Receipt should be retained for your records

EXHIBIT A TO THE DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws There may be states in addition to those listed below in which we have appointed an agent for service of process There also may be additional agents appointed in some of the states listed below

Our registered agent in the State of Georgia is

Christy Johnson
3575 Piedmont Road
Building 15, Suite 730
Atlanta Georgia 30305

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Business Oversight *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 1515 K Street Suite 200 Sacramento CA 95814-4052 (916) 445-7205 *San Diego* 1350 Front Street, Room 2034 San Diego CA 92101-3697 (619) 525-4233 *San Francisco* One Sansome Street, Suite 600 San Francisco CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P O Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Securities Division 200 St Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner 200 St Paul Place Baltimore Maryland 21202-2020

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Michigan	Michigan Attorney General s Office Consumer Protection Division Attn Franchise Section 525 W Ottawa Street Williams Building 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East Suite 500 St Paul Minnesota 55101-2198 (651) 296-6328	
New York	Attention Barbara Lasoff Office of the New York State Attorney General Investor Protection Bureau of Franchise 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax	Attention Uniform Commercial Code New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
South Dakota	Department of Labor & Regulation Division of Securities 124 S Euclid Suite 104 Pierre, SD 57501 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond VA 23219
Washington	Department of Financial Institutions Securities Division P O Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FORM OF FRANCHISE AGREEMENT

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tropical SMOOTHIE CAFE

TROPICAL SMOOTHIE CAFE, LLC

FRANCHISE AGREEMENT

Franchisee _____

Cafe Number _____

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EXHIBIT A – FRANCHISE INFORMATION

EXHIBIT B – STATEMENT OF OWNERSHIP INTERESTS

FRANCHISE AGREEMENT

This Franchise Agreement (the "Franchise Agreement") is made as of _____, 20___ (the 'Effective Date") between Tropical Smoothie Cafe, LLC a Georgia limited liability company with its principal business address at 1117 Perimeter Center West Suite W200, Atlanta, Georgia 30338 ('we" or 'us" or "our") and _____, a _____ ("you" or 'your")

Background Statement

A We have developed a unique and distinctive system (the 'System) for the establishment and operation of Tropical Smoothie Cafe® stores (each store operating under the System is referred to herein as a "Tropical Smoothie Cafe® Store") that offer premium quality smoothies made fresh in the store using proprietary recipes specialty sandwiches, gourmet wraps, salads soups and other menu items and food and beverage products and services we specify from time to time (the "Products ') The System includes our distinctive trade dress, decor and color scheme, distinctive standards, specifications and procedures for quality control, training and ongoing operational assistance, and advertising and promotional programs all of which we may add to delete from, or modify, from time to time

B The System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin owned by us including TROPICAL SMOOTHIE® and TROPICAL SMOOTHIE CAFE® (collectively, the 'Marks") We may add to, delete from, or modify the Marks from time to time

C You desire for us to grant you a franchise to operate a Tropical Smoothie Cafe® Store, using the Marks, under the System and for us to provide you with certain training and other assistance in connection with such franchise, all as set forth in and subject to this Franchise Agreement

D You understand and acknowledge the importance of our high standards of quality, appearance, and service, and the necessity of operating your Franchised Business in compliance with our standards and specifications

In consideration of the foregoing and the mutual promises and commitments set forth in this Franchise Agreement, the parties agree as follows

1 GRANT OF FRANCHISE

A Grant We grant to you the right to develop and operate one Tropical Smoothie Cafe® Store (the Franchised Business '), on the terms and conditions set forth in this Franchise Agreement using the Marks and System (collectively, the ' Franchise), solely at the site specified on Exhibit A (or if no site is specified on Exhibit A on the Effective Date, then the site shall be determined in accordance with Section 5 A) (the "Site') You shall develop, open, and then operate the Franchised Business at the Site for the entire term of this Franchise Agreement

B Protected Area During the Initial Term as long as you are in compliance with this Franchise Agreement, we will not operate nor license another franchisee the right to operate a Tropical Smoothie Cafe® Store located within ½ mile (as measured by us) from the front door of the Site (the "Protected Area")

C Reservations of Rights Notwithstanding Section 1 B we retain all other rights, and may, among other things, on any terms and conditions we deem advisable and without granting you any rights therein

1 Own, acquire, establish and/or operate and license others to establish and operate Tropical Smoothie Cafe® Stores outside the Protected Area notwithstanding their proximity to the Protected Area or the Site or their actual or threatened impact on sales at the Franchised Business,

2 Own, acquire, establish and/or operate and license others to establish and operate businesses, within or outside the Protected Area that do not operate under the TROPICAL SMOOTHIE CAFE® brand name,

3 Sell and distribute directly or indirectly, or license others to sell or distribute, directly or indirectly, any products and services (including without limitation the Products), whether or not bearing the Marks, from any location to any business or customer, including, without limitation through retail kiosks, grocery and convenience stores or other retail outlets and any other distribution channels (including without limitation, through retail, wholesale, mail order, toll free numbers, or the Internet), provided that this clause shall not allow us to operate or license others to operate a Tropical Smoothie Cafe® Store inside the Protected Area under (i) the System, and (ii) the Marks unless permitted under Section 1 C 4, below, and

4 Own and operate, and license others to own and operate, Tropical Smoothie Cafes® at Reserved Facilities within your Protected Area The term "Reserved Facilities" refers to enclosed shopping centers, universities, captive audience facilities (such as parks charging admission, stadiums and amusement parks), special purpose facilities (such as airports, transportation centers, and hospitals), and limited access facilities (such as military complexes, buyer's club businesses, educational facilities, and business/industrial complexes)

D No Subfranchising You shall have no right to grant subfranchises to others You shall not, and shall not attempt to grant subfranchises to others

2 TERM AND SUCCESSOR TERM

A Initial Term The term of this Franchise Agreement will be for 15 years commencing on the Effective Date (the "Initial Term")

B Successor Term After the Initial Term expires you may renew the Franchise Agreement for the Franchised Business for one additional 10-year term (such additional term being referred to as the "Successor Term" and the Initial Term, together with the Successor Term, being referred to collectively in this Franchise Agreement as the "Term"), but only if you meet the following conditions

1 You give us notice of your election to renew the Franchise Agreement for the Successor Term between 6 and 12 months before the end of the Initial Term

2 You have secured the right to continue operating at the Site for the Successor Term and provided us a copy of the related leasehold documents

3 If required by us you Remodel the Franchised Business to our then-current brand image for Tropical Smoothie Cafe® Stores "Remodel" means to refurbish and remodel the Franchised Business, at your expense, to conform to the then-current Tropical Smoothie Cafe® Store design and decor fixtures, furnishings, equipment, trade dress color scheme and presentation of Marks consistent with the design concepts then in effect for a new Tropical Smoothie Cafe® Store including, without limitation, such structural changes, remodeling redecoration and other modifications to existing improvements as we reasonably deem necessary Maintenance and repair is not, on its own a Remodel, nor is your acquisition of new or additional equipment or signage due to new or improved specifications we may issue from time to time

4 At the time you give notice of your election and on the last day of the Initial Term, you (and your affiliates) are not in default of this Franchise Agreement or any other agreement with us (or our affiliates) the Franchised Business is in compliance with the System, and you are current with all suppliers

5 You sign our then-current form of Franchise Agreement (the "Successor Franchise Agreement"), which may be materially different than this form (including, without limitation higher and/or different fees), except that (i) you will not pay another initial franchise fee, receive another renewal or successor term, nor be required to complete initial training, and (ii) we will not have any pre-opening obligations as described in Section 3 A

6 You and each owner of your Franchised Business executes and delivers a general release the form of which shall be prescribed by us (the "Release")

C Non-Renewal If you do not deliver to us all items required for renewal, including the executed Successor Franchise Agreement and the executed Release, within 10 days after we deliver the Successor Franchise Agreement and Release to you for execution, then you will be deemed to have declined to renew the Franchise Agreement as to the Franchised Business, and your right to renew the Franchise Agreement as set forth in Section 2 B of this Franchise Agreement will expire automatically at the end of the Initial Term

D Effect of Non-Renewal or Expiration Non-renewal or expiration of this Franchise Agreement will end the Franchise Agreement and your right to operate the Franchised Business Upon non-renewal or expiration of this Franchise Agreement you must meet all obligations upon termination or expiration, as set forth in Section 15, below

3 OUR DUTIES

A Pre-Opening Obligations

1 Site Criteria and Review We will provide you with guidance relating to the opening of your Franchised Business, including without limitation providing acceptable site criteria Our acceptance of a site and any assistance we provide in selecting a site does not constitute a representation or promise by us that the Franchised Business will be profitable or otherwise successful

2 Development Plans and Specifications We will provide our mandatory and suggested specifications and layouts for a Tropical Smoothie Cafe® Store, including requirements for dimensions design color scheme, image interior layout, decor, furnishings, equipment, signs, fixtures opening inventory, and supplies

3 Suppliers Lists We will provide, or grant you access to, our lists of Approved Suppliers

4 Business Plan Review Upon your request, we will review and advise you regarding your pre-opening business plan

5 Pre-Opening Training We will provide an initial training program which you must complete (the "Initial Training Program") As of the Effective Date the Initial Training Program consists of our "Franchise Basics Program" (approximately two weeks), "Franchise Leadership Program" (approximately one week) and "New Store Opening" (approximately one week) You must complete the Franchise Basics Program and Franchise Leadership Program at least 15 days before the opening of the Franchised Business You must complete the New Store Opening Program in the week of the opening of the Franchised Business We may change the Initial Training Program from time to time We will provide this training through a combination of classroom and on-the-job training at our franchise support center and/or an existing Tropical Smoothie Cafe® Store Up to three people may attend the Initial Training Program at no charge before you open the Franchised Business Additional persons may attend the Initial Training Program You will be responsible for all meals, lodging and other travel expenses incurred in attending the Initial Training Program

6 Opening Assistance We will have a representative support your Franchised Business opening with at least five days of onsite opening assistance (except that if you already have two or more franchised Tropical Smoothie Cafe® Stores in operation, then we are not obligated to provide onsite opening assistance)

7 Manuals We will loan you (or provide you electronic access to) a single set of our Manuals

(a) "Manuals" means our confidential Operating Manual(s), including any supplements additions or revisions from time to time, containing our specifications for certain mandatory aspects of the System (such as equipment supplies, inventory, management and operation of the Tropical Smoothie Cafe® Store) The term "Manuals" includes any written statement from us setting forth a mandatory aspect of the System with which you must comply, regardless of whether such statement is expressly incorporated into the Manuals The Manuals

may consist of one or more separate manuals and other materials as designated by us and may be any form or media

(b) To the extent any of the System standards, or other resources in the Manuals address personnel or employment matters those are not mandatory but are merely recommendations suggestions or guidelines System standards do not include any mandatory requirements on your employees' wages, working conditions hours staffing levels, shift timing or other terms of employment, but may specify uniforms and appearance to meet brand standards

(c) You agree that the Manuals are proprietary and owned solely by us You agree that the Manuals and their contents are confidential information that belong to us under Section 9

(d) We may revise or change the Manuals at any time in our discretion and you expressly agree that such revisions or changes shall be effective upon your receipt or at such other time as we may specify You shall ensure that your set of the Manuals are kept current and up-to-date In the event of any dispute as to the contents of the Manuals the terms contained in the master set of the Manuals we maintain shall control

(e) We reserve the right to provide the Manuals in hard copy electronic or such other form as we may select, including through an intranet portal You shall, at your expense, ensure that you have the necessary equipment to retrieve and use the Manuals in its various forms

B Post-Opening Obligations

1 Generally We will provide such continuing advisory assistance to you in the operation, advertising and promotion of your Franchised Business as we deem appropriate We may provide you with such periodic individual or group advice consultation, and assistance, rendered by personal visit or telephone, through newsletters bulletins or other communication (delivered in hard copy or digitally), such advice, consultation and assistance will be made available from time to time to all our franchisees as we deem appropriate

2 Pricing We will provide recommended prices for certain Products offered by Tropical Smoothie Cafe® Stores and franchisees of the System, and may specify required prices for certain Products at certain times

3 Procedures We will provide you with our recommended procedures for administration, bookkeeping accounting and inventory control We may make any such procedures required (and not merely recommended) as part of the System

4 Updates to Manuals We will provide updates, revisions and amendments to our Manuals as we deem appropriate which may be provided to you from time to time (or made available to you electronically)

5 Quality Control Reviews We (or our third party designee) will on a periodic basis as we deem advisable, conduct quality control reviews of the Franchised Business

6 Marketing We will manage the NMF Account (as defined in Section 11 C) and oversee advertising promotion and marketing programs

7 Internet We will maintain the website for Tropical Smoothie Cafe®, which will include your location and telephone number

8 Suppliers Lists We will provide or grant access to, our lists of Approved Suppliers as changed from time to time

C Delegation We may delegate performance of any of our obligations under this Franchise Agreement to third parties, including our Area Developers "Area Developer" means a person or entity that has executed an Area Developer Agreement (or Area Sales Representative Agreement) with us, and who solicits and screens prospective franchisees for and assists us in providing certain services to, Tropical Smoothie Cafe® franchisees within a defined geographic area

4 FEES

A Initial Franchise Fee You will pay us an initial franchise fee of $25,000 The initial franchise fee is non-refundable and fully earned upon receipt by us

B Royalty Fee You will pay to us a continuing nonrefundable weekly royalty fee (the ' Royalty Fee") of 6% of Gross Sales Gross Sales" means all sales generated through the Franchised Business, whether for cash or credit and income of every kind or nature related to the Franchised Business including barter trade off-site catering and delivery Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by you, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales) You may not deduct payment provider fees (e g , bank or credit card company fees and gift card vendor fees) from your Gross Sales calculation

C MIS Fee You will pay to us a monthly fee for the use of our mandated management information system (the "MIS Fee") The current MIS Fee ranges from $50 to $100 per month but could increase if you add additional equipment We may raise the MIS Fee no more than once per year, in an amount reasonably commensurate with our internal and out-of-pocket costs

D PCI Compliance Fee You will pay to us a monthly fee for the use of our mandated system for data security, including Payment Card Industry Data Security Standards (the "PCI Compliance Fee ') The current PCI Compliance Fee ranges from $99 to $109 per month We may raise the PCI Compliance Fee no more than once per year, in an amount reasonably commensurate with our internal and out-of-pocket costs

E National Marketing and Advertising Fees You will pay to us a continuing nonrefundable weekly national marketing and advertising fee (the National Marketing Fee") of

up to 3% of Gross Sales as determined by us The current National Marketing Fee is 2% of Gross Sales We will increase the National Marketing Fee to 3% of Gross Sales on January 1 2017

F Local Advertising Cooperative Contribution You will pay to us a continuing nonrefundable weekly cooperative contribution (the "Local Advertising Cooperative Contribution) of 2% of Gross Sales

G Grand Opening Contribution Unless otherwise required by applicable state law you will pay to us an amount to be used to pay for your Grand Opening marketing program in accordance with the Grand Opening marketing budget and plan you and we develop (the "Grand Opening Contribution") The Grand Opening Contribution will initially be $7,500 due and payable in full on the Effective Date If, for any reason applicable state law does not permit us to collect the Grand Opening Contribution in full on the Effective Date, then you will pay our approved vendors and service providers for their products and services furnished in accordance with the Grand Opening marketing program at the times when due based on invoices presented to you in accordance with Section 5 H of this Franchise Agreement Timing of payment is of the essence and your failure to do so will be a material breach of this Franchise Agreement At our option we may pay the vendors and service providers on your behalf and if we do so you must pay us the amounts we have advanced when the initial franchise fee is due

H Late Fees If we debit your account for payment of any amount you owe us, and there are not sufficient funds in your account to pay such amount, or your bank refuses to clear the withdrawal in our favor, the unpaid amount will be considered late We may assess a late fee of $25 for each week (or portion thereof) that any payment is delinquent In addition, all overdue amounts will bear interest, until paid, at a rate equal to the lower of (i) 18% per annum, or (ii) the highest rate permitted by applicable state law whichever is less Interest shall be calculated on a daily basis

I Non-Compliance Fee If we reasonably believe that you have committed an event of default under this Franchise Agreement (including any failure to comply with any requirement set forth in the Manuals), we may assess you a fee up to $500 (the 'Non-Compliance Fee) per week or portion thereof We may assess a Non-Compliance Fee regardless of whether we send you a notice to cure or termination notice so long as we notify you in writing of our decision to charge you a Non-Compliance Fee, the amount of the Non-Compliance Fee and the reason we believe you have committed a default Assessment and/or payment of a Non-Compliance Fee does not constitute a waiver of any other rights or remedies we may have in connection with the event of default or otherwise under this Franchise Agreement

J Payments By Us On Your Behalf You shall pay to us, within 15 days after any written request by us which is accompanied by reasonable documentation, any monies which we have paid (or have become obligated to pay) that you owed to a third party or that you were obligated to pay a third party as part of the System

K Payment Procedures All weekly payments and any late fees and interest charges required by this Franchise Agreement shall be paid through our direct debit program each

Wednesday, or such other payment schedule and method as prescribed by us, following the preceding week for which the applicable fee is being paid (on Gross Sales made during the preceding week which is defined as beginning on Monday and ending on Sunday) All other payments that you owe to us shall be paid by direct debit when due At our request you will execute our standard form of pre-authorized bank form and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer (EFT ') for payment of all amounts you owe to us or our affiliates Should any EFT not be honored by your bank for any reason you will be responsible for that payment and any service charge Upon written notice to you, we may designate another method of payment, and you must furnish us and your bank with all authorizations necessary to make payment by the methods we specify

L **Application of Payment** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us

M **Obligations Independent, No Set-Off** Your obligations to pay us any fees or amounts described in this Franchise Agreement are not dependent on our performance and are independent covenants by you You must make all such payments without offset or deduction for any amounts that are owed to you

5 DEVELOPMENT AND OPENING

A **Site Acceptance** If Exhibit A does not specify your Site on the Effective Date, then you must lease or purchase a location for your Franchised Business within the designated area described on Exhibit A (the "Designated Area") You have no exclusive rights to the Designated Area Your Site is subject to our acceptance and you must not move or relocate the Franchised Business without our prior acceptance You acknowledge that our acceptance of the proposed Site as being suitable for a Franchised Business is not to be deemed to be a representation or warranty that the Franchised Business at the Site will be profitable or otherwise successful You must engage a commercial real estate broker to help you select and acquire a Site Before you engage any real estate broker to assist you, you must obtain written acceptance of that broker from us We will provide, or grant you access to, our list of approved real estate brokers You are responsible for any commissions due to the real estate broker and not otherwise paid by the landlord or seller Upon our request, you must submit to us, in the form we specify, Site information which may include a copy of the Site plan, business plan, demographic statistics and information regarding surrounding businesses, an option contract, letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the Site for the Franchised Business and such other materials as we may reasonably require We shall have 30 days after receipt of such information and materials to accept or decline in our sole discretion, the proposed Site as the location for the Franchised Business If we do not accept a proposed Site within 30 days, such Site will be deemed declined by us

B **Lease Acceptance** You must obtain our acceptance of the lease or sublease (or any modification or amendment) for the Site before you sign it Our review and acceptance of the lease or sublease is solely to ensure that the lease or sublease contains terms that meet our Site criteria, it is not a substitute for careful review by you and your advisors Our approval of the lease or sublease does not constitute a warranty or assurance that the lease or sublease

contains terms and conditions for your benefit, but only that it meets our requirements At our request you must obtain the landlord s signature to our standard Addendum to Lease Agreement/Conditional Assignment of Lease You must deliver a copy of the signed lease or sublease to us within 10 days after it is signed by both you and the landlord

C **Site Acquisition** You must acquire your Site (by purchasing leasing or subleasing the Site) within 6 months after the Effective Date (the "Site Acquisition Deadline")

D **Construction and Finish Out** You are solely responsible for developing and constructing the Site for your Franchised Business at your expense, and in compliance with all applicable laws and regulations and our specifications You must have a licensed architect prepare all required construction plans and specifications to suit the shape and dimensions of the Site and to ensure that such plans and specifications comply with applicable laws and regulations lease requirements and the mandatory specifications and layout provided by us You must obtain written approval of your licensed architect from us before you engage such architect to assist you We have the right to review and accept all plans and specifications and to confirm that construction is completed in conformance with our architectural and design standards and specifications for a Tropical Smoothie Cafe® Store You must also retain a licensed general contractor to oversee the construction of the Franchised Business You must obtain written approval of your licensed general contractor from us before you engage such general contractor to assist you If we so request you must provide a schedule setting forth in detail the anticipated dates on which you will (i) deliver the final construction plans for the Franchised Business, (ii) receive all necessary building permits, and (iii) complete construction on the Franchised Business We may inspect construction of the Franchised Business at all reasonable times You will use in the development and operation of your Franchised Business only those (and each of those) brands types and/or models of equipment, furniture, fixtures and signs specified by us and only suppliers designated or approved by us, which may include and/or be limited to us and/or our affiliates You will cause all construction to be performed only in accordance with the plans and specifications approved by us No changes to the plans and specifications for construction, or to any of the materials used in the Franchised Business or to the interior or exterior colors, may be made without our prior written consent You must complete construction and begin operations of the Franchised Business within 12 months of the Effective Date You may not open the Franchised Business to the public until you have received our approval

E **Business Plan** If required by us, you shall submit an initial business plan for the Franchised Business prior to commencing operations for our review

F **Opening Date** You must open the Franchised Business on or before the first anniversary of the Effective Date

G **Initial Training** You (or your Operating Principal, as defined herein) and your general manager must attend and complete to our reasonable satisfaction our Initial Training Program prior to the opening of the Franchised Business Otherwise, attendance by any of your other employees is optional

H **"Grand Opening" Marketing Program** Due to the critical importance of a successful Grand Opening you agree as follows

1 You will conduct a "Grand Opening" marketing program in accordance with our Manuals, utilizing the tools timing, technologies services and products we authorize and direct You and we will develop the budget and plan following the Grand Opening process described in the Manuals You must spend at least $7,500 (not counting cost of food and smoothies), on a Grand Opening marketing program for the Franchised Business during the Grand Opening time period beginning approximately 60 days before opening the Franchised Business through 30-60 days afterwards The Grand Opening program will use the marketing, advertising and public relations programs media and materials we have developed or approved, and is separate from your other marketing and advertising requirements To the extent we do not manage the budget and expenditures for the Grand Opening marketing plan we may require you to submit expenditure report(s) to us to confirm your compliance with this Section

2 Unless initial payments to us are deferred under applicable state law, you will pay to us the Grand Opening Contribution in accordance with Section 4 G above If you determine to spend more than the minimum amounts, as demonstrated in the Grand Opening budget and plan that you develop with us then you will pay the additional amounts to the vendor as and when invoiced We will administer payments to service providers and other vendors out of the funds that you have paid us for the Grand Opening Contribution We will provide you an accounting of the expenditures during the Grand Opening period based on the methods, procedures and reports we develop from time-to-time We are only obligated to administer the Grand Opening marketing plan and budget if you have paid to us the Grand Opening Contribution

3 If for any reason, we are unable to collect the Grand Opening Contribution from you on the Effective Date, then you must pay to the service providers and vendors as and when we direct in accordance with the Grand Opening marketing plan and budget Therefore instead of us paying those suppliers from the Grand Opening Contribution, you will be obligated to pay them directly as and when the amounts are due To facilitate this, within 10 days of our development of the Grand Opening marketing plan and budget, you must deposit in a dedicated bank account the amount of the Grand Opening Contribution and such supplementary amount as required by the Grand Opening marketing plan and budget you develop You will use the funds to pay the service providers and vendors in connection with the Grand Opening marketing program We will not be obligated to pay them and it will be your responsibility to do so on a timely basis If you fail to pay them on a timely basis, both we and the service providers and vendors may suspend services to you, and you will be in material breach of this Franchise Agreement

I **Conditions To Opening** You must notify us at least 30 days before you intend to open the Franchised Business to the public Before opening, you must satisfy all of the following conditions (i) you are in compliance with this Franchise Agreement, (ii) you have obtained all applicable governmental permits and authorizations, (iii) the Franchised Business conforms to all applicable System specifications, (iv) we have inspected and approved the Franchised Business, (v) you have hired sufficient employees (vi) you have completed our required Initial Training Program (vii) you have submitted insurance certificates, a copy of the your executed lease, your EFT, and all other documents and information required by this Franchise Agreement or by us, (viii) you have begun the Grand Opening marketing program required under Section 5 H and paid all amounts due us and our approved suppliers and vendors and have maintained a balance

subject to our verification of the amounts necessary to complete the plan in accordance with the budget, and (ix) we have given our written approval to open (which will not be unreasonably withheld or delayed)

J Destruction of Franchised Business If the Franchised Business is damaged or destroyed by fire or other casualty or is required by any governmental authority to be repaired or reconstructed you shall commence repair or reconstruction of the Franchised Business within 90 days after the date of such casualty or notice of governmental requirement (or such lesser period as such governmental requirement may specify) and shall complete all required repair and reconstruction as soon as possible thereafter but in no event later than 180 days after the date of such casualty or governmental requirement or such lesser period required by law In the case of reconstruction due to casualty, the minimum acceptable appearance for the restored building will be that which existed immediately prior to the casualty, provided, however, you will use your best efforts to have the reconstructed Franchised Business include the then-current image, design and specifications of a Tropical Smoothie Cafe® Store

6 YOUR DUTIES

A Compliance with System You acknowledge and agree that every detail of the Franchised Business including without limitation the uniformity of appearance, service, products and advertising of the Franchised Business is important to you us the System and our other franchisees, in order to maintain the System s high and uniform operating standards, to increase demand for the products and services and to protect our reputation and goodwill You must operate the Franchised Business in conformity with our System (as set forth in the Manuals or otherwise) including such methods, standards and specifications as we may from time to time prescribe for Tropical Smoothie Cafe® Stores Pursuant to this ongoing responsibility you agree

1 To sell all menu items products and services required by us utilizing the method and manner that we prescribe, to offer for sale only such menu items products and services which have been expressly approved for sale in writing by us, to refrain from any deviation from our standards and specifications for serving or selling such menu items, products or services, and to discontinue selling any such menu items, products or services as we may disapprove in writing at any time,

2 With respect to any off-site distribution methods such as catering and delivery (i) to use the off-site distribution methods which we require, (ii) to not use an off-site distribution method which we do not require unless we expressly authorize you to do so, and (iii) to comply with our specifications for any such distribution program method,

3 To maintain in sufficient supply as we may prescribe in the Manuals or otherwise in writing and use at all times only such products and supplies as conform to our standards and specifications in the Manuals,

4 To use at all times only such methods of preparation, methods of service, and like methods as we may require including without limitation our standards for preparation

and presentation of Products and to refrain from deviating therefrom by using nonconforming methods without our prior written consent,

5 To obtain such products, equipment, services, and supplies as we may require for the appropriate handling, preparation, presentation, selling and service of any Products,

6 To lease or purchase and install at your expense all fixtures, furnishings, decor, signs and equipment we may reasonably specify from time to time in the Manuals or otherwise in writing, and to refrain from installing or permitting to be installed on or about the Franchised Business without our prior written consent any fixtures furnishings, signs, decor, equipment or other items not previously specifically approved as meeting our standards and conforming to our specifications,

7 To employ sufficient staff to operate the Franchised Business at all times and maintain the dress and appearance of employees (all other matters pertaining to employment are suggestions or recommendations only),

8 To cause all personnel to render competent and conscientious service to guests You are solely responsible for training all of your employees and ensuring they are fully trained to perform their duties,

9 To comply with such maximum or minimum pricing requirements that we may determine, and to offer menu items at specific prices we determine if we are promoting such items on a national or regional basis, for the duration of the promotion (but only to the extent permitted by applicable law),

10 To keep the Franchised Business open and in normal operation for such minimum maximum and/or specific hours and days as we may from time to time prescribe,

11 To keep the Franchised Business at all times under the direct, on-premises supervision of you (or your Operating Principal, as defined herein), or the supervision of a manager approved by us who has attended and successfully completed our training program,

12 Not to install or permit to be installed on or about the Franchised Business, without our prior consent, any furnishings, fixtures, equipment decor, signage, or other improvements not previously approved as meeting our standards and specifications and

13 To honor all credit charge, courtesy or cash cards or other credit devices required or approved by us You must obtain our written approval prior to honoring any previously unapproved credit charge courtesy or cash cards or other credit devices You shall ensure that the Franchised Business adheres to the standards applicable to electronic payments including Payment Card Industry Standards or any equivalent thereof You shall immediately (in any event within 24 hours) notify us if you suspect or have been notified by any third party of a possible security breach related to the electronic payment system used in the Franchised Business

B Your Organization If you are or become a corporation, limited liability company, or other entity, you shall comply with Section 13 of this Franchise Agreement and the following requirements

1 If we request you will provide to us complete correct and up-to-date copies of your articles of incorporation and bylaws or as applicable, your articles of organization and limited liability company agreement, other governing documents and agreements among owners any amendments to them, resolutions authorizing your entry into and performance of this Franchise Agreement, and any documents restricting the sale or transfer of your stock or other ownership interests

2 You represent that Exhibit B completely and accurately (i) identifies each of your owners, officers and directors, and (ii) describes the nature and extent of each Owner s interest If any information on Exhibit B changes (regardless of whether such change is a Transfer (as such term is defined herein) requiring our approval), you will provide an updated Exhibit B to us within 10 days

3 You shall have each of your current and future owners sign our standard form of Owners' Guaranty, agreeing to be bound jointly and severally, by all provisions of this Franchise Agreement We may amend or modify the form of such guaranty from time to time as to owners signing the guaranty after the Effective Date

C Operating Principal You agree that the person designated as the "Operating Principal" on Exhibit B is the executive primarily responsible for the operation of the Franchised Business and has decision-making authority on your behalf If you are an Individual then you must act as the Operating Principal If you are a corporation limited liability company or other entity then the Operating Principal must have at least 5% ownership interest in the Franchised Business The Operating Principal does not have to serve as a day-to-day general manager of the Franchised Business If the Operating Principal dies, becomes incapacitated transfers his/her interest in the Franchised Business, or otherwise ceases to be the executive primarily responsible for the Franchised Business, you must promptly designate a new Operating Principal, subject to our reasonable approval

D Compliance With Law You and the Franchised Business shall comply with all laws and regulations You and the Franchised Business shall obtain and keep in force all governmental permits and licenses necessary for the Franchised Business

E Ongoing Training You, your Operating Principal and your managers must attend and complete, to our reasonable satisfaction, such additional training programs as we may require from time to time We may charge a reasonable fee for such programs in an amount reasonably commensurate with our internal and out-of-pocket costs You will be responsible for any and all other expenses incurred in training including, without limitation the costs of meals, lodging, and travel

F Meetings and Conferences You, your Operating Principal and your managers (if required by us) must attend all in-person meetings and remote meetings (such as telephone conference calls) that we require We may require you to attend one or more regional or national

conventions or conferences per calendar year and we may charge a reasonable fee to fund such conventions or conferences regardless of attendance, in an amount reasonably commensurate with our internal and out-of-pocket costs You will be responsible for all travel and other expenses of attending any meeting, convention or conference

G **Use of Site** You must use the Site solely for the operation of the Franchised Business and not use or permit the Site to be used for any other purpose or activity without first obtaining our written consent

H **Maintenance** You must continuously maintain the Franchised Business in the highest degree of sanitation, repair and condition as we reasonably require In connection with such maintenance you shall make such alterations, additions and repairs to the Site, and such replacement of items in and about the Franchised Business as we may require, which additions, alterations, and repairs may include, without limitation periodic repainting, refinishing, and repairing of the interior and exterior and replacing obsolete and worn signs, furnishing fixtures and equipment

I **Health and Safety Standards** You must meet and maintain the highest standards of cleanliness health and sanitation applicable to the Franchised Business, as we may reasonably require

J **Remodel** You acknowledge and agree that it is in your best interest and in the best interests of the System, that your Franchised Business be clean, up-to-date, well-maintained and well-appointed Therefore you acknowledge and agree that you will at our request Remodel the Franchised Business periodically The parties acknowledge that nothing in this Section 6 J will affect your obligation to maintain the Site and Franchised Business in compliance with the other provisions of this Franchise Agreement and the Manuals Notwithstanding anything set forth in this Section 6 J to the contrary, we will not require you to Remodel the Franchised Business more than once every five years By way of example, we could require you to Remodel the Franchised Business in the second year of the Initial Term and in such case, we could not require you to Remodel the Franchised Business again until the seventh year of the Initial Term Prior to commencing any Remodel you must submit to us a complete set of plans and specifications for the proposed Remodel We will review the proposed Remodel plans promptly, and will approve or provide comments regarding such proposed Remodel plans You shall not commence a Remodel unless and until we approve in writing the proposed Remodel plans In connection with a Remodel, we may require you to spend $3,750 on marketing to promote the Franchised Business, in addition to your National Marketing Fee and Local Advertising Cooperative Contribution For any Remodel, you must use a licensed architect and a licensed general contractor that we have previously approved

K **Taxes and Indebtedness** You shall timely pay when due all taxes levied or assessed, including without limitation unemployment and sales taxes and all accounts payable and other indebtedness of every kind you incur in the operation of the Franchised Business including payments to all vendors, Approved Suppliers and or your landlord Should any taxing authority impose on us any franchise" or other tax that is based on the gross sales, gross revenues business activities, or operation of the Franchised Business, except for federal and state income taxes, you will reimburse us an amount equal to the amount of such taxes and related

costs and expenses imposed on or paid by us unless the tax is credited against income tax otherwise payable by us In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or law, however in no event shall you permit a tax sale or seizure by levy or execution or similar writ or warrant or attachment by a creditor, without limitation foreclosure, eviction or repossession, to occur against the premises of the Franchised Business or any improvements of such premises, or any furniture, fixtures equipment or other assets of the Franchised Business

L Designated and Approved Products and Suppliers

1 You shall offer for sale at the Franchised Business, and you shall use in your Franchised Business only those menu items ingredients, vitamin and nutritional supplements food beverages, packaging, supplies, signs, equipment, service providers, distributors, and other items and services that we from time to time approve (and which are not thereafter disapproved) and that comply with our specifications and quality standards If required by us, any such items or services shall be purchased only from Approved Suppliers' that we designate or approve (which might include and/or be limited to us and/or our affiliates) You recognize that we shall have the right to appoint only one manufacturer, distributor and/or other vendor as the Approved Supplier for any particular item You shall not offer for sale, sell or provide through the Franchised Business or from the Site any products or services that we have not approved

2 We will provide you, in the Manuals or other written or electronic form, with a list of specifications and, if applicable, a list of Approved Suppliers for some or all of these items and may from time to time issue revisions thereto If you desire to utilize any services or products that we have not approved (for services and products that require supplier approval), you must first send us sufficient information specifications and/or samples for us to determine whether the product or service complies with our standards and specifications, or whether the supplier meets our Approved Supplier criteria

3 You will bear all reasonable expenses incurred by us in connection with determining whether we will approve an item, service or supplier We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease such items or services from such supplier Approval of a supplier may be conditioned on requirements related to the frequency of delivery, standards of service, consistency reliability and general reputation Nothing in this Section will be construed to require us to approve any particular item, service or supplier, or to require us to make available to prospective suppliers standards and specifications that we, in our discretion, deem confidential

4 Notwithstanding anything contrary in this Franchise Agreement, we have the right to review from time to time our approval of any items, services or suppliers We may revoke our approval of any item service or supplier at any time, in our sole discretion, by notifying you and/or the supplier You shall, at your own expense, promptly cease using selling or providing any items or services disapproved by us and shall promptly cease purchasing from suppliers disapproved by us

5 We have the right to retain volume rebates markups and other benefits from suppliers or distributors, or in connection with purchases by you You will have no entitlement to or interest in such benefits unless otherwise agreed to by us in writing

6 You must pay all amounts owed to Approved Suppliers when due

M Market Research We may conduct market research and testing to determine consumer trends and the salability of new menu items, food and beverage products and services You agree to participate in such market research programs as may be conducted by us, in our sole discretion by test marketing new menu items and food and beverage products and services in the Franchised Business You agree to provide us with timely reports and other relevant information regarding market research You agree to purchase a reasonable quantity of the tested new menu items food and beverage products or services and effectively promote and make a reasonable effort to sell the new menu items products and/or services

N Inspection of Premises You must permit us or our agents or representatives including but not limited to your Area Developer (if any) and his employee(s) and any third parties we designate to enter the Franchised Business and/or to examine any motor vehicle used in connection with the Franchised Business, at our discretion, at any time with or without prior notice to you for purposes of conducting inspections taking photographs and audio/video recordings, interviewing employees and customers, and/or evaluating any aspect of the Franchised Business You will cooperate fully with us or our agents or representatives in such inspections by rendering such assistance as they or we may reasonably request Upon notice from us or our agents or representatives, and without limiting our other rights under this Franchise Agreement you shall immediately correct any deficiencies detected during such inspections, including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory advertising materials, supplies vehicles, or other items that do not conform to our then-current specifications, standards or requirements In the event you fail or refuse to correct such deficiencies we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, at your sole expense which you agree to pay upon demand We may from time to time develop and implement policies relating to inspection of Tropical Smoothie Café® Stores that may vary from, or be more lenient than, the foregoing requirements You agree to follow them If you have previously failed to meet our standards at your Franchised Business after 2 inspections, then we may direct a third party we choose to conduct a third inspection and report If we do so, you must reimburse on demand the amount of our expenses for such third party service (including service fees, travel and living expenses)

O Lease You must comply with your lease or sublease for the Site You must submit to us any renewals amendments, default notices or other material documents related to your lease within 10 days of your receipt or issuances thereof

P Display of Marks You must display our Marks at the Franchised Business, on uniforms and otherwise in the manner prescribed by us The color, design and location of said displays shall be specified by us and may be changed from time to time in our sole discretion

Q Computerized Point-of-Sale System

1 You must at your sole cost purchase, use, maintain and update the computer systems (collectively, the "Computer System ") we specify from time to time for use in the operation of the Franchised Business and will follow the procedures related thereto that we specify in the Manuals or otherwise in writing The Computer System has various components, including (without limitation), designated computer hardware and software, a computerized point-of-sale system (the "POS System "), and related services, such as maintenance service and support, Internet access and data polling You may be required to obtain some of these components and services directly from us our affiliates or designated or approved suppliers You may incur monthly fees for ISP, ASP data polling services and the like

2 You must maintain the Computer System in good working order at all times and upgrade, update or otherwise change the Computer System during the term of this Franchise Agreement as we require Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware and software or to obtain service and support for the Computer System during the term of this Franchise Agreement You agree to comply with modifications to the Computer System within 30 days after you receive notice of such modifications

3 We may require you to participate in a mandated management information system, which includes certain Internet and/or intranet networks that are capable of connecting with our computer systems (collectively the "MIS System") The MIS System may allow us to review the results of your Franchised Business' operations, provide you information, and otherwise facilitate communications among us and our area developers and franchisees You must pay our then-current fees to participate in the MIS System at the times and in the manner we designate in the Manuals or otherwise in writing We reserve the right to poll (via modem or otherwise) your POS System in order to compile sales data, consumer trends, food and labor costs and other such financial and marketing information as we deem appropriate, and you acknowledge that we may distribute this data on a confidential basis to our network of franchisees

4 We may require you to participate at your expense in mandated data security programs, including programs for compliance with Payment Card Industry Data Security Standards, as such standards may change from time to time You must abide by all laws pertaining to the privacy of consumers and transactional information

5 Your Computer System must be capable of connecting with our computer systems, performing the functions we designate for the Franchised Business, permitting us to review the results of your Franchised Business' operations, and engaging in any e-commerce activities that we designate In addition to any access we may have to your Computer System through the MIS System, you must (a) supply us with any and all codes, passwords and information necessary to have access to your Computer System, and not change them without first notifying us, and (b) not load or utilize any software on the Computer System that we have not specified or approved for use You will continuously comply with each of our then-current terms of use and privacy policies (and all other requirements) regarding the Computer System, including (but not limited to) Internet use

6 Like any System standards we may periodically change, modify, upgrade delete, enhance and/or alter any aspects or parts of the Computer System POS System and/or MIS System You must adopt and implement them as and when we specify at your expense

7 You must utilize our designated online ordering service for all orders accessed via the internet or other digital medium and pay the designated service charges on a timely basis You must utilize all specified equipment and software and acquire them at your expense from our approved designated vendor To facilitate service pricing and payments we may require that you pay these fees to us and then we will pay the vendor

R Vehicles Any vehicle used by you in connection with the operation of the Franchised Business must meet our image and other standards You must place such signs and decor items on the vehicle as we require and shall at all times keep the vehicle clean and in good working order You must replace the vehicle with a more updated model as and when we specify You shall not permit anyone younger than the age of 18 years or who does not possess a valid driver s license to operate a vehicle used in connection with the Franchised Business You shall require each person who operates a vehicle used in connection with Franchised Business operations to comply with all applicable laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of the vehicles

S Supplemental Marketing Programs We may establish supplemental marketing programs (such as limited time offers, gift cards, gift certificates coupons, loyalty programs, reward programs and customer relationship management) from time to time as part of the System and you must participate in (and comply with) such supplemental marketing programs at your expense You must utilize the service providers we designate for these programs, utilize the specified equipment and software and pay the associated fees on a timely basis

T Customer Satisfaction and Franchise Compliance Programs You must participate, at your own expense in programs we may require from time to time regarding customer satisfaction and/or your compliance with the System, which may include (but are not limited to) a guest feedback system guest survey programs, and mystery shopping We may require you to reimburse us for the cost of such programs We will share the results of these programs with you as they pertain to your Franchised Business You must meet or exceed any minimum score requirements set by us from time to time for such programs

U Customer Complaints You must promptly respond to, and reasonably attempt to resolve, any complaints or negative feedback received by us or you from any of your customers If you fail to respond to and resolve any customer complaint or negative feedback, we may do so on your behalf, and you will reimburse us upon request for any costs or expenses we incur

V Identification of Independent Ownership You shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a license from us and as an authorized user of the System and the Marks which are owned by us You agree to take such action as we reasonably request to do so including without limitation, exhibiting to customers and others such notices of independent ownership as we may require from time to time, in a conspicuous place on the premises of the Franchised Business and on such forms, business cards stationery and advertising and other materials as we may specify

W **Conduct** You must conduct your business at all times in a manner that reflects favorably on the System and the Marks You shall at no time engage in deceptive, misleading or unethical practices or conduct any other act (or failure to act) which has a material negative impact on our reputation and goodwill or that of any other franchisee operating under the System

X **Donations** Without our prior written approval the Franchised Business shall not (i) donate money products, or services to any charitable political religious or other organization or cause, or (ii) act in support of any such organization

Y **Personnel** You are solely responsible for hiring training and supervising Franchised Business personnel and must hire sufficient personnel to fully staff the Franchised Business to operate in accordance with System standards You are responsible for ensuring that all such personnel meet every requirement imposed by applicable federal, state and local law

7 MARKS

A **Grant of License** We grant you a non-exclusive license to use the Marks solely in connection with the operation of your Franchised Business

B **Conditions for Use** With respect to your use of the Marks pursuant to the license granted under this Franchise Agreement you agree that

1 You must use only the Marks designated by us and shall use them only in the manner required or authorized and permitted by us You acknowledge that any unauthorized use of the Marks will constitute infringement of our rights

2 You must use the Marks only in connection with the operation of the Franchised Business, and only at the Franchised Business or in advertising for the Franchised Business

3 You must identify yourself as the owner of the Franchised Business and a licensee of the Marks on all invoices, order forms, receipts business stationery and contracts, as well as at the Franchised Business on a sign that is conspicuously displayed to customers, in each case using such language as we may prescribe

4 You shall not use the Marks or any other abbreviation or name associated with us or the System as a part of any email address domain name or as part of your corporate or other legal name You agree not to transmit or cause any third party to transmit advertisements or solicitations by email or other electronic media without first obtaining our written consent as to (i) the content of such advertisement or solicitation, and (ii) your plan for transmitting such advertisements In addition to any other obligations set forth in this Franchise Agreement, you shall be solely responsible for compliance with any laws pertaining to sending advertisements or solicitations via email or any other electronic media, including but not limited to the "CAN-SPAM Act of 2003" and the "Telephone Consumer Protection Act of 1991 "

5 You must comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and must execute any documents our

counsel or we deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability

6 If you become aware of any infringement of the Marks or if your use of the Marks is challenged by a third party then you must immediately notify us, and we will have sole discretion to take such action as we deem appropriate You will cooperate and assist as required by us in any enforcement activities or litigation as we deem necessary to fully protect all our interests in the Marks, including any state and federal trademark and service mark registrations for the Marks or to protect the System If we determine that no action to protect the Marks is necessary, then you may take any action you deem necessary to protect your own interest at your own expense

7 If we modify or discontinue the use of any Mark and/or require the use of one or more additional or substitute names or marks you will modify or discontinue the use of any such name or mark within a reasonable time after receiving notice, and use such additional or substitute name or mark at your expense

8 You shall not establish a website on the Internet using any domain name or uniform resource locator containing any of the Marks or the words 'TROPICAL SMOOTHIE" or ' TROPICAL SMOOTHIE CAFE" or any variation thereof without our prior written consent We retain the sole right to advertise on the Internet and to create a website using the "TROPICAL SMOOTHIE CAFE" domain name We are the sole owner of all right title and interest in all domain names related to the System

C **Acknowledgements** You acknowledge and agree that

1 As between us and you we (or our affiliates) own all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them,

2 The Marks are valid, distinctive and serve to identify us as the source of the goods and services offered pursuant to those marks and by those who are authorized to operate under the System,

3 You will not directly or indirectly contest the validity, distinctiveness, or ownership of the Mark or our right to license the Marks, either during the Term or thereafter,

4 Your use of the Marks pursuant to this Franchise Agreement does not give you any ownership interest or other interest in or to the Marks, except the nonexclusive license granted in this Franchise Agreement,

5 In the event we substitute different Marks for the Marks you are currently using, you will promptly effect such substitute Marks at your sole cost and expense,

6 Any and all goodwill arising from your use of the Marks and/or the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Franchise Agreement no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Marks,

7 You shall not register or attempt to register the Marks in your name or that of any other person or entity and

8 The license of the Marks granted to you under this Franchise Agreement is non-exclusive and we thus have retained the rights among others

(i) To use the Marks themselves in connection with selling products and services,

(ii) To grant other licenses for the Mark, in addition to those licenses already granted to existing franchisees and otherwise, and

(iii) To develop and establish other systems using marks the same or similar to the Mark, or any other marks and to grant licenses or franchise thereto at any location whatsoever, without providing any rights or compensation to you

8 CHANGES TO THE SYSTEM

A Changes By Us We have the right to change or modify the System from time to time, including, without limitation the adoption and use of new or modified Marks or copyrighted materials and new or additional menu items, recipes, computer hardware, software, equipment, inventory, supplies, procedures, techniques, standards, and specifications You will comply with any such changes or modifications to the System at your expense We may communicate such changes or modifications by incorporating them into the Manuals, or other method we reasonably deem appropriate (which need not qualify as "notice" under Section 19)

B Franchisee-Developed Concepts You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you or your managers during the Term relating to the development and/or operation of the Franchised Business Any such idea, concept, method technique or product is automatically owned by us If the foregoing provision is invalid or otherwise unenforceable, you will grant to us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sublicense such ideas, concepts, methods, techniques and products We shall have no obligation to make any payment to you with respect to any such idea, concept method, technique or products You agree that you will not allow any other person or entity to use any such idea concept, method, technique or product without obtaining our prior written approval

C Variance You agree that we have the right to, in our sole discretion and from time to time, approve exceptions or changes to the standards or specifications of the System for any franchisee (including, without limitation the amount and payment terms of any fee) that we deem necessary or desirable based upon that particular franchisee s qualifications, the peculiarities of a particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which we deem to relevant to a particular Tropical Smoothie Cafe® Store or group of stores We will not be required to disclose or grant to you the same or a similar variance You further acknowledge that other franchisees, whether existing now or in the future, will operate under different forms of the franchise

agreement and that as a result their rights and obligations may different materially from your rights and obligations

D **Technology** The parties acknowledge that changes to technology are dynamic and not predictable within the Term In order to provide for the inevitable but unpredictable changes to technological need and opportunities you agree that we shall have the right to establish, in writing reasonable new standards for implementation of technology (including all aspects of the Computer System POS System and MIS System) in the System and you agree that you shall abide by those standards we establish as and when we require

9 CONFIDENTIAL INFORMATION

"Confidential Information" means all non-public information of or about the System, us, and our affiliates and any Tropical Smoothie Cafe® Store, including all non-public methods for developing and operating Tropical Smoothie Café® Stores and all non-public plans data, financial information, training programs, Manuals processes vendor pricing, supply systems, specifications, marketing systems, formulas techniques, designs layouts, operating procedures, customer data and market data, e-commerce data information, trade secrets and know-how concerning the operation of Tropical Smoothie Cafe® Stores which may be communicated to you or of which you may be apprised by virtue of your operation of the Franchised Business under the terms of this Franchise Agreement With respect to all Confidential Information, (i) you shall treat and maintain the Confidential Information as confidential both during the Term of this Franchise Agreement and thereafter, (ii) you shall use the Confidential Information only for your operation of the Franchised Business under this Franchise Agreement and not in any other business or capacity (iii) you shall not make unauthorized copies of any portion of the Confidential Information (whether disclosed via electronic medium or in written or other intangible form), including, for example, the Manuals, (iv) you shall disclose the Confidential Information only as necessary to your employees or agents who have a demonstrable and valid need-to-know the Confidential Information, and not to anyone else, (v) you shall advise your employees or agents of the confidential nature of such information and the requirements of nondisclosure thereof, (vi) you shall promptly inform us of any unauthorized disclosure or use of Confidential Information, and (vii) you shall implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation restrictions on disclosure of Confidential Information to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or managers who have access to the Confidential Information We shall be designated a third-party beneficiary of such nondisclosure and noncompetition agreements, with the independent right to enforce such agreements

10 RECORDS AND REPORTS

A **Maintenance of Books and Records** You shall maintain complete books, records and accounts for at least seven years from the date of preparation in accordance with the System and in the form and manner prescribed by us

B Weekly Reports You shall submit to us at your expense, at the same time that Royalty Fees are payable, a weekly statement (in a form prescribed by us) of Gross Sales during the preceding week, together with such other data or information as we may require

C Financial Statements You shall submit to us at your expense, on such forms and in such format that we prescribe

1 within 10 days of the end of each month, a profit and loss statement for the Franchised Business for the immediately preceding month, and

2 within 90 days of the completion of your fiscal year, an annual financial statement for the Franchised Business which shall include an income statement and balance sheet prepared in accordance with generally accepted accounting principles

We may require the financial statements to be prepared on a consolidated basis for each Franchised Business that you and your affiliates own We may require that annual financial statements be compiled by an independent certified public accounting firm We also reserve the right to require you to submit to us financial statements for any period or periods of any fiscal year We also reserve the right to require that you submit your financial statements electronically including through an intranet portal

D Annual Business Plan If required by us you shall submit an annual business plan and forecast by such date that we determine

E Other Submissions You shall also submit to us such other forms reports, and data records, contracts tax returns, governmental permits and other documents and information related to you or the Franchised Business as we may reasonably designate, in the form and at the times and places reasonably required by us

F Legal Actions and Investigations You shall notify us in writing within three days of any legal action (including any lawsuit or governmental investigation) or threatened legal action by any customer or other third party against you or the Franchised Business, or otherwise involving you or the Franchised Business You shall provide to us such documents and information related to any such action as we may request

G Government Inspections You shall give us copies of all inspection reports warnings, certificates and ratings, issued by any governmental entity with respect to the Franchised Business within three days of your receipt thereof

H Audit We or our designated agents shall have the right at all reasonable times to examine and copy at our expense, your books, records, receipts and tax returns If an audit reveals that any payments to us have been understated in any report to us, then you shall immediately pay to us, upon demand the amount understated plus interest calculated on a late payment You shall also reimburse us for all costs and expenses of the audit if (i) we conducted the audit because you failed to submit required reports or were otherwise not in compliance with the System or (ii) if the understatement exceeded 2% or more of Gross Sales for the audited period

I **Requests for Information** You hereby irrevocably grant us permission to (a) release to your landlord lender(s), or prospective landlord(s) and lender(s) any financial or operational information relating to the Franchised Business however we are under no obligation to do so and (b) request information from your landlord(s) and lender(s) You also irrevocably authorize such landlord(s) and lender(s) to respond to any and all questions from us and provide us with all information we request regarding you

11 ADVERTISING

A **Approval of Marketing Materials** You must conduct all advertising, promotion and marketing in a dignified and honest manner, and in accordance with the marketing policies which we prescribe from time to time You must submit to us samples of all such materials at least 15 days before their intended use if such materials have not been prepared by us or previously approved by us during the 12-month period preceding the date of proposed use If you do not receive our written approval within 10 days we will be deemed to have disapproved the materials You shall not use any advertising, marketing or promotional plans or materials, which have not been approved in writing by us and you shall cease to use any plans or materials promptly upon notice by us

B **Internet** In addition to our general rights over all advertising promotion and marketing set forth in Section 11 A, you acknowledge that we have the exclusive right to conduct and manage all marketing on the Internet or other electronic medium, including all websites and ' social media" marketing related to the TROPICAL SMOOTHIE CAFE® brand You shall not conduct such marketing or establish any website or social media presence independently, except as we may specify, and only with our consent We retain the right to approve any linking to or other use of our website You must comply with any Internet and social media policy that we may prescribe

C **National Marketing and Advertising Program** We will deposit your National Marketing Fee in an account (the ' NMF Account') We will use the NMF Account in part to design and create promotional, marketing and advertising resources including, but not limited to, in-store point of purchase materials flyers, radio and television commercials and other materials for your use, as we deem appropriate in our sole discretion All costs associated with your duplication or distribution of these materials, or with media placement, must be borne by you We will use the NMF Account in connection with advertising with different media outlets, including print, radio, television and/or online on a national and/or regional level for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate, in our sole discretion We (or our designee) will maintain and administer the NMF Account in the following manner

1 We (or our designee) will oversee all advertising, promotion and marketing programs with sole discretion over the creative concepts, materials and media used in such programs and the geographic, market and media placement and allocation thereof The NMF Account may be used to satisfy any and all costs of maintaining, administering, directing, preparing and producing promotional, marketing and advertising resources, including, but not limited to, the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns the cost of direct mail and outdoor billboard advertising the cost of

marketing and promotion activities including advertising and marketing agencies, the cost of public relations activities, including advertising and public relations agencies the cost of developing and maintaining an Internet website the cost of providing advertising promotional and/or other marketing materials to franchisees and personnel and other departmental costs for advertising promotion and marketing that we internally administer or prepare

2 The NMF Account will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the NMF Account and its marketing programs

3 It is anticipated that the NMF Account contributions will be expended for programs during the fiscal year in which such contributions to it are made If excess amounts remain at the end of such fiscal year, all expenditures in the following fiscal year(s) will be made first out of such excess amounts including any interest or other earnings on the NMF Account, and next out of current contributions We may, in our sole discretion, spend in any fiscal year an amount greater or less than the amount in the NMF Account in that year, and we may lend money to cover any deficits

4 Each Tropical Smoothie Cafe® Store operated by us or our affiliates will contribute National Marketing Fees at the same rate as Tropical Smoothie Cafe® Stores operated by franchisees

5 An accounting of the NMF Account will be prepared annually and will be made available to you upon request We retain the right to have the collections and expenditures of amounts in the NMF Account audited, at the expense of the NMF Account, by an independent certified public accountant we select

6 We assume no fiduciary duty in administering the NMF Account

7 We have no obligation to ensure that expenditures from the NMF Account are or will be proportionate or equivalent to contributions of National Marketing Fees by Tropical Smoothie Café® Stores operating in any geographic area or that any Tropical Smoothie Cafe® Store will benefit directly or in proportion to the amount of National Marketing Fees it has paid

D Local Advertising Cooperative Contribution You must participate with other franchisees in your designated market area (as determined by us) in an advertising cooperative If there are no other franchisees in your designated market area, then you will be the sole member of the advertising cooperative until such time as other franchises have been established in the designated market area You shall comply with the policies and procedures established by the advertising cooperative and must contribute 2% of Gross Sales each week to the advertising cooperative We (or our designee) will administer these funds in accordance with the direction of the cooperative members provided that our prior written approval must be obtained for all expenditures of the cooperative and before the use of any advertising and promotional materials developed by the cooperative We may contract with an independent accounting firm to administer such funds We may require cooperative members to adhere to governing documents

that we develop We may require you to submit monthly financial statements for the cooperative We may require a cooperative to be changed dissolved or merged Activities of the cooperative will generally be determined by its members, except that we reserve the right to exercise sole decision-making power over the cooperative funds if we determine, in our sole discretion, that the cooperative is not functioning properly either due to a lack of participation or an impasse among the members Company-owned locations may participate in the cooperatives and, if they do so, they will be subject to the same fees and voting powers as franchisee members

E Promotional Programs You acknowledge that periodic rebates, give-aways and other promotions and programs are an integral part of the System Accordingly you at your sole cost and expense from time to time shall issue and offer such rebates give-aways, discounts, incentives and promotions in accordance with any reasonable marketing programs established by us, and further shall honor rebates, give-aways and other promotions issued by other franchisees as long as all of the above do not contravene the laws of appropriate governmental authorities

12 INSURANCE

A Procurement You shall procure, prior to the commencement of any operations under this Franchise Agreement, and thereafter maintain in full force and effect at all times, at your sole expense (i) an insurance policy or policies insuring you, together with your Area Developer (if any), us, and our affiliates against any loss, liability personal injury death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising out of or occurring upon or in connection with the Franchised Business or the construction of or leasehold improvements made to the Franchised Business, or by reason of the operation or occupancy of the Franchised Business, and (ii) such other insurance applicable to such other special risks, if any, as we may reasonably require for our own and your protection

B Minimum Coverage Such policy or policies shall be written by an insurance company rated "A' or better by A M Best Company, and that is otherwise satisfactory to us, and shall include at a minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time by us in the Manuals or otherwise in writing) the following

1 Comprehensive general liability insurance, including contractual liability, broad form property damage personal injury advertising injury, product liability, employee liability, completed operations and independent contractors coverage, and fire damage coverage in the amount of $1,000,000 per occurrence with $2,000,000 aggregate coverage, or such higher amount as required by the lease for the Site,

2 An ' umbrella' policy providing excess coverage with limits not less than $1,000,000

3 Automobile liability coverage including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 combined single limit,

4 Worker s compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated,

5 All risks" coverage for the full replacement of the Franchised Business premises and all personal property and equipment on Site or used in the Franchised Business,

6 Business interruption and extra expense insurance for a minimum of twelve months to cover loss of profits and continuing expenses including payment of Royalty Fees, caused by any occurrence covered by the insurance referenced in subsections 1 and 5 above

7 Employment practices liability insurance and

8 PCI Compliance Insurance

C Additional Insured You shall have us, our affiliates and your Area Developer (if any), named as an additional insured under each policy except for policies required by statute in your jurisdiction including, but not limited to workers compensation and employer s liability insurance policies We may require additional types of coverage or increase the required minimum amount of coverage upon reasonable notice Such policies shall also include a waiver of subrogation in favor of us

D Construction Coverage In connection with any construction, leasehold improvements, renovation refurbishment or remodeling of the premises of the Franchised Business you shall cause the licensed general contractor to maintain with a reputable insurer comprehensive general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles builder's risk, product liability and independent contractors coverage) in at least the amount of $1,000 000 with us our affiliates, and your Area Developer (if any) named as an additional insured, and worker's compensation and employer's liability insurance as required by state law

E Certificates At least 15 days prior to the opening of the Franchised Business and at least 30 days in advance of each policy renewal date thereafter, you shall submit to us certificates evidencing the existence and continuation of proper coverage with limits not less than those required hereunder Such insurance certificates shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to us In addition, if requested by us, you will deliver to us a copy of any policy required hereunder

F Independence of Coverage Requirements Your 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 us, and your performance of that obligation shall not relieve you of liability under the indemnity provision set forth in Section 17 of this Franchise Agreement Any and all policies must provide that your failure to comply with the Franchise Agreement or any other act or omission by you will not void or otherwise affect the protection afforded to us

G Third Parties You shall ensure that all third parties with which you conduct business are properly insured

H Casualty Proceeds In the event of fire or other casualty that results in the damage or destruction of the Franchised Business, you shall pay to us from the proceeds received by you of any business interruption or other insurance applicable to loss of revenue or proceeds, an amount equal to 5% percent of such insurance proceeds (the "Casualty Proceeds) Our portion of the Casualty Proceeds shall be paid to us within 10 days after receipt At the same time, you shall notify us as to whether you will reconstruct the Franchised Business in a prompt and timely manner In the event you notify us that you will not do so this Franchise Agreement will automatically terminate and you must then immediately comply with all of the obligations set forth in Section 15 of this Franchise Agreement that we may reasonably require under the circumstances

13 TRANSFERS, OPERATION BY US

A By Us We may transfer or assign this Franchise Agreement, or any of our rights or obligations under this Franchise Agreement to any person or entity, and we may undergo a change in ownership and/or control, without your consent After such transfer or assignment you shall look solely to the transferee or assignee and not to us, for the satisfaction of any obligation transferred or assigned We may also, without your consent transfer assign or otherwise alter any or all of the ownership interest in us

B By You

1 If you are an entity, 'Owner" means a natural person or business entity which "owns" equity in you, where such ownership is direct indirect or beneficial

2 You acknowledge that the rights and duties set forth in this Franchise Agreement are personal to you (and to your Owners, if applicable) and that we entered into this Franchise Agreement in reliance on your business skill, financial capacity, personal character, experience, and business ability Accordingly you (and your Owners, if applicable) shall not conduct or undergo a Transfer (as defined herein) without providing us at least 60 days' prior notice of the proposed Transfer, and without obtaining our consent

3 "Transfer" means for you or any Owner to voluntarily or involuntarily transfer, sell, assign, delegate, convey, gift, pledge mortgage, encumber or dispose of, in any single or series of transactions, any direct, indirect, or beneficial interest in (i) you (ii) the Franchised Business (or all or substantially all of its assets) (iii) this Franchise Agreement or (iv) any interest or right granted under this Franchise Agreement

4 Except as specifically provided in this Franchise Agreement, we have the absolute and unfettered right to withhold our consent to a Transfer In the event of a Transfer, we may impose the following conditions precedent in our sole discretion

(i) in the event the Transfer, in a single or series of transactions (whether by reorganization, merger, equity interest purchase or exchange or others) would reduce your equity interest in the

Franchise Agreement and/or Franchised Business or, if you are an entity the voting or equity interest held by your Owners in you to no less than 51% ("Minority Ownership Transfer') then on or before such Minority Ownership Transfer we receive a transfer fee from you equal to $2 500 Such fee will be waived in the event such Minority Ownership Transfer was to your direct family member or to the guarantor of your obligations under this Franchise Agreement

(ii) in the event the Transfer, in a single or series of transactions (whether by reorganization merger, equity interest purchase or exchange or others), would reduce your equity interest in the Franchise Agreement and/or Franchised Business or if you are an entity the voting or equity interest held by your Owners in you to less than 51% (Majority Ownership Transfer) then on or before such Majority Ownership Transfer we receive a transfer fee from you equal to the greater of (A) $10,000 or (B) 5% of the sale price paid to you by the transferee If there is no sales price paid in connection with the Majority Ownership Transfer, then the transfer fee shall be $10 000 Such fee will be waived in the event such Majority Ownership Transfer was to your direct family member or to the guarantor of your obligations under this Franchise Agreement,

(iii) the proposed transferee and its owners have completed our franchise application processes and meet our then-applicable standards and requirements for a new franchisee,

(iv) the proposed transferee is not, or does not own or operate, a Competitor 'Competitor" means a business which sells smoothies and includes but is not limited to (i) Smoothie King, (ii) Robeks, (iii) Planet Smoothie, (iv) Jamba Juice and (v) Freshii,

(v) you have paid all monetary obligations to us in full, and you are not otherwise in default or breach of this Franchise Agreement,

(vi) you have paid all suppliers and vendors in full,

(vii) the transferee and its owners and managers undergo such training as we may require

(viii) you, your Owners, and the transferee and its owners execute our then-current form of the transfer or assumption agreement, which such agreement will (i) contain a general release in favor of us, our affiliates, and our respective past, present and future owners, officers directors, managers agents and employees as well as any

and all additional instruments that we reasonably request to evidence the Transfer

(ix) you and your Owners must agree to remain liable for all of the obligations to us in connection with the Franchised Business arising before the effective date of the Transfer, and execute any and all instruments that we reasonably request to evidence such liability,

(x) the Franchised Business fully complies with all of our then-current System requirements,

(xi) the transferee executes our then-current form of the franchise agreement, which may contain materially different provisions than this Franchise Agreement, and which will have a new term,

(xii) the transferee must agree to a sublease or to a transfer and assumption of the lease of the Site from you, and must obtain the landlord's approval prior to any transfer or sublease if applicable,

(xiii) you Remodel the Franchised Business (or we may require the transferee to do so within a time period we specify)

5 Any purported Transfer that does not comply with this Section 13 B shall be voidable by us, and shall be a default of this Franchise Agreement that shall permit us to terminate the Franchise Agreement pursuant to Section 14 C

C Transfer for Convenience of Ownership You may Transfer this Franchise Agreement to a corporation or limited liability company formed solely for the convenience of ownership so long as (i) you own and control 100% of the ownership interests of the corporation or limited liability company, (ii) you notify us at least 30 days prior to the Transfer, and (iii) you comply with Section 6 B and Section 6 C You agree to remain personally liable under this Franchise Agreement as if the transfer to the corporation or limited liability company did not occur

D Our Right of First Refusal If any party who holds an interest in you or in the Franchised Business and desires to accept any bona fide offer from a third party for a Transfer then you must notify us in writing of each offer and provide us with copies of all relevant documentation related to such offer Except as otherwise provided in this Franchise Agreement, we shall have the right and option, exercisable within 30 days after receipt of such written documentation and information, to acquire the Franchised Business or purchase the seller's interest in you (collectively, the "Interest") on the same terms and conditions offered by the third party by sending written notice to the seller that we intend to do so If the consideration, terms and/or conditions offered by a third party are such that we cannot reasonably furnish the same consideration terms and/or conditions then we may purchase the Interest for the reasonable equivalent in cash Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer If we elect to purchase the Interest, closing on such purchase must occur by the later of (a) the closing

date specified in the third party offer, or (b) within 30 days from the date of notice to the seller of our election to purchase Our right to exercise the option afforded by this Section 13 D shall not constitute a waiver of any other provision of this Franchise Agreement including all of the requirements of this Section 13 with respect to a proposed Transfer

E **Transfer Upon Death or Incapacity** If you (or, if the Franchised Business is owned by an entity, any person with a 10% or greater equity interest in the entity) die or become incapacitated your executor administrator, or personal representative of that person must Transfer the Franchised Business to a third party approved by us within nine months If the transferee is a family member of yours, then (i) the Transfer will be approved by us so long as the transferee meets the conditions contained in Section 13 B (other than the payment of the transfer fee), and (ii) the Transfer will not be subject to our right of first refusal in Section 13 D

F **No Lien on Agreement** You shall not grant a security interest in this Franchise Agreement (including any collateral assignment of this Franchise Agreement) to any person or entity If you grant an ' all assets" security interest to any lender or other secured party, you shall cause the secured party to expressly exempt this Franchise Agreement from the security interest

G **Operation of the Franchised Business by Us** If (i) you (or if you are an entity, the person with a majority interest in you) dies or becomes incapacitated, (ii) this Franchise Agreement is terminated or expires and we elect to purchase assets of the Franchised Business as provided in Section 15 H, or (iii) you operate the Franchised Business in a manner which, in our reasonable opinion constitutes a danger to the health or safety of any person, then we (or our designee, including an Area Developer) may (but are not obligated to) enter your Site and operate and manage the Franchised Business for your account until this Franchise Agreement is terminated, the Franchised Business is transferred, the Franchised Business is purchased by us, or we return the Franchised Business to you Our operation and management will not continue for more than 90 days without your consent We will account to you for all net income from the Franchised Business during the period in which we operate the Franchised Business We may collect a temporary management fee equal to 10% of Gross Sales for the period in which we operate the Franchised Business

14 DEFAULT AND TERMINATION

A **Termination After 30-Day Cure Period** Except as otherwise provided in Section 14 B, Section 14 C and Section 14 D, below, if you violate this Franchise Agreement or otherwise fail to perform any of your obligations hereunder (a "default"), we may terminate this Franchise Agreement by notifying you in writing stating the nature of the default at least 30 days before the effective date of termination You may avoid termination only by immediately initiating a remedy to cure such default and curing it to our satisfaction prior to the termination date we specify (which may not exceed 30 days from our notice) If any such default is not cured within the specified period, or such longer period as required by law, then this Franchise Agreement shall terminate without further notice to you, effective immediately

B **Termination With Notice And A 10-Day Cure Period** Upon the occurrence of any of the events of default set forth in this subsection, we may at our option, terminate this Franchise Agreement by notifying you in writing stating the nature of the default at least 10 days

before the effective date of termination You may avoid termination only by immediately initiating a remedy to cure such default and curing it to our satisfaction within the 10-day cure period If any such default is not cured within the specified period or such longer period as required by law this Franchise Agreement shall terminate without further notice to you effective immediately

1 If you fail to make a payment when due (or if you do not have sufficient funds in your account when we attempt an electronic funds withdrawal) to us (or our affiliate) under this Franchise Agreement or any other agreement between you (or your affiliate) and us (or our affiliate) and you fail to cure such non-payment

2 If you fail to comply with our product and quality control standards and specifications or any other System standard

3 If you fail to have any real estate brokers, architects general contractors or suppliers approved by us as required by this Franchise Agreement,

4 If you fail to offer all Products as required by us, or if you offer any unapproved Products,

5 If you fail to maintain or observe the health and sanitation procedures prescribed by us or by law

6 If you fail to operate the Franchised Business in compliance with the standards and specifications set forth in the Manuals,

7 If you fail to make payment when due to any vendors or suppliers providing products or services to the Franchised Business,

8 If you (or any of your affiliates or Owners) default under any other agreement with us (or our affiliate)

9 If you refuse to permit us to inspect the Franchised Business, or your books or accounts upon demand,

10 If you are unable or unwilling to complete training as required under this Franchise Agreement,

11 If you fail, refuse or neglect to promptly submit certificates of insurance to us as required under this Franchise Agreement or

12 You or your affiliates, fail to make payment when due to any landlord of the Franchised Business

C Termination With Notice and No Opportunity To Cure You will be in default of this Franchise Agreement and we may, at our option terminate this Franchise Agreement and all your rights hereunder, without allowing or permitting you the opportunity to cure the default,

effective immediately upon delivery of written notice to you upon the occurrence of any of the following events

1 If you (or any of your Owners) made any material misrepresentation or omission when applying to a be franchisee, or if by entering this Franchise Agreement you violated any non-competition agreement by which you are bound,

2 If you fail to acquire your Site or open the Franchised Business for business by the deadlines specified in Section 5 C and Section 5 F respectively,

3 If the Franchised Business ceases operation for three consecutive days without our prior approval,

4 If your landlord notifies you that the landlord is re-taking possession of the Site, if an eviction proceeding is filed against you, or if you otherwise lose your right to possession of the Site

5 If you relocate the Franchised Business without our prior written consent

6 If you (or any of your Owners) engage in any violent or threatening act towards an employee customer or any other person,

7 If a threat danger or injury to health or safety of any person results from any act or failure to act by you (or any of your owners) or from the construction maintenance or operation of the Franchised Business,

8 If you (or any of your Owners) are or have been convicted by a trial court of, or plead no contest or guilty to, a crime or offense that we reasonably believe is likely to have an adverse effect on the System or the Marks or a felony,

9 If you (or any of your Owners) commits a material violation of Section 6 D (Compliance With Laws) or Section 9 (Confidentiality Information), violates Section 13 (Transfers) or Section 16 (Covenants), or violates any other provision of this Franchise Agreement which by its nature cannot be cured

10 If you knowingly maintain false books or records, or knowingly submit any false statements or information to us, or underreport Gross Sales by more than 5% for any week,

11 If you or your Operating Principal loses the right to reside in the United States,

12 If you fail to make payment when due on any loan to (or secured by) the Franchised Business, and do not cure such non-payment within any applicable grace period,

13 If a judgment is issued against you from any court that is not satisfied or properly appealed so that it is stayed from execution within 30 days of issuance

14 If we terminate any other agreement between you (or your affiliate) and us (or our affiliate) for your default thereunder

15 If you violate this Franchise Agreement after you have received two or more notices of default under this Franchise Agreement (whether or not such defaults are cured after notice), all in the same 24-month period, or

16 If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated with the Marks or our rights in or to any aspect of the System

D Automatic Termination You shall be deemed to be in default under this Franchise Agreement and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you if such petition is filed against and consented to by you or not dismissed within 30 days or if you are adjudicated as bankrupt or if a court appoints a receiver of or other custodian of your business or assets, or if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed), or if execution is levied against the Franchised Business, or suit to foreclose any lien or mortgage against the Franchised Business is instituted against you and not dismissed within 30 days or if any substantial real or personal property of the Franchised Business shall be sold after levy thereon

E Our Right to Cure If you breach or default under any provision of this Franchise Agreement, we may (but have no obligation to) take any action to cure the default on your behalf, without any liability to you You shall reimburse us for our costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee

F Temporary Public Safety Closure If we discover or become aware of any aspect of the Franchised Business which in our opinion, constitutes an imminent danger to the health or safety of any person, then upon our verbal or written instruction, you must immediately suspend operations of the Franchised Business and remedy the dangerous condition We shall have no liability to you or any other person for our action or failure to act with respect to a dangerous condition Our right to require an immediate suspension of operations is in addition to all other rights and remedies we have

15 OBLIGATIONS UPON TERMINATION

Upon termination or expiration of this Franchise Agreement all rights granted to you under this Franchise Agreement shall immediately terminate including the Franchise and your right to operate the Franchised Business, and

A Cease Operating You shall immediately cease operating the Franchised Business and cease using any of the Marks and Confidential Information provided however, that this Section 15 A shall not apply to the operation by you of any other franchised Tropical Smoothie Cafe® Store under the System that we may separately and independently have granted you and that we have not terminated

B Modify The Premises If we do not exercise our option to acquire your lease or sublease pursuant to Section 15 H you shall make such modifications to the premises of the Franchised Business immediately upon termination or expiration of this Franchise Agreement as may be necessary to distinguish the appearance of the premises from that of other Tropical Smoothie Cafe® Stores and you shall make such specific additional modifications as we may reasonably request for that purpose If you fail or refuse to comply with the requirements of this Section 15 we shall have the right to enter upon the premises of the Franchised Business without being guilty of trespass or any other tort to make such modifications at your expense, which you shall pay upon demand

C Immediate Payment You shall immediately pay all sums owing to us and our affiliates and suppliers, through the effective date of termination or expiration

D Liquidated Damages If we terminate this Franchise Agreement under Section 14 or if you terminate this Franchise Agreement without the contractual right to do so, we shall be entitled, as liquidated damages and not as a penalty and solely to compensate us for damages solely due to your failure to continue operating the Franchised Business for the remainder of the term of this Franchise Agreement, to a sum equal to the average Royalty Fees owed by you (even if not paid) per month over the 12-month period preceding the date of termination (or, if the Franchised Business was not open throughout such 12-month period, then the average Royalty Fees earned per month for the period in which the Franchised Business was open), multiplied by the lesser of (i) 18, or (ii) the number of months remaining in the term of this Franchise Agreement This liquidated damages provision will not limit our rights to injunctive relief relating to any violations of this Franchise Agreement nor limit any damages available to us arising out of such violations You acknowledge and agree that the amount of liquidated damages determined in accordance with the preceding formula reasonably represents our monetary losses of Royalty Fees resulting from the termination of this Franchise Agreement

E Return of Materials You shall promptly return to us all copies of the Manuals, Confidential Information and any and all other materials provided by us to you or created by a third party for you relating to the operation of the Franchised Business and all items containing any Marks, provided however, that you may retain your copy of this Franchise Agreement, and correspondence between you and us, and any other document which you need for compliance with any applicable laws

F Close Vendor Accounts You must close all of your accounts with suppliers which were opened in connection with the Franchised Business We have the right to notify your Supplier that this Franchise Agreement has expired or been terminated and to require them to close your accounts, if you fail to do so

G Cease Identification with Us You shall promptly cancel all assumed name or equivalent registrations relating to your use of the Marks and notify any applicable telephone Internet, email, electronic network, directory, and listing entities of the termination or expiration of your right to use any numbers, addresses, domain names locators, directories and listings associated with any of the Marks, provided however, that this Section 15 G shall not apply to the operation by you of any other Tropical Smoothie Cafe® Store under the System that we may separately and independently have granted you and that we have not terminated You will

authorize the transfer of the foregoing to us or any new franchisee as may be directed by us You hereby irrevocably appoint us with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing

H Option to Purchase Upon expiration or termination of this Franchise Agreement we shall have the right (but not the obligation) to purchase any or all of the furnishings, equipment, signs, fixtures supplies, materials and other assets related to the operation of the Franchised Business at your cost or fair market value, whichever is less, and/or to require you to assign your lease or sublease to us If the parties cannot agree on fair market value of the assets within ten (10) days of the expiration or termination of this Franchise Agreement the fair market value will be determined as follows We will provide you a list of three appraisers selected by us Within five (5) business days of the date you receive our list you will have the right to select one of the three appraisers selected by us The appraiser you select from our list will appraise the furnishings, equipment, signs, fixtures supplies, materials and other assets You and we will share the cost of the appraiser equally The appraiser will be obligated to complete the appraisal within 30 days after being retained Within thirty (30) days of our receipt of the appraisal, we will determine whether we will exercise our option to purchase any or all of the appraised assets In the event we elect to purchase any of the assets we shall purchase assets only and shall assume no liabilities If we elect to exercise any such option, we shall have the right to set off from the purchase price (a) all amounts due from you to us or any of our affiliates, (b) your portion of the cost of any appraisal conducted hereunder (c) any sums necessary to acquire clear title to the lease or sublease We may assign this option to any other party, without your consent

16 COVENANTS

A In-Term Restrictive Covenants You and your Owners specifically acknowledge that you and they will receive access to valuable specialized training and Confidential Information, and that such specialized training and Confidential Information provide a competitive advantage to the System During the term of this Franchise Agreement, neither you nor any of your Owners shall, directly or indirectly for yourself or themselves or through, on behalf of or in conjunction with any other person or entity

1 Divert or attempt to divert any customer of Tropical Smoothie Cafe® Stores (including the Franchised Business) to any other business or to perform any other act injurious or prejudicial to the goodwill associated with the Marks or the System,

2 Employ or seek to employ any person who is at that time employed by us or by any other franchisee or Area Developer of ours, or otherwise directly or indirectly induce such person to leave the employ of said party,

3 Solicit other franchisees or Area Developers, nor use available lists of franchisees or Area Developers for any commercial purpose other than purposes directly related to the operation of the Franchised Business,

4 Have any ownership interest in or be engaged or employed by any Competitor, or

5 Authorize assist, or induce another to develop, open or operate a Competitor

B Post-Term Restrictive Covenants You and your Owners covenant that, with respect to you for a continuous uninterrupted period commencing upon the expiration, termination, or Transfer of this Franchise Agreement for any reason or, with respect to each of the owners, commencing on the earlier of (i) the expiration or termination of this Franchise Agreement for any reason or (ii) the time such person ceases to be an owner of the Franchised Business and continuing for two years thereafter, except as otherwise approved in writing by us neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of or in conjunction with any other person or entity

1 Divert or attempt to divert any customer of Tropical Smoothie Cafe® Stores to any other business,

2 Employ or seek to employ any person who is at that time employed by us or by any other franchisee or Area Developer of ours, or otherwise directly or indirectly induce such person to leave his or her employment,

3 Solicit other franchisees or Area Developers, nor use available lists of franchisees or Area Developers, for any commercial purpose, or

4 Have any ownership interest in, or be engaged employed by or involved in, either directly or indirectly, any Competitor which is located within a 5-mile radius of the Site or the location of any Tropical Smoothie Cafe® Store

5 Authorize, assist, or induce another to develop, open or operate a Competitor which is located within a 5-mile radius of the Site or the location of any Tropical Smoothie Cafe® Store

C Directives In the event of any dispute related to this Section 16 you and your Owners direct any third party construing this Section, including without limitation any court, mediator, master, or other party acting as trier or fact or law

1 To conclusively presume that the restrictions set forth in this Section 16 are reasonable and necessary in order to protect (i) our legitimate business interests including without limitation the interests of our other franchisees, (ii) the confidentiality of our Confidential Information, (iii) the integrity of the System (iv) our investment in the System, (v) the investment of our other franchisees in their Tropical Smoothie Cafe® Stores, and (vi) the goodwill associated with the System,

2 To conclusively presume that the restrictions set forth in this Section 16 will not unduly burden you or your Owners' ability to earn a livelihood,

3 To construe this Section under the laws governing distribution contracts between commercial entities in an arms-length transaction, and not under laws governing employment contracts and

4 To conclusively presume that any violation of the terms of this Section 16 (i) was accompanied by the misappropriation and inevitable disclosure of Confidential Information, and (ii) constitutes a deceptive and unfair trade practice and unfair competition

D Interpretation You and your Owners agree that each of the foregoing covenants is independent of any other covenant or provision of this Franchise Agreement If all or any portion of the covenants in this Section 16 are held to be unenforceable or unreasonable by any court then parties intend that the court modify such restriction to extent reasonably necessary to protect our legitimate business interests You and your Owners agree that the existence of any claim you or they may have against us will not constitute a defense to the enforcement of the covenants of this Section You agree to pay all damages costs and expenses (including reasonable attorney s fees) we may incur in enforcement of this Section If a person fails to comply with the covenants in this Section, then the restrictive period will be extended for each day of noncompliance We have the right to reduce the scope of any restrictive covenant set forth in this Section at any time, by giving notice to you

E Publicly Held Corporations Section 16 A and Section 16 B of this Franchise Agreement shall not apply to the ownership by you or your Owners of less than a 5% interest in the outstanding equity securities of any publicly-held corporation

F Execution of Covenants by Management If we request you will obtain the execution of covenants similar to those set forth in Section 9 (regarding confidentiality) and Section 16 (regarding non-competition and non-solicitation), including covenants applicable upon the termination of a person's relationship with you from your officers, directors managers, and other personnel we specify

G Covenant as to Anti-Terrorism Laws You and your Owners agree to comply with, and/or to assist us to the fullest extent possible in our efforts to comply with the USA FREEDOM ACT, and all other present and future U S federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts or acts of war

17 INDEMNITY

A We shall in no event assume liability for or be deemed liable under this Franchise Agreement as a result of any action or omission by you in your conduct of the Franchised Business or any claim or judgment arising therefrom against us You shall defend at your own cost, and indemnify to the fullest extent permitted by law us and our affiliates and our respective past, present and future owners, officers, directors, managers, agents, employees and the predecessors successors, heirs and assigns of any and all of the foregoing (collectively, Indemnitees") from all losses and expenses (including but not limited to, reasonable attorneys' fees costs of investigation, settlement costs, and interest) incurred in connection with any action, suit, proceeding, claim, demand, investigation or formal or informal inquiry (regardless of

whether same is reduced to judgment) or any settlement thereof arising directly or indirectly from as a result of, or in connection with (i) your activities under this Franchise Agreement, (ii) your default of any covenant warranty representations agreement or obligation set forth in this Franchise Agreement, (iii) your default or alleged default of any other agreement, (iv) your violation or alleged violation of any law standard or directive, or any industry standard including without limitation violation results from your use of the System, (v) libel, slander, or any other form of defamation by you (vi) acts, errors, omissions by you or any of your directors officers shareholders partners members employees, agents and attorneys, or (vii) your activities relating to the operation of the Franchised Business including but not limited to your preparation and/or sale of Products

B This indemnification shall include all losses alleging the negligence of Indemnitees including without limitation negligence in supervisions and inspection of the Franchised Business, the System standards but excluding any case which Indemnitee is determined by a court of competent jurisdiction to have engaged in grossly negligence or willful misconduct This Section 17 shall survive termination or expiration of this Franchise Agreement

C You shall promptly notify us of any action suit, proceeding, claim, demand, inquiry investigation or default described in this Section 17 With respect to any threatened or actual litigation proceeding or dispute that could directly or indirectly affect us or any of the other Indemnitees under this Section 17, we will have the right but not the obligation, to (i) choose counsel (ii) direct and control the handling of the matter, and (iii) settle any claim against the Indemnitees at your cost and expense No such undertaking by us will, in any manner or form, diminish your obligation to indemnify us and to hold us harmless

D Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or to otherwise mitigate their losses in order to maintain a claim against you You agree that the failure to pursue recovery or to mitigate loss shall in no way reduce the amounts the Indemnitees may recover from you

18 DISPUTE RESOLUTION

A **Mediation** If a dispute arises out of or relates to this Franchise Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation with Miles Mediation and Arbitration Services, LLC or another mutually agreeable mediator at or near our headquarters, before resorting to litigation, or some other dispute resolution procedure The foregoing shall not apply to (i) any controversy or claim relating to ownership or use of our Marks or Confidential Information, (ii) any claim for an injunction or other equitable relief, and (iii) any claim by us for unpaid Royalty Fees or other unpaid amounts owed to us

B **Notice and Opportunity to Cure** As a mandatory condition precedent prior to your taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including but not limited to, rescission), you shall first give us 90 days' prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter

C **Governing Law** This Franchise Agreement is governed by and construed in accordance with the laws of the State of Georgia (without regard to its choice-of-law rules)

D **Jurisdiction and Venue** You and we each consent and irrevocably submit to the exclusive jurisdiction and venue of the state or superior court in Fulton County Georgia and federal courts of competent jurisdiction in the Northern District of Georgia (Atlanta Division), and waive any objection to the jurisdiction and venue of such courts This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction **YOU AGREE THAT THIS SECTION 18 D APPLIES TO ALL AGREEMENTS BETWEEN YOU (OR YOUR AFFILIATES) AND US ENTERED INTO PRIOR TO THE EFFECTIVE DATE, AND SUPERSEDES ANY PROVISION REGARDING JURISDICTION AND VENUE IN ANY SUCH PRIOR AGREEMENT**

E **Waiver of Jury Trial** You (and your Owners) and we hereby irrevocably waive any right to a jury trial in any action between you (or your Owners) and us or our affiliates

F **Limitation of Damages** In any dispute arising out of or relating to this Franchise Agreement, you (and your Owners) and we waive any right to punitive or other damages not measured by the prevailing party's actual damages, except for damages expressly authorized by statute or this Franchise Agreement

G **Time Limit on Claims** Any legal action arising from or related to this Franchise Agreement must be instituted within two years from the date the party seeking to bring the action discovers the conduct or event that forms the basis of the legal action The foregoing time limit does not apply to (i) claims by one party related to non-payment under this Franchise Agreement by the other party, (ii) indemnity claims under Section 17, and (iii) claims related to unauthorized use of Confidential Information or the Marks This Section does not limit our right to terminate this Franchise Agreement in any way

H **Specific Performance/Injunctive Relief** Nothing in this Franchise Agreement shall bar our right to obtain specific performance of the provisions of this Franchise Agreement (specifically including the covenants in Section 16) and injunctive relief against threatened conduct that will cause us loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions You agree that we may apply for such injunctive relief, without bond in excess of $1 000 and without proving actual damages, but upon due notice, in addition to such further and other relief as may be available at equity or law and your sole remedy in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived)

I **Cumulative Rights and Remedies** No right or remedy conferred upon or reserved to us or you by this Franchise Agreement is intended to be nor shall be deemed, to be exclusive of any other right or remedy provided or permitted in this Franchise Agreement by law or at equity but each right or remedy shall be cumulative of every other right or remedy

J **Private Disputes** Any dispute and any litigation arising out of or related to this Franchise Agreement will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis No litigation arising out of or relating to this Franchise Agreement or the System may be brought on behalf of any franchisee associations or groups, and you agree not to participate in any such litigation Any such proceeding will not be consolidated with any other proceeding involving any other person except for disputes involving affiliates of the parties to such litigation

K **Attorneys' Fees** The party prevailing in any legal proceeding (including any legal proceeding by you or your Owners against any of our officers directors, or direct or indirect owners) will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees "Prevailing party' means the party, if any which substantially prevailed upon the central litigated issues If O C G A 13-1-11 applies to any indebtedness owed by you to us then the attorney fees will be deemed to be 15% of the principal and interest owed by you

19 NOTICES

Any and all notices required or permitted under this Franchise Agreement shall be in writing and shall be (i) personally delivered, (ii) mailed by certified U S mail return receipt requested, or (iii) dispatched by overnight delivery service, such as UPS, Federal Express or DHL, to the respective parties at the following address (for us) or at the address specified in Exhibit A (for you) unless and until a different address has been designated by written notice to the other party

Notices to Us

Tropical Smoothie Cafe LLC
1117 Perimeter Center West, Suite W200
Atlanta, Georgia 30338
Attention Mike Rotondo, CEO
Facsimile (770) 821-1895

Notices will be deemed received upon the earlier on (i) the date and time of receipt, (ii) five (5) business days after being mailed by U S certified mail return receipt requested, (iii) the next business day after having been deposited with an overnight delivery service for next business day delivery, or (iv) intended recipient's failure or refusal to accept delivery You agree that our revisions to the Manuals are not considered "notices ' under this Franchise Agreement, and that we may issue such revisions by any manner we choose, including without limitation, e-mail

20 RELEASE OF PRIOR CLAIMS

By executing this Franchise Agreement, you, individually and on behalf of your heirs, legal representatives successors and assigns and each assignee of this Franchise Agreement by accepting assignment of the same forever releases and discharges us and our affiliates, and our respective owners, directors, officers employees, agents, and representatives, from any and all claims relating to or arising under any franchise agreement or any other agreement between the

parties executed prior to the Effective Date including, but not limited to any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof

21 MISCELLANEOUS

A Force Majeure Except for (i) your covenants and obligations set forth in Sections 1 and 5 of this Franchise Agreement, (ii) the monetary obligations under this Franchise Agreement and (iii) as otherwise specifically provided in this Franchise Agreement, if either party to this Franchise Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Franchise Agreement by reason of strikes lock-outs, labor troubles inability to procure materials, failure of power, war acts of terror, riots, insurrection, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Franchise Agreement not the fault of such party (a "Force Majeure "), then performance of such act shall be excused during the period of such Force Majeure The party whose performance is affected by a Force Majeure shall give prompt, written notice to the other party of such Force Majeure If there shall be a Force Majeure that we deem economically harmful or otherwise detrimental to us or the System, then we shall be entitled to terminate this Franchise Agreement on 90 days' written notice to you, provided, however that we may withdraw such notice if, within such 90-day period, we determine that the economically harmful or otherwise detrimental effects have ceased

B Relationship of the Parties The parties are independent contractors and neither is the agent, partner joint venturer, or employee of the other You agree that (i) we are not your fiduciary (ii) we have no liability for your obligations to any third party whatsoever, (iii) you have no authority to make any contract, agreement, warranty or representations on our behalf or to incur any debt or obligation in our name We may engage in any activity that we are not expressly prohibited from taking under this Franchise Agreement Under no circumstances shall your managerial personnel or other employees be deemed our employees You acknowledge that you are the sole employer of the employees of the Franchised Business and you are solely responsible for all labor relations and employment practices in the Franchised Business You agree to indemnify and hold us harmless from any and all liability, including costs, attorney's fees or other damages which result directly or indirectly from your employees and independent contractors

C Severability Every part of this Franchise Agreement is severable If for any reason any part of this Franchise Agreement is held to be invalid, that determination will not impair any other part, or the rest, of this Franchise Agreement, provided however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Franchise Agreement, we, at our option, may terminate this Franchise Agreement

D Captions All captions in this Franchise Agreement are intended solely for the convenience of the parties, and shall not be given any legal effect

E Time is of the Essence If you fail to satisfy a condition or comply with an obligation of this Franchise Agreement which has a specified time period, we are not required to

give you any additional time past the expiration of the time period to satisfy such condition or comply with such obligation

F No Third Party Beneficiaries Nothing in this Franchise Agreement is intended nor shall be deemed, to confer any rights or remedies under or as a result of this Franchise Agreement upon any person or entity other than you, us, and our affiliates

G No Waiver No failure by us to exercise any power reserved to us by this Franchise Agreement or to insist upon strict compliance by you with any obligation or condition in this Franchise Agreement, and no custom or practice of the parties at variance with the terms of this Franchise Agreement shall constitute a waiver of our right to demand exact compliance with any of the terms in this Franchise Agreement Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of this Franchise Agreement affect or impair our right to exercise the same nor shall such constitute a waiver by us of any right under this Franchise Agreement or the right to declare any subsequent breach or default and to terminate this Franchise Agreement prior to the expiration of its Term Subsequent acceptance by us of any payments due to us under this Franchise Agreement shall not be deemed to be a waiver by us of any preceding breach by you of this Franchise Agreement

H No Implied Covenant The parties have negotiated the terms of this Franchise Agreement and agree that neither party shall claim the existence of an implied covenant of good faith and fair dealing to contravene or limit any express written term or provision of this Franchise Agreement

I Written Consent Whenever this Franchise Agreement requires our prior approval or consent, you shall make a timely written request to us and such approval or consent will not be effective unless made in writing

J Survival Each provision of this Franchise Agreement that expressly or by implication is to be performed, in whole or in part, after the expiration termination, or Transfer of this Franchise Agreement will survive such expiration termination or Transfer, including but not limited to, Section 7 (regarding the Marks) Section 9 (regarding confidentiality) Section 10 A (regarding records and reports), Section 15 (regarding obligations upon termination), Section 16 B (regarding non-competition), Section 17 (regarding indemnification) and Section 18 (regarding dispute resolution)

K Joint Liability If two or more persons are at any time the 'Franchisee" under this Franchise Agreement, whether as partners or joint venturers, their obligations and liabilities to us shall be joint and several

L Entire Agreement, Modification This Franchise Agreement and all ancillary agreements executed contemporaneously with this Franchise Agreement constitute the entire agreement between the parties concerning the subject matter of this Franchise Agreement and supersede any and all prior negotiations understandings, representations and agreements Notwithstanding the foregoing nothing in this Franchise Agreement shall disclaim, or require

you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document that we delivered to you Except for those acts that this Franchise Agreement permits us to take unilaterally, no amendment change or variance from this Franchise Agreement shall be binding on the parties unless mutually agreed to by both parties and executed by themselves or their authorized officers or agents in writing

M **Investigation of the Franchise** You acknowledge that you have conducted an independent investigation of the business contemplated by this Franchise Agreement and recognize that an investment in a Tropical Smoothie Cafe® Store involves business risks, that your success is largely dependent on your own abilities, efforts and active participation in the daily affairs of the Franchised Business, and that the nature of operating a Tropical Smoothie Cafe® Store may change over time

N **Review of Documents** You acknowledge and agree that (i) our review of any lease, loan agreement, purchase agreement, sale agreement, assignment transfer agreement site plan, or other agreement or document you propose to enter into or provide is solely to ensure that our interests are adequately protected, (ii) we are not undertaking any such review on your behalf or for your benefit, (iii) our review will not replace review by your accountant attorney, architect and other business and professional advisors and (iv) we will have no responsibility or liability related to such review

O **Ability to Enter into Agreement** You represent, on behalf of you and your Owners, that (i) your entering into this Franchise Agreement or operating the Franchised Business does not violate any confidentiality or non-competition agreement by which you or your Owners are bound, (ii) neither you nor any of your Owners are employed by or engaged by a Competitor, or are a direct or indirect owner of any Competitor, and (iii) neither you nor any of your Owners are listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order

P **Receipt, No Contrary Representations, No Financial Performance Representations** You acknowledge that

1 You received our Franchise Disclosure Document at least 14 days prior to the date on which you executed this Franchise Agreement or paid us any consideration related to the Franchised Business

2 You received a copy of this complete Franchise Agreement, the attachments to this Franchise Agreement, and all agreements related to this Franchise Agreement, in any, complete and with all blanks filled in at least 7 days prior to the date on which you executed this Franchise Agreement or paid us any consideration related to the Franchised Business

3 Neither we nor any person or entity acting on our behalf, has made any representation commitment, claim, or statement to you that is different from, or that is contrary to, any of the representations, commitments claims or statements contained in our Franchise Disclosure Document

4 Neither we, nor any person or entity acting on our behalf made any oral, written visual or other representation commitment claim or statement from which any level or range of actual or potential sales costs income expenses profits, cash flow, or otherwise might be ascertained, related to a Tropical Smoothie Cafe® Store, that is different from or contrary to information contained in our Franchise Disclosure Document

5 The acknowledgements and agreements set forth in this Section 21 P (i) are intended to show that this Franchise Agreement supports disclosures set forth in our Franchise Disclosure Documents, and that this Franchise Agreement does not waive or contravene such disclosures, (ii) are not a waiver of your right to relief for violation of any laws governing the offer and sale of franchises, but rather are your acknowledgement and agreement that no such violations occurred, and (iii) are being relied upon by us to our detriment in connection with our decision to enter into this Franchise Agreement with you

Q Counterparts This Franchise Agreement may be executed in multiple counterparts and each copy so executed shall be deemed an original

R Agreement Effective Upon Execution by Franchisor This Franchise Agreement will not become effective unless and until signed by one of our authorized representatives We may withdraw this Franchise Agreement at any time before it is signed by one of our authorized representatives in which event this Franchise Agreement shall be null and void

[Remainder of Page Intentionally Left Blank]

The Franchise Agreement is executed by

FRANCHISOR

TROPICAL SMOOTHIE CAFE, LLC

_____

By Mike Rotondo
Its CEO
Date _____

FRANCHISEE

[if an individual]

_____

Name _____
Date _____

[if an entity]

_____

By _____
Name _____
Title _____
Date _____

[Signature Page to Tropical Smoothie Cafe LLC Franchise Agreement]

EXHIBIT A
FRANCHISE INFORMATION

1 Site (Section 1 A) The Site of the Franchised Business is _____

_____

2 Designated Area (Section 5 A) If the location of the Franchised Business is not known and approved by us as of the Effective Date, you must locate the Franchised Business within the following Designated Area _____

☐ Check if map is attached

3 Your Address (Section 19) Your address for notices is

_____
_____
_____
_____
Facsimile _____

EXHIBIT B

STATEMENT OF OWNERSHIP INTFRESTS

Franchisee Name _____

Date _____

1 **Form of Ownership** Check one

Corporation ☐
Limited Liability Company ☐
Partnership ☐
Sole Proprietorship ☐

2 **Business Entity**

Name of Entity _____
Date of formation _____
State of formation _____

3 **Control** All people who have management rights and powers (e g , officers, directors, managers, partners, etc) and their positions

Name	Position(s)

4 **Owners** All people who have any direct or indirect ownership of the Franchised Business

Name	Shares or Percentage of Ownership

5 **Operating Principal** (see Section 6 C) _____

FRANCHISEE

_____
Name _____
Date _____

EXHIBIT B-1 TO THE DISCLOSURE DOCUMENT

FORM OF MULTI-UNIT DEVELOPMENT ADDENDUM TO FRANCHISE AGREEMENT

MULTI-UNIT DEVELOPMENT ADDENDUM
TO FRANCHISE AGREEMENT

This Addendum is entered into as of _____, 201__ (the "Effective Date") between Tropical Smoothie Cafe, LLC a Georgia limited liability company (**we**", "**us** or "**our**') and _____('**you**' or '**your**), and amends the Franchise Agreement (the "**Franchise Agreement**) between the parties executed contemporaneously with this Addendum

RECITALS

WHEREAS, the parties entered into those certain franchise agreements set forth in Section 1 of this Addendum (collectively the ' Franchise Agreements ') and

WHEREAS the parties desire to amend the terms of the Franchise Agreements as set forth in this Addendum,

NOW THEREFORE in consideration of the foregoing and the mutual promises set forth in the Franchise Agreements and this Addendum the sufficiency of which the parties acknowledge, the parties hereby agree as follows

1 **Multi-Unit Development** Contemporaneously with the execution of this Addendum, the parties are executing the following Franchise Agreements for the Cafes with following ID # (each a "**Cafe**" or collectively "**Cafes**") and to be opened and operated within the following geographic area _____ the details of which are as follows

	Cafe	ID #
1	Cafe #1	_____
2	Cafe #2	_____
3	Cafe #3	_____
4	Cafe #4	_____
5	Cafe #5	_____
6	Cafe #6	_____
7	Cafe #7	_____
8	Cafe #8	_____
9	Cafe #9	_____
10	Cafe #10	_____

2 **Relationship with Franchise Agreements and Defined Terms** The parties acknowledge that this Addendum is an integral part of, and is incorporated into, each of the Franchise Agreements as the terms of this Addendum apply to the Cafe that is the subject of the particular Franchise Agreement Nevertheless this Addendum supersedes any inconsistent or conflicting provisions of the Franchise Agreements as the provisions of this Addendum apply to the Cafe that is the subject of the particular Franchise Agreement Capitalized terms used but not defined in this Addendum have the meanings given in the Franchise Agreements

3 **Initial Franchise Fee** Section 4 A of each Franchise Agreement is amended to provide that the initial franchise fee for each Cafe is the amount set forth in Section 5 below The total of all the initial franchise fees for the Cafes listed in Section 5 below is due and payable in full on the Effective Date You expressly acknowledge that all initial franchise fees paid by you to us are non-refundable and fully earned upon receipt by us

4 **Site Acquisition and Opening Deadline** Sections 5 C and 5 F of each of the Franchise Agreements are amended so that the Site Acquisition Deadline and Opening Deadline for each Cafe are as set forth in Section 5 below

5 **Development Schedule** The parties agree that the development schedule for the Cafes shall be as follows Therefore for each applicable Cafe you must acquire the Site and open the Cafes by the following deadlines over a 5-year time period beginning on the Effective Date (the "Development Term")

Number of Cafes	Initial Franchise Fee	Site Acquisition Deadline	Opening Deadline	Cumulative Open and Operating
1	$25,000	6 months from Effective Date	1st anniversary of the Effective Date	1
2	$15,000	6 months from Effective Date	1st anniversary of the Effective Date	2
3 & 4	$15,000	18 months from Effective Date	2nd anniversary of the Effective Date	4
5 & 6	$15,000	30 months from Effective Date	3rd anniversary of the Effective Date	6
7 & 8	$15,000	42 months from Effective Date	4th anniversary of the Effective Date	8
9 & 10	$15,000	54 months from Effective Date	5th anniversary of the Effective Date	10

6 **Initial Term** Section 2 A of each of the Franchise Agreements is hereby deleted and replaced with the following

> **A Initial Term** The term of this Agreement will commence on the Effective Date and expire on the 15th anniversary of the Opening Deadline of the Cafe as shown in Section 5 above

7 **Grand Opening Contribution** Notwithstanding any contrary term of the Franchise Agreements, the Grand Opening Contribution due for each Cafe other than Cafes #1 and #2, will be due and payable at the earlier of (a) the Site Acquisition Deadline shown above or (b) the actual date the Site is acquired If for any reason, applicable state law does not permit us to collect a Grand Opening Contribution in full on the dates specified above then you will make the payments to our approved vendors and service providers otherwise in accordance with Sections 4 G and 5 H of each Franchise Agreement

8 **Development Conditions** In addition to the other terms and conditions set forth in the Franchise Agreements, your rights to develop and/or open Cafe #3 and all subsequent Cafes are subject to your meeting the following conditions to our satisfaction throughout the Development Term

> (i) you possess sufficient financial and organizational capacity to develop open, operate, and manage the additional Cafés in addition to those already opened, in our reasonable judgment, and
>
> (ii) you are in full compliance with all requirements at your open Cafe s and you are not in default under any of the Franchise Agreements or any other agreement between you (or your affiliate) and us (or our affiliate)

If you do not meet the applicable Site Acquisition Deadline or Opening Deadline for any Cafe(s) as set forth in Section 5 above, then shall be in default of the Franchise Agreements and we may, upon written notice to you terminate the applicable Franchise Agreement(s) in accordance with Section 14 thereof If we do so, you must comply with all post-termination obligations as set forth in Section 15 of the applicable Franchise Agreement(s)

9 **Training** For Cafe #2 and all subsequent Cafes developed pursuant to the Franchise Agreements and this Addendum the parties agree that you shall not be required to complete and we will not be required to provide, the Initial Training Program as set forth in Section 3 A 5 of the Franchise Agreements Notwithstanding the foregoing, we may still require your general manager(s) to attend and complete the Initial Training Program

10 **Transfers** If we approve any Transfer by you or your owners (as described in Section 13 B of the Franchise Agreements) related to a Cafe to which this Addendum applies we may require, as a condition of our approval for such Transfer, that any rights granted to you under this Addendum be of no further force or effect, including any rights to develop, open and operate any other Cafes which have not yet opened for business

11 **Effect of Addendum** Except as modified by this Addendum, the Franchise Agreements remain in full force and effect

This Addendum is hereby executed by the parties

FRANCHISOR

TROPICAL SMOOTHIE CAFE, LLC

_____

By Mike Rotondo
Its CEO
Date _____

FRANCHISEE

[if an individual]

_____

Name _____
Date _____

[if an entity]

_____

By _____
Name _____
Title _____
Date _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

INFORMATION ABOUT OUR AREA DEVELOPERS

EXHIBIT C

INFORMATION ABOUT OUR AREA DEVELOPERS

AREA DEVELOPERS AS OF DECEMBER 27, 2015

ARIZONA	
Eric Persson 10260 W Charleston Blvd Suite 103 Las Vegas NV 89135 702-869-0603 AND Scott Palmateer 13355 S 186th Avenue Goodyear AZ 85338 623-302-0269	
ARKANSAS	
Chris Kramolis 56 E Royal Fern Way Watercolor FL 32459 (501) 352-0175	
COLORADO	
Michelle and Kriss Shriver 20 Fire Rock Ct Las Vegas NV 89141 (702) 529-0852	
CONNECTICUT	
Mark Lukachko 186 Avenue A, Suite 1A New York, NY 10009 (212)228-8726	
DISTRICT OF COLUMBIA	
Ron Holt Kathy Benzing Patrick McKiernan 909 Enfield Chase Virginia Beach VA 23452 (571) 991-0279	
FLORIDA	
Sam Osborne 1415 Timberlane Rd, Unit 323 Tallahassee, FL 32312 (850) 509-9238 (3 Territories)	Quint & Christina Noordstar 8163 3rd Avenue S Tierra Verde, FL 33715 (727) 458-1835
Jack Cleghorn 2115 S Florida Avenue Lakeland, FL 33803 (863) 559-3646	Kimberly Rego 2827 NE Cold Springs Drive Jensen Beach FL 34957 (580) 971-0787

Andrew & Terri Jessen 16269 Camden Lakes Circle Naples, FL 34110 (239) 877 1657 (2 Territories)	
ILLINOIS	
Phillip Knippen 7788 Marquette Drive South Tinley Park, IL 60477 (708) 945-7445	
MARYLAND	
Ron Holt Kathy Benzing Patrick McKiernan (See District of Columbia)	
MASSACHUSETTS	
Gilbert & Ana DeSousa 85 A Faunce Corner Road N Dartmouth MA 02747 (508) 858-8592	
MICHIGAN	
Craig LeMieux 1028 N Leroy Street Fenton, MI 48430 (810) 691-9623 AND Larry & Deborah King 4100 Baldwin Road Holly MI 48442 (810) 691-9620	Dianne & Craig LeMieux 1028 N Leroy Street Fenton, MI 48430 (810) 691-9625
NEW JERSEY	
Alfred LaValle and Timothy Fung 9 Deerfield Trail Monmouth Junction NJ 08852 (908) 239-0260	
NEW YORK	
Walter & Laura Jankowski 34 Railroad St Bayport NY 11705 (631) 807-8358 (2 Territories)	
OHIO	
Dianne & Craig LeMieux (see Michigan)	

OKLAHOMA	
Glen Johnson 301 Main Street, Suite 6 Little Rock AR 72201 (501) 593-4653	
PENNSYLVANIA	
Matthew Shaffer 442 Danbury Drive Lititz, PA 17543 (717) 371-6731 AND Cody Shaffer and Carol Wagner 1961 Rachael Drive Lancaster PA 17601 (717) 989-2508 (Cody Shaffer) (717) 560-1490 (Carol Wagner)	
TEXAS	
Glen Johnson (See Oklahoma)	
UTAH	
Cody Sommer 90 Corporate Park Drive Suite 100 Henderson NV 89074 (702) 453-2225	
VIRGINIA	
Ron Holt Kathy Benzing Patrick McKiernan (See District of Columbia)	Gemini & Urvashi Patel 12300 Keats Grove Place Glen Allen VA 23059 (804) 921-9252

AREA DEVELOPERS INFORMATION

ITEM 2
BUSINESS EXPERIENCE

We have appointed Area Developers in certain geographic areas to refer prospective franchisees to us We also delegate some of our duties and responsibilities to these Area Developers The following is information about our Area Developers and certain of their personnel and management

ARIZONA

Eric Persson and Scott Palmateer – State of Arizona

Eric Persson has been an Area Developer for the State of Arizona since December 2012 From December 2008 to present he also serves as Vice President of Slots at the Sands Casino in Las Vegas, Nevada

Scott Palmateer has been an Area Developer for the State of Arizona since December 2012 Prior to becoming an Area Developer Mr Palmateer was Regional Director of Operations-West for TSFDC from July 2007 to August 2013

ARKANSAS

Tropical Development of Arkansas, Inc – State of Arkansas

Tropical Development of Arkansas, Inc , an Arkansas corporation formed on March 23, 2006, with its principal place of business at 56 E Royal Fern Way, Watercolor, FL 32459, has been our Area Developer for the State of Arkansas since January 2003

Chris Kramolis President

Mr Kramolis has been President of Tropical Development of Arkansas Inc since its inception in March 2006

Jason Alley Director of Operations

Mr Alley has been the Director of Operations for the Area Developer Business for the State of Arkansas since June 2011 From March 2009 to May 2011, he was a DSL Customer Assistant/Service Lead for AT&T in Little Rock, Arkansas

COLORADO

Kriss and Michelle Shriver, State of Colorado

Kriss Shriver

Mr Shriver has been our Area Developer for Colorado since March 18, 2013 From 2010 to present he has been the Managing Member and General Partner of MAK Horizon Investments LLC, MAK Cheyenne Investments LLC and MAK Simmons Investments, LLC, in Hendersonville Nevada

Michelle Shriver

Mrs Shriver has been our Area Developer for Colorado since March 18, 2013 From 2010 to present, she has been the Managing Member and Limited Partner of MAK Horizon Investments, LLC, MAK Cheyenne Investments, LLC and MAK Simmons Investments LLC in Hendersonville, Nevada From 2004 to present, she has been the Sr Vice President of Operations for Ameristar Casinos Inc , Las Vegas Nevada

CONNECTICUT

Mark Lukachko, State of Connecticut

Mr Lukachko has been our Area Developer for the State of Connecticut since March 13, 2013 From 2003 to present he has been President of NYA Partners Inc , a third-party administration company, in New York, New York From 2006 to present, he has been a Partner and CFO of Perfect Benefits Group, an insurance brokerage company, in New York New York

DISTRICT OF COLUMBIA

Venture One, LLC – District of Columbia, State of Maryland and Portions of Virginia

Venture One, LLC, a Virginia limited liability company, formed on July 9, 2002, with its principal place of business at 909 Enfield Chase, Virginia Beach, Virginia 23452 and has been one of our Area Developers since August 15 2002

Ronald T Holt Member

Mr Holt has been a member of Venture One, LLC since 2002 Since September 1969, he has been the President and COO of Land'or International, Inc in Glen Allen, Virginia

James Patrick McKiernan Development Operations Director

Mr McKiernan has been employed by Venture One, LLC since 2003

Kathleen Benzing Development Sales Director

Ms Benzing has been employed by Venture One LLC since April 1 2013 Since November 2011 she was Senior Manager Franchise Sales for Checkers Drive In Restaurants From January 2011 to November 2011 she was Franchise Sales Manager for FastSigns International, Inc

FLORIDA

Andrew and Terri Jessen – Lee, Collier, Charlotte, Manatee and Sarasota Counties, Florida

Andrew Jessen

Mr Jessen has been our Area Developer for Lee and Collier Counties, Florida since August 4, 2007 Mr Jessen has been a Tropical Smoothie Cafe franchisee in Naples, Florida since 2004

Terri Jessen

Ms Jessen has been our Area Developer for Lee and Collier Counties, Florida since August 4, 2007

Robert Q and Christina M Noordstar – Hillsborough & Pinellas Counties, Florida

Robert Q Noordstar

Mr Noordstar has been our Area Developer for Hillsborough & Pinellas Counties since August 15 2007 Since August 2007, Mr Noordstar has been the President of Tropical Communities in St Petersburg, Florida From February 2004 to present he has been the Vice President of Noordstar Enterprises I and Manager of a Tropical Smoothie Cafe in St Petersburg, Florida

Christina M Noordstar

Ms Noordstar has been our Area Developer for Hillsborough & Pinellas Counties since August 15, 2007 Ms Noordstar has been the Vice President of Tropical Communities in St Petersburg, Florida since August 2007 From February 2004 to present she has been the President of Noordstar Enterprises I and the Manager of a Tropical Smoothie Cafe in St Petersburg, Florida

Kimberly Rachelle Rego – St Lucie and Indian River Counties, Florida

Kimberly Rego

Ms Rego has been our Area Developer for the St Lucie and Indian River Counties in Florida since 2004 From January 2003 to February 2007 Ms Rego was a franchisee and owner/operator of a Tropical Smoothie Cafe, doing business under the name Rego-Gonzalez Inc in Port St Lucie, Florida From October 1988 to present, she has been the Service Coordinator for the Little People's College in Bedford, Massachusetts

Greg Watkins

Mr Watkins has been operations director for one of our Area Developers, Kimberly Rego for St Lucie and Indian River Counties, Florida since January 2005

Thomas (Jack) Cleghorn, Jr – Polk County, Florida

Mr Cleghorn has been our Area Developer for the Polk County, Florida area since June 28, 2004 From 1988 to present he has been the President of Florida Pizza Management Inc in Lakeland, Florida From June 2004 to present, he has also served as the Managing Member of Smoothie Girls, LLC, in Lakeland Florida

Samuel L Osborne – Alachua, Lake, Leon, Orange & Seminole Counties in Florida

Mr Osborne has been one of our Area Developers since 1998 He became our Area Developer for Orange & Seminole Counties on November 5 1998, Lake & Alachua Counties on November 18, 2003 and Leon County on May 31 2005 From 1998 to present he has been the President of Tropical Smoothie Area Development Corporation in Tallahassee Florida From 1998 to present he has been the President of Tropical Smoothie Ventures, Inc of Tallahassee Florida

David Miller Director of Restaurant Operations

Mr Miller has been Director of Restaurant Operations for the Area Developer Business for Alachua, Lake, Leon, Orange and Seminole Florida counties since June 2011 From May 2007 to June 2011, he was the Manager for Tropical Smoothie Ventures, which owns and operates a Tropical Smoothie Cafe Store in Tallahassee Florida

ILLINOIS

Phil Knippen – Southeast Chicago, Illinois

Mr Knippen has been our Area Developer for the Southeast Chicago, Illinois area since December 31, 2010 Since 1995, he has also been a multi-unit operator of Brown's Chicken franchises in the greater Chicago, Illinois metropolitan area

MARYLAND

Venture One, LLC – District of Columbia, State of Maryland & Portions of Virginia

See "District of Columbia' for information regarding this Area Developer

MASSACHUSETTS

Gilbert and Ana DeSousa – Bristol County, Massachusetts

Gilbert DeSousa

Mr DeSousa has been our Area Developer for Bristol County, Massachusetts since July 27 2007 Mr DeSousa has been a Salesman for Lesco Distributing in Dartmouth, Massachusetts since November 1994

Ana DeSousa

Ms DeSousa has been our Area Developer for Bristol County Massachusetts since July 27 2007 Ms DeSousa has been the Chief of Internal Fiscal Operations for L P College, Inc in Dartmouth Massachusetts since August 1985

MICHIGAN

LeMieux Development Corporation – Genesee, Ingham and Oakland Counties, Michigan

LeMieux Development Corporation, a Michigan corporation was formed on October 29, 2003, with its principal place of business at 1028 N Leroy Street, Fenton Michigan 48430 and has been one of our Area Developers since January 12 2004

Craig Lawrence LeMieux Co-Owner

Mr LeMieux has been a Co-Owner of LeMieux Development Corporation since its inception Since November 2005, he has been the President and Co-Owner of Michigan Franchise Development Corporation in Holly, Michigan From September 2003 to present, Mr LeMieux has been the President and Co-Owner of LeMieux Ventures, Inc , which operates a Tropical Smoothie Cafe in Grand Blanc, Michigan From 1992 to present Mr LeMieux has been the President and CEO of Fraternal Enterprises, Inc and American Bingo Co in Holly, Michigan In July 2008, Mr LeMieux became our Area Developer for multiple counties in Ohio (See Ohio)

Diane Helen LeMieux Co-Owner

Ms LeMieux has been a Co-Owner of LeMieux Development Corporation since its inception From September 2003 to present, she has been Co-Owner of LeMieux Ventures Inc which operates a Tropical Smoothie Cafe in Grand Blanc, Michigan In July 2008, Ms LeMieux became our Area Developer for multiple counties in Ohio (See Ohio)

Michigan Franchise Development Corporation – State of Michigan, excluding Genesee, Ingham and Oakland Counties

Michigan Franchise Development Corporation, a Michigan corporation, was formed on November 10, 2005, with its principal place of business at 4100 Baldwin Road, Holly Michigan 48442 and has been one of our Area Developers since its inception

Craig Lawrence LeMieux President and Co-Owner

Since November 2005, he has been the President and Co-Owner of Michigan Franchise Development Corporation in Holly, Michigan Mr LeMieux is also Co-Owner of LeMieux Development Corporation From September 2003 to present, Mr LeMieux has been the President and Co-Owner of LeMieux Ventures, Inc , which operates a Tropical Smoothie Cafe in Grand Blanc, Michigan From 1992 to present, Mr LeMieux has been the President and CEO of Fraternal Enterprises, Inc and American Bingo Co in Holly, Michigan

Deborah L LeMieux-King Vice President and Co-Owner

Since November 2005, Ms LeMieux-King has been Vice President and Co-Owner of Michigan Franchise Development Corporation in Holly Michigan From July 1997 to present, she has been the Vice President of Fraternal Enterprises, Inc and American Bingo Co in Holly Michigan

Larry Dale King Co-Owner

Since November 2005, Mr King has been Co-Owner of Michigan Franchise Development Corporation in Holly, Michigan From July 1986 to present, he has been a Mail Processing Clerk for the United States Postal Service in Flint, Michigan

NEW JERSEY

Alfred LaValle and Timothy Fung - Monmouth, Mercer and Middlesex Counties in New Jersey

Alfred LaValle

Mr LaValle has been our Area Developer for the three noted counties in New Jersey since February 2012 From November 2001 to December 2011, Mr LaValle owned and operated a franchise of The Goddard School for Early Childhood Development located in Cherry Hill, New Jersey

Timothy Fung

Mr Fung has been our Area Developer for the three noted counties in New Jersey since February 2012

NEW YORK

Walter and Laura Jankowski – Nassau and Suffolk Counties, New York

Walter Jankowski

Mr Jankowski has been our Area Developer for the Suffolk County, New York area since June 28, 2004 From June 2006 to present, Mr Jankowski has been the owner/operator of Tropical Smoothie Cafe doing business under the name W L Janko in Bayport, New York

Laura Jankowski

Ms Jankowski has been our Area Developer for the Suffolk County, New York area since June 28, 2004 Since 2003, she has been a School Social Worker for the Three Village Central School District in East Setauket, New York

OHIO

Craig and Diane LeMieux – Allen, Ashland, Ashtabula, Auglaize, Carroll, Columbiana, Coshocton, Crawford, Cuyahoga, Defiance, Erie, Fulton, Geauga, Hancock, Hardin, Harrison, Henry, Holmes,

Huron, Jefferson, Know, Lake, Lorain, Lucas, Mahoning, Marion, Medina, Morrow, Ottawa, Paulding, Portage, Putnam, Richland, Sandusky Seneca, Stark, Summit, Trumbill, Tuscarawas, Union, Wan Wert, Wayne, Williams, Wood, Wyandot Counties, Ohio

Craig Lawrence LeMieux

Mr LeMieux has been our Area Developer for multiple counties in Ohio since July 2008 He is also one of our Area Developers for Michigan See "Michigan' for information regarding this Area Developer

Diane Helen LeMieux

Ms LeMieux has been our Area Developer for multiple counties in Ohio since July 2008 She is also one of our Area Developers for Michigan See 'Michigan" for information regarding this Area Developer

OKLAHOMA

Oklahoma AD, LLC – State of Oklahoma

Oklahoma AD, LLC an Arkansas limited liability company formed December 10 2013, with its principal place of business at 301Main Street Suite 6 Little Rock AR 72201, has been our Area Developer for the state of Oklahoma since December 29, 2013

Glen Johnson

Mr Johnson has been our Area Developer for the state of Oklahoma area since December 29, 2013 From March 2011 to present, Mr Johnson has been President of Tropical Tango, LLC and Blue Flame Minerals, LLC Prior to that, he was Principal Broker for Crescent Commercial Searcy, Alabama. from January 2009 to March 2011

PENNSYLVANIA

Shaffer Area Development, LLC - Lancaster, Dauphin and Chester Counties in Pennsylvania

Shaffer Area Development, LLC a Pennsylvania limited liability company, formed May 2009, with its principal place of business at 1961 Rachel Drive, Lancaster, Pennsylvania 17601, has been our Area Developer for the counties of Lancaster, Daupine, Chester and York in the State of Pennsylvania since December 2014

Matthew Shaffer Member

Mr Shaffer has been our Area Developer for Lancaster Dauphin and Chester Counties in Pennsylvania since April, 2009 In addition, he has been a Tropical Smoothie® franchisee since July 2006 He operates a Tropical Smoothie store in Lititz, Pennsylvania From January 2007 to present he has been Vice President of Shaffer Tropics, Inc in Lancaster, Pennsylvania

Cody Shaffer Member

Mr Shaffer has been our Area Developer for Lancaster, Dauphine Chester and York Counties in Pennsylvania since December 2014 In addition he has been the manager at the Tropical Smoothie Cafe in Lititz Pennsylvania from January 2008 to present

Carol Wagner Member

Ms Wagner has been our Area Developer for Lancaster Dauphine, Chester and York Counties in Pennsylvania since December 2014

TEXAS

West Texas AD, LLC – State of Texas

West Texas AD LLC, an Arkansas limited liability company, formed May 12, 2015, with its principal place of business at 301 Main Street, Suite 6 Little Rock AR 72201 has been our Area Developer for the counties of Armstrong, Carson, Crosby, Ector Floyd, Garza Hale, Hockley, Howard, Jones, Lamb Lubbock, Lynn Martin Midland Mitchell Nolan, Potter Randal, Taylor and Terry in the state of Texas since July15 2015

Glen Johnson

See ' Oklahoma for more information about this Area Developer

UTAH

TSUTAD, LLC – State of Utah

TSUTAD LLC a Nevada limited liability company, formed May 10, 2013, with its principal place of business at 100 Corporate Park Drive, Henderson, NV 89074, has been our Area Developer for the state of Utah since July 25, 2013

Cody Sommer

Mr Sommer has been our Area Developer for the state of Utah area since May 17, 2013 From 2002 to present, Mr Sommer has been President of Syntech Inc in Henderson Nevada

VIRGINIA

Venture One, LLC – District of Columbia, State of Maryland & Portions of Virginia

See "District of Columbia' for information regarding this Area Developer

Gemini and Urvashi Patel – Richmond, Virginia Area

Gemini Patel

Ms Patel has been our Area Developer for the State of New Jersey since December 1, 2003 In addition, she has been one of our Area Developers for the Richmond Virginia area since September 1, 2003

Urvashi Patel

Ms Patel has been our Area Developer for the State of New Jersey since December 1, 2003 In addition, she has been one of our Area Developers for the Richmond, Virginia area since September 1, 2003

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item for these Area Developers

ITEM 4
BANKRUPTCY

Ronald T Holt is an officer director, and shareholder of a corporation Landor International Inc , which filed a petition in bankruptcy in the United States Bankruptcy Court for the Eastern District of Virginia Case No 14033104 on June 6, 2014 The case involved a dispute with a former shareholder of the corporation The bankruptcy filing was dismissed on July 2 2014 after a resolution among the parties No debt was discharged and no reorganization plan was implemented Mr Holt is a principal of Venture One, LLC which is our Area Developer for the District of Columbia, Maryland and portions of Virginia

Other than this one matter, no bankruptcy is required to be disclosed in this Item

EXHIBIT D TO THE DISCLOSURE DOCUMENT

PRE-AUTHORIZED BANK FORM

CAFE

ELECTRONIC FUNDS TRANSFER (E‌ T) AUTHORIZATION

Franchisee Information

Franchisee Name | Store No

Franchisee Mailing Address (street) | Franchisee Phone No

Franchise Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different than above)

Franchisee Fax No | Franchisee E-mail Address

Bank Account Information

Bank Name | Bank Account No

Bank Mailing Address (street) | Bank Routing No | | (9 characters)

Bank Mailing Address (city, state zip) | Bank Phone No

Payee Information Tropical Smoothie Café, LLC

Authorization The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to the Payees The amount of such charge shall be set forth in a notice from the Payees presented to the Bank on Wednesday of each week The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payees or the Bank to evidence the interest of this EFT Authorization This authority shall remain in full force and effect until the Payees have received written notification from the Franchisee in such time and manner as to afford the Payees and the Bank to act on such notice The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payees

Signature _____ Date _____

Federal Tax ID Number _____

INDEMNIFICATION OF BANK

In consideration of the Bank's compliance with the foregoing request and authorization, the Payees agree with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for from and against any loss the Bank may suffer as a consequence of the Bank's actions from or in connection with the execution and issuance of any electronic fund transfer or draft, whether or not genuine, purporting to be executed by the Payees and received by the Bank in the regular course of business for the purpose of payment, except to the extent such loss caused by the negligence or willful misconduct of the Bank

INITIAL FRANCHISE FEE AND GRAND OPENING MARKETING FEE ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

Franchisee Information

Franchisee Name

Franchisee Mailing Address (street) Franchisee Phone No

Franchisee Mailing Address (city state zip)

Franchisee Fax No Franchisee E mail Address

(1 of 2) Initial Franchise Fee Withdrawal Bank Account Information

Authorized Amount $_____ Initial Here _____

Bank Name Bank Account No

Bank Mailing Address (street) Bank Routing No | | (9 characters)

Bank Mailing Address (city state zip) Bank Phone No

Authorized Amount $_____

(2 of 2) Grand Opening Marketing Withdrawal Bank Account Information

Authorized Amount $7 500 Initial Here _____

Bank Name Bank Account No

Bank Mailing Address (street) Bank Routing No | | (9 characters)

Bank Mailing Address (city, state zip) Bank Phone No

Payee Information Tropical Smoothie Café LLC

Authorization The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account for the Initial Franchise Fee and Grand Opening Marketing Fee payable to the Payees at the time the Franchise Agreement is executed The amount(s) of such charges are set forth above and as forth in the Franchise Agreement signed contemporaneously with this EFT The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payees or the Bank to evidence the interest of this EFT Authorization This authority shall remain in full force and effect until the Payees have received written notification from the Franchisee in such time and manner as to afford the Payees and the Bank to act on such notice The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payees

Signature _____ Date _____

Federal Tax ID Number _____

INDEMNIFICATION OF BANK In consideration of the Bank s compliance with the foregoing request and authorization, the Payees agree with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for from and against any loss the Bank may suffer as a consequence of the Bank s actions from or in connection with the execution and issuance of any electronic fund transfer or draft whether or not genuine purporting to be executed by the Payees and received by the Bank in the regular course of business for the purpose of payment except to the extent such loss caused by the negligence or willful misconduct of the Bank

NOTE FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO EACH BANK ACCOUNT

EXHIBIT E TO THE DISCLOSURE DOCUMENT

OLO ONLINE ORDERING SERVICES AGREEMENT

04/06/16, as amended 10/31/16
SC/v87

AUTHORIZED OPERATOR AGREEMENT (FORM)

This Authorized Operator Agreement (the "Agreement"), effective as of _____ (the "Effective Date"), is made by and between Mobo Systems, Inc , a Delaware corporation with a business address at 26 Broadway, 24th Floor, New York, New York 10004 ("Olo") and Tropical Smoothie Cafe, a _____ _____ with a business address at _____("Operator")

RECITALS

WHEREAS, Operator is an authorized franchisee of Customer ("Customer"),

WHEREAS, Customer has entered into an agreement ("Master Services Agreement") with Olo, whereby Olo shall exclusively provide white label (retailer-branded) digital ordering, payment and loyalty solutions to Customer and its franchisees, and

WHEREAS, Operator desires to use the Licensed Applications made available to Customer pursuant to the Master Services Agreement, and Olo desires to make available such Licensed Applications for use by Operator, all pursuant to the terms and conditions of this Agreement For purposes of this Agreement, the "Licensed Applications" means the specific web-based and mobile ordering products and services made available to Customer under the Master Services Agreement and correspondingly to Operator under this Agreement ("Licensed Applications")

NOW, THEREFORE, the parties agree as follows

1 Fees and Expenses, Payment Obligations

Olo's fees for the use of the Licensed Applications are set forth below Olo shall invoice the Operator for the fees payable under this Agreement once a month for the prior month Olo will automatically withdraw funds from the Operator through an Electronic Funds Transfer (EFT) transaction from an account designated by Operator within the first five (5) business days of the month for the previous month's fees Operator acknowledges that it shall be solely responsible to Olo for the fees specified herein, and that Customer shall have no responsibility or obligation to Olo for such fees

1 Monthly Program Fee	**2** *Monthly recurring fee, per active location (includes Account Management, menu and pricing updates)*
	3 $44 per Store, per month
4 Store Activation Fee	**5** *One-time fee for all locations enabled for Olo Services not open for business as of _____ Fee includes Applicable Menu creation, POS integration, dashboard configuration and other initial setup procedures*
	6 $100 per location
7 Store Transfer Fee	**8** *Applied when new Operator takes over store location*
	9 $50 per location
10 Applicable Taxes	**11** *All Olo fees are subject to applicable sales tax*

2 License, Intellectual Property Rights

a License

i Subject to the terms and conditions of the Agreement, Olo hereby grants to Operator, during the Term (as defined herein), a non-exclusive, non-sub licensable, non-transferable license to access and use for itself and its customers the Licensed Applications in the United States Operator shall not (i) assign this Agreement to any third party (it being understood that any such assignment shall be void ab initio), and (ii) transfer or sell the Licensed Applications (it being understood that Operator may permit its customers to access the Licensed Applications solely for the expressed purpose of this Agreement) A breach of the obligations set forth in this Section 2 by Operator shall constitute a material breach of this Agreement by Operator Updates to the Licensed Applications shall be made in the sole discretion of Customer, as negotiated with Olo

ii Olo hereby grants to Operator a limited, non-exclusive license to use Olo promotional materials and Olo trademarks and logos for the marketing and promotional purposes in connection with the Licensed Applications, including as directed by Customer Operator shall not be permitted to alter or modify any Olo trademarks or logos All other use of Olo trademarks and logos shall be subject to the prior approval of Olo Operator shall not use any Olo promotional materials or Olo trademarks or logos in any way that suggests or implies that Olo endorses Operator's or Customer's products or services All use of Olo trademarks and logos, and all goodwill derived from such use, shall inure to Olo

iii During the Term (as defined herein), the Licensed Applications will be operational and available to Operator and its customers in the manner contemplated by this Agreement

b Intellectual Property Rights

i As between Operator and Olo, Operator hereby acknowledges and agrees that Olo owns all right, title and interest, including all copyrights and other intellectual property and proprietary rights, in and to the Licensed Applications, all custom developed documents, designs, computer programs, computer systems, computer documentation and other work product authored or prepared by Olo upon the request of Customer pursuant to the Master Services Agreement

ii Nothing herein shall alter any agreement between Customer and Operator concerning the ownership or use of Customer intellectual property other than the Licensed Applications, including without limitation Customer trademarks or logos

3 Confidential Information

The parties acknowledge and agree that in the course of fulfilling their obligations hereunder, each party may have access to information of material of the other party that is commercially

valuable to both companies and not generally known in the industry (as further described below, "Confidential Information") During and after the term of this Agreement, each party agrees not to (a) disclose Confidential Information of the other party to any person other than its employees, agents or independent contractors who have a need to know the same in connection with performance of this Agreement, and who are under obligations of confidentiality substantially similar to this Section 5, or (b) use the Confidential Information of the other party for any purpose other than performing its obligations under this Agreement Confidential Information includes, but is not limited to (i) any and all versions of proprietary computer software and any documentation related thereto, (ii) technical information concerning products and services, including product data and specifications including, but not limited to, the integration specifications, know-how, formulae, diagrams, flow charts, drawings, hardware configuration information, source code, object code, test results, processes, inventions, research projects and product development, (iii) any and all version of any designs, patents, trademarks, or copyrightable works, discoveries, formulae, processes, manufacturing techniques, trade secrets, inventions, improvements, ideas, business plans, (iv) information concerning each party's business plans or strategies, pricing or menu information, and markets and marketing methods (v) information submitted by each party's customers, suppliers, employees, or business partners for study, evaluation or use, or (vi) any other information not generally known to the public or by actual or potential competitors of either party

Each party agrees to treat the other party's Confidential Information in the same manner as it treats its own Confidential Information, to take reasonable security precautions to safeguard the other party's Confidential Information from theft or from access by unauthorized persons, to not use the other party's Confidential Information in any way detrimental to such party, and to not, directly or indirectly, disclose or divulge the other party's Confidential Information to any third party without the prior written consent of the other party

The receiving party shall have no obligation with respect to Confidential Information of the other party that (i) is or becomes publicly known through no wrongful act, fault or negligence of the receiving party, (ii) was disclosed to the receiving party by a third party who was free of obligations of confidentiality to the party providing the information, (iii) is approved for release by prior written authorization of the other party, or (iv) is publicly disclosed pursuant to a subpoena, court order, requirement or request of a governmental agency, or where such disclosure is required by operation of law

In no event may this Agreement be reproduced or copies shown to any third parties without the prior written consent of the other party, except as may be necessary by reason of legal, accounting, tax or regulatory requirements, in which event Olo and Customer agree to exercise reasonable diligence in limiting such disclosure to the minimum necessary under the particular circumstances The parties further agree that where this Agreement or their respective contents have to be disclosed to any regulatory or statutory body, then the parties shall use their commercially reasonable efforts to seek undertakings from such regulatory or statutory body to prevent the disclosure of this Agreement or their respective contents into the public domain

In addition, each party shall give notice to the other party of any demands to disclose or provide Confidential Information received from any third party under lawful process prior to disclosing or furnishing Confidential Information, and shall cooperate in seeking reasonable protective arrangements requested by the other party Either party may disclose or provide Confidential Information of the other party requested by a government agency having jurisdiction over the party, provided that the party uses its commercially reasonable efforts to obtain protective arrangements satisfactory to the party owning the Confidential Information The party owning the Confidential

Information may not unreasonably withhold approval of protective arrangements

The receiving party shall notify the disclosing party immediately upon becoming aware of any actual or suspected breach of the security of disclosing party's Confidential Information A breach of security refers to any known or suspected breach or default in the confidentiality, integrity, accuracy, security or privacy of disclosing party's Confidential Information

If a party uses or discloses or attempts to use or disclose any of the Confidential Information in contravention of this Agreement, then in addition to other available remedies, the party who owns the Confidential Information shall have the right to injunctive relief enjoining any such use, disclosure or attempt to use or disclose, it being acknowledged that legal remedies are inadequate

4 User Data

For purposes of this Agreement, "Application Data" means all data transmitted through, or collected by the Licensed Applications, including, without limitation all personally identifiable information ("End User" data), and all data and information concerning End Users utilizing the Licensed Applications Operator acknowledges and agrees that all Application Data is confidential information and intellectual property of Customer, and Operator's access and use of Application Data is prohibited and/or restricted pursuant to agreements between Customer and Operator Operator further acknowledges and agrees that Olo will not provide Application Data to Operator without the prior written approval of Customer

5 Representations and Warranties

Each party represents and warrants that it has the legal power and authority to enter into this Agreement Olo represents and warrants that it will provide the Licensed Applications in accordance with this Agreement and in a manner consistent with general industry standards reasonably applicable to the provision thereof

OLO MAKES NO REPRESENTATION OR WARRANTY OTHER THAN THOSE SET FORTH IN THIS AGREEMENT THE WARRANTIES STATED IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES AND CONDITIONS EXPRESSED OR IMPLIED INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE

6 Indemnification

a By Olo Olo shall indemnify, defend and hold Operator and its subsidiaries and affiliates, and each of their respective past or present officers, directors, agents, servants, employees, stockholders, predecessors, successors or assigns, and all persons acting by, through, and under, or in concert with them, harmless against all third party claims, actions, suits, proceedings, investigations, losses, damages, claims, liabilities, penalties, fines, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees and expenses) arising or resulting from (i) Olo's breach of this Agreement, negligent acts or omissions, or willful misconduct in performing under this Agreement, (ii) claims that Olo intellectual property ("Olo IP"), including, without limitation, the Licensed Applications and use thereof as contemplated by this Agreement, infringe any patent, trademark, copyright, trade secret, mask work, or other proprietary right of a third party, and (ii) Olo violation of any federal or state law, rule or regulation in connection with the operation of or interaction with the Licensed Applications Olo is responsible under this section for the actions of its employees, Operators, agents, and subcontractors Olo's obligations are subject to the following (A)

Operator shall notify Olo promptly in writing of the claim in question, provided, however, the failure to notify shall not eliminate Olo's obligations under this Section 5(a) unless such failure materially prejudices Olo, (B) Olo shall have sole control of the defense and all related settlement negotiations, provided that Olo promptly proceeds with such defense and maintains such defense with reasonable diligence, and (C) Operator provides Olo with all commercially reasonable assistance, information and authority to perform the above at Olo's expense In the event that Operator's use of any of the Olo IP is enjoined by a court of competent authority, Olo shall, at its sole option and at its expense, either (I) procure for Operator the right to continue using of the Olo IP, or (II) modify the Olo IP to avoid infringement without material impairment of their functionality

b By Operator Operator shall indemnify, defend and hold Olo and each of its subsidiaries and affiliates, and each of their respective past or present officers, directors, agents, servants, employees, stockholders, predecessors, successors or assigns, and all persons acting by, through, and under, or in concert with them, harmless against all third party claims, actions, suits, proceedings, investigations, losses, damages, claims, liabilities, penalties, fines costs and expenses (including, without limitation, court costs and reasonable attorneys' fees and expenses) arising or resulting from Operator's breach of this Agreement, negligent acts or omissions, or willful misconduct in performing under this Agreement Operator is responsible under this section for the actions of its employees, customers, agents, and subcontractors Operator's obligations are subject to the following (i) Olo shall notify Operator promptly in writing of the claim in question, provided, however, the failure to notify shall not eliminate Operator's obligations under this Section 6(b) unless such failure materially prejudices Operator, (b) Operator shall have sole control of the defense and all related settlement negotiations, provided that Operator promptly proceeds with such defense and maintains such defense with reasonable diligence, and (c) Olo provides Operator with all commercially reasonable assistance, information and authority to perform the above at Operator's expense

7 Limitation of Liability

EXCEPT FOR IT'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 6 HEREIN, (A) IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOST PROFITS OR CONSEQUENTIAL, INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL, OR INCIDENTAL DAMAGES ARISING FROM OR RELATING TO THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, EVEN IF ONE OR BOTH PARTIES KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES, AND (B) EACH PARTY'S TOTAL CUMULATIVE LIABILITY ARISING FROM OR RELATING TO THIS AGREEMENT WILL NOT EXCEED THE AMOUNT OF FEES PAID BY OPERATOR UNDER THIS AGREEMENT THE PARTIES ACKNOWLEDGE THAT THE TERMS OF THIS SECTION 6 REFLECT THE ALLOCATION OF RISK SET FORTH IN THIS AGREEMENT AND THAT THE PARTIES WOULD NOT HAVE ENTERED INTO THIS AGREEMENT WITHOUT THESE LIMITATIONS OF LIABILITY

8 Term and Termination

a Term – Generally This Agreement shall remain in force for three (3) years from the Customer "go-live" date (when the Licensed Applications are live to end users (the "Initial Term")) At the end of the Initial Term, this Agreement shall be automatically

renewed for successive one (1) year periods (each a "Renewal Term" and collectively with the Initial Term, the "Term") unless, at least ninety (90) days prior to any Renewal Term, either party notifies the other that this Agreement shall not be renewed This Agreement may terminate earlier as provided in this Section 7 or as the parties may otherwise agree in writing

b Termination of the Master Services Agreement This Agreement shall automatically terminate if and when the Master Services Agreement is terminated between Olo and Customer

c Termination of Franchise Agreement/Elimination of Location This Agreement shall automatically terminate as to a franchised location if and when (i) the franchise agreement between Customer and Operator is terminated, in which case this Agreement shall terminate as to all Customer franchised locations of Operator, or (ii) Operator no longer owns and operates the franchised location, in which case, this Agreement shall only terminate as to such franchised location

d Termination for Cause, Reasonable Opportunity to Cure Breach If a party breaches any material provision of this Agreement, the non-breaching party may terminate this Agreement by giving 30 days' notice to the other party, except that such a termination shall not take effect if the breaching party cures the breach before the end of such 30-day period

9 Miscellaneous

a Notices All notices and other communications sent under this Agreement will be in writing and (i) hand delivered, (ii) delivered by prepaid overnight courier, or (iii) transmitted via email Communications will be sent to the persons at the addresses set forth on the signature page hereof or such other persons/addresses as the parties subsequently may specify in writing

b Governing Law This Agreement will be governed by the laws of New York, without regard to conflict of laws principles

c Assignment This Agreement will bind and inure to the benefit of the parties and their respective permitted successors and assigns Except as specified herein, neither party may assign its rights or delegate its duties under this Agreement (whether directly or indirectly, by operation of law or otherwise) without the prior written consent of the other, which consent will not be unreasonably withheld or delayed In the event of a merger, acquisition or sale of substantially all of the assets or business of Olo (or any substantially similar transaction), Olo will be entitled, without notice, to assign this agreement (including, without limitation all rights hereunder, including the rights to use the Licensed Applications) to a successor or otherwise in connection with such transaction, so long as the assignee accepts the obligations hereunder in writing Any purported assignment of rights or obligations, except as expressly permitted herein, will be null and void

d Severability The provisions of this Agreement are severable, and the unenforceability of any such provision of this Agreement will not affect the enforceability of the remainder of this Agreement The parties acknowledge that it is their intention that if any provision of this Agreement is determined by a court to be unenforceable as drafted, that provision should be construed in a manner designed to effectuate the

parties' purpose in agreeing to that provision to the greatest extent possible under applicable law

e Relationship of Parties The parties acknowledge that Olo is an independent contractor of Operator, and Olo's employees are not employees of Operator Nothing in this Agreement or any exhibit will be construed as creating a partnership, joint venture, agency or fiduciary relationship between the parties, or as authorizing either party to act as agent for the other or to enter into contracts on behalf of the other

f Amendment/Modification This Agreement may be modified or amended only by a separate writing signed by Olo and Operator expressly so modifying or amending this Agreement

g Force Majeure Neither party will be deemed to be in default of or to have breached any provision of this Agreement as a result of any delay, failure in performance or interruption of service, resulting directly or indirectly from acts of God, acts of civil or military authorities, civil disturbances, wars, strikes or other labor disputes, fires, transportation contingencies, interruptions in telecommunications or Internet services or network provider services, failure of equipment and/or software, other catastrophes, and other causes beyond its reasonable control

h Waiver A waiver by either party of any term or condition of this Agreement in one or more instances will not constitute a permanent waiver of the term or condition or any other term or condition of this Agreement or a general waiver

i Entire Agreement This Agreement constitutes the entire agreement between the parties and supersedes any prior oral or written agreements between the parties concerning the subject matter hereof

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers

MOBO SYSTEMS, INC

By _____

Name _____

Title _____

Date _____

Mailing Address for Notices
26 Broadway
24th Floor
New York, New York 10004

Email Address for Notices

TROPICAL SMOOTHIE CAFE, LLC

By _____

Name _____

Title _____

Date _____

Mailing Address for Notices

Email Address for Notices

EXHIBIT F TO THE DISCLOSURE DOCUMENT

ADDENDUM TO LEASE AGREEMENT/
CONDITIONAL ASSIGNMENT OF LEASE

APPLICABLE TO TROPICAL SMOOTHIE CAFES®
LOCATED IN THE STATE OF GEORGIA
ONLY

ADDENDUM TO LEASE AGREEMENT/ CONDITIONAL ASSIGNMENT OF LEASE

Landlord/Lessor _____ **Tenant/Lessee** _____

Notice Address _____ Notice Address _____

_____ _____

Franchisor Tropical Smoothie Cafe, LLC

Notice Address 1117 Perimeter Center West, Suite W200
Atlanta, Georgia 30338

Date Effective as of the Date of the Lease Between Landlord and Tenant (the '**Lease**')

Leased Premises/Location of Leased Site (Center Name/Address)

_____

_____

Landlord Franchisor, and Tenant agree to this addendum ("**Addendum**') as follows

1 Tenant is a TROPICAL SMOOTHIE CAFE® franchisee The Leased Premises shall be used solely for the operation of a smoothie beverage/sandwiches/gourmet wraps/salads/soups/coffee drinks restaurant offering for sale a wide range of smoothie drinks and other products, at retail, and related products or services approved by the Franchisor under the trade name **TROPICAL SMOOTHIE®, TROPICAL SMOOTHIE CAFE®,** or any name authorized by the Franchisor, pursuant to Tenant's franchise agreement (the "**Franchise Agreement**') with Franchisor The Landlord acknowledges that such use shall not violate any existing exclusives granted to any other existing tenant of the Landlord

2 Landlord shall provide to Franchisor, at Franchisor s then current Notice Address, copies of any written Notice of Default (**Default**") given to Tenant under the Lease, concurrently with giving such notices to Tenant Landlord grants to Franchisor, at Franchisor's option, the right (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 15 days after the expiration of the period in which Tenant may cure the Default

3 In the event of a Default of the Lease by Tenant, a default of the Franchise Agreement by Tenant a default by Tenant under any loan agreement or any related loan documents with Franchisor or its affiliate or expiration or termination of the Franchise Agreement, and upon written notice to Landlord by Franchisor to accept written assignment of the Lease to Franchisor as replacement tenant ('**Agreement Notice**'), Franchisor (or its designee acceptable to Landlord) shall become Tenant of the Leased Premises and shall become liable for all obligations under the Lease arising after the date of the Assignment Notice

4 No amendment or variation of the terms of this Addendum shall be valid unless made in writing and signed by the parties

5 All notices given pursuant to this Addendum must be sent by registered or certified mail, postage prepaid, to the party s address set forth above Any party may change its address for receiving notices by giving the other parties written notice of the new address

Landlord/Lessor	**Tenant/Lessee/Franchisee**
By _____	By _____
Name _____	Name _____
Its _____	Its _____

TROPICAL SMOOTHIE CAFE, LLC / FRANCHISOR

By _____

Name _____

Its _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

OPERATING MANUAL TABLE OF CONTENTS

Confidential Operations Manual

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EXHIBIT H TO THE DISCLOSURE DOCUMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This **NONDISCLOSURE AND NONCOMPETITION AGREEMENT** (the '**Agreement**') is made and entered into this ____ day of _____ 20____ by and between _____, residing at _____ who presently is a manager or assistant manager of a Tropical Smoothie Cafe® restaurant, or a director manager or officer of a Tropical Smoothie Cafe® franchisee (the '**Employee**") and _____ a _____ and its successors and assigns (the **Employer**')

RECITALS

A Employer is a company engaged in the business of owning and operating a Tropical Smoothie Cafe® franchise under a license granted by Tropical Smoothie Cafe LLC (the "**Franchisor**')

B Employer is desirous of protecting its rights and interests in and to the Tropical Smoothie Cafe® franchise that Franchisor has granted to Employer, including operating systems, sales and marketing programs and ideas, and all information and documents relating thereto

C Employee is being retained by Employer to provide services as the _____ for Employer

D Employer will provide substantial opportunities to the Employee in the conduct of Employee's position including, but not limited to present and future earnings, access to potential and existing customers and clients and Employer's and Franchisor's confidential and proprietary information Employee further acknowledges that Employer would not employ or continue to employ Employee without Employee's agreeing to be bound by the restrictions contained in this Agreement

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, which Employee agrees is good and valuable consideration, the receipt of which hereby is acknowledged, Employee represents and warrants to Employer and covenants and agrees with Employer as follows

1 Recitals The statements made in the Recitals above are true and accurate and are incorporated herein

2 Specialized Knowledge and Training Employee acknowledges and agrees that

(a) the knowledge and experience that Employee will acquire while associated with and/or employed by Employer is of a special unique, and extraordinary character and that Employee's position with Employer places Employee in a position of a confidence and trust with the customers, clients, sales agents contacts, account executives, investors, accounts, associates and employees of Employer and allow Employee access to Confidential Information (as that term is defined in *Section* 6 below), which access Employee would not have but for Employee's relationship with Employer and

(b) Employer will make substantial investments of time and capital in the development of Employee's goodwill, education and expertise from which Employee will receive a substantial and direct economic benefit

3 Operating System and Trademarks Employee acknowledges and agrees that

(a) Franchisor is the creator and owner of the trade secrets products concept, style confidential information format and operating system (collectively, the '**Operating System**) and the logotypes, service marks and trademarks now or hereafter involved in the operation of a Tropical Smoothie Cafe® store using the style, trademark, service mark, and trade name TROPICAL SMOOTHIE CAFE® (collectively, the **Trademarks**"), and the good will associated therewith, and has granted to Employer the right and license to operate a Tropical Smoothie Cafe® store using the Operating System and the Trademarks subject to the continuing control by Franchisor of the dissemination and use of the Operating System and the Trademarks,

(b) Employee has obtained or will obtain knowledge of the Operating System in connection with its association with or employment by either Franchisor and/or Employer, which knowledge obtained or to be obtained by Employee was unknown to it prior to said employment and/or the execution of this Agreement and which knowledge is a prerequisite for Employee s employment and

(c) Because the protection of the Operating System and the Trademarks is vital to the continued success of Franchisor and franchisees of Franchisor, Franchisor is unwilling to permit Employer to disclose to Employee the Operating System except upon the terms set forth in this Agreement including the requirements of confidentiality, nondisclosure and noncompetition as set forth in this Agreement

4 Ownership of Operating System and Trademarks Employee acknowledges and agrees that Franchisor is the sole and exclusive owner of all right, title and interest in and to the Operating System and the Trademarks, and that the Operating System and the Trademarks shall be used by Employee only in accordance with the terms hereof Employee shall acquire no right, title or interest in or to the Operating System and/or the Trademarks Employee shall not, directly or indirectly, at any time during or after the term of Employee's employment by or association with Employer's Tropical Smoothie Cafe® store, do or cause to be done any act or thing disputing, attacking or in any way impairing or intending to impair Franchisor s right, title, or interest in or to the Operating System or the Trademarks Employee shall immediately notify Employer of all infringements of the Operating System or the Trademarks by others that come to Employee's attention and of all challenges to or limitations on Franchisor's use of the Operating System or any of the Trademarks

5 Nondisclosure of Confidential Information The parties hereto acknowledge that during the period in which the Employee is employed by or associated with Employer (the "**Employment Period**') the Employee shall use receive, conceive or develop Confidential Information (as that term is defined in *Section* 6 below) Employee covenants and agrees that during the Employment Period and at all times thereafter Employee shall not, except with the prior written consent of Employer or Franchisor, which consent shall be granted or denied at the Employer's or Franchisor's sole and absolute discretion, or except if acting solely for the benefit of Employer in connection with Employer s business and in accordance with the Employer s business practices and policies, at any time disclose, divulge, report, transfer or use, for any purposes whatsoever, any of such Confidential Information which has been used, received, conceived or developed by Employee Employee also recognizes that such Confidential Information represents a valuable asset of the Employer and Franchisor and is required to ensure the effective and successful conduct of their respective businesses

6 Confidential Information For purposes of this Agreement, the term '**Confidential Information**" shall mean all of the following materials and information that Employee uses, receives

conceives or develops or has used received, conceived or developed, in whole or in part in connection with Employee s employment by or association with Employer

(a) The Operating System and Trademarks,

(b) The contents of any manuals or other written materials of Franchisor Employer or any of Franchisor s subsidiaries or affiliates,

(c) The names and information relating to customers and prospective customers of Employer, or other persons firms corporations or other entities with whom the Employee has contact with on behalf of Employer or to whom any other employee of Employer has provided goods or services at any time

(d) The terms of various agreements between Employer and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements and the like,

(e) Any data or database, or other information compiled by Employer, including but not limited to customer lists, customer information information concerning Employer, or any business in which Employer is engaged or contemplates becoming engaged, any company that Employer engages in business, any customer, prospective customer or other person firm or corporation to whom or which Employer has provided goods or services or to whom or which any employee of Employer has provided goods or services on behalf of Employer, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information,

(f) All policies, procedures, strategies and techniques regarding the services performed by Franchisor training marketing and sales of Franchisor, specifically including but not limited to the Operating System and Trademarks either oral or written, and assorted lists containing information pertaining to customers and prospective customers, and

(g) Any other information data, know-how or knowledge of a confidential or proprietary nature observed, used, received conceived or developed by Employee in connection with Employee's employment by Employer

7 Use and Return of Confidential Information

(a) The Employee agrees that under no circumstance and at no time shall any of the Confidential Information be taken from Employer s premises and that under no circumstances and at no time shall any of the Confidential Information be duplicated, in whole or in part, without the express written permission of Employer which permission may be granted or denied in its sole and absolute discretion

(b) The Employee agrees that, upon termination of employment with Employer, Employee shall return to Employer all such Confidential Information, which is in Employee's possession regardless of the form in which any such materials are kept

(c) The Employee covenants and agrees that all right, title and interest in any Confidential Information shall be and shall remain the exclusive property of Employer and/or Franchisor Employee agrees to promptly disclose to Employer all Confidential Information developed in whole or in part by Employee within the scope of this Agreement and to assign to Employer and/or Franchisor any right, title or interest Employee may have in such Confidential Information Employee agrees to turn over to the

Employer all physical manifestations of the Confidential Information in Employee's possession or under Employee's control at the request of Employer.

8 In-Term Non-Solicitation and Non-Competition In order to protect the goodwill of the Operating System and Trademarks, during the term of Employee's employment by or association with Employer, Employee shall not directly or indirectly

(a) Directly or indirectly divert, or attempt to divert any business opportunity or customer of Employer, Franchisor or any Tropical Smoothie Cafe® store to any competitor or do or perform, directly or indirectly any act injurious or prejudicial to the goodwill associated with the Operating System and the Trademarks,

(b) Employ or seek to employ any person who is at that time employed by Employer Franchisor, or any Tropical Smoothie Cafe® franchisee or area developer, or otherwise directly or indirectly induce such person to leave the employ of said party,

(c) Develop own, manage operate, be employed by or have any interest in any business or facility (other than a licensed Tropical Smoothie Cafe® store) which is the same as or substantially similar to a Tropical Smoothie Cafe® store (including, without limitation any restaurant or food service facility owning, operating or managing, or granting franchises or licenses to others to do so, any business that features smoothies as a primary menu item and/or where fifty percent (50%) or more of the menu items consist of the same or similar items as those typically offered by a Tropical Smoothie Cafe® store), wherever located

9 Post-Term Non-Solicitation and Non-Competition In order to protect the goodwill of the Operating System and Trademarks, for a period of two (2) years following the termination of Employer's employment by or association with Employer, for any reason, Employee shall not, directly or indirectly

(a) Directly or indirectly divert, or attempt to divert, any business opportunity or customer of Employer, Franchisor or any Tropical Smoothie Cafe® store to any competitor or do or perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Operating System and the Trademarks,

(b) Employ or seek to employ any person who is at that time employed by Employer, Franchisor or any Tropical Smoothie Cafe® franchisee or area developer, or otherwise directly or indirectly induce such person to leave the employ of said party,

(c) Develop, own, manage, operate, be employed by or have any interest in any business or facility (other than a licensed Tropical Smoothie Cafe® store) which is the same as or substantially similar to a Tropical Smoothie Cafe® store (including, without limitation, any restaurant or food service facility owning, operating or managing, or granting franchises or licenses to others to do so, any business that features smoothies as a primary menu item and/or where fifty percent (50%) or more of the menu items consist of the same or similar items as those typically offered by a Tropical Smoothie Cafe® store) and which is located within a radius of five (5) miles of the Employer's Tropical Smoothie Cafe® store or any other Tropical Smoothie Cafe® store (whether company-owned or franchised)

At no time during or after the term of Employee's employment by or association with Employer shall Employee use or duplicate the Operating System or the Trademarks except pursuant to a valid license from Franchisor Employee expressly agrees that the restrictive covenants contained in *Sections* 8 and 9

(i) are reasonable as to time and geographical area, (ii) do not place an unreasonable burden on Employee, and (iii) are supported by adequate consideration to Employee

10 At-Will Employment The mere entering into this Agreement by Employee shall not operate so as to require Employer to continue to employ Employee, and Employee hereby represents and warrants to Employer that Employee has not received any promises or guarantees implied or express, of such continued employment by or association with Employer Employee agrees that this Agreement shall be applicable to Employee regardless of whether the termination of its employment by or association with Employer occurs at the instance of Employee or Employer and if at the instance of Employer, regardless of whether the termination was for cause Employee further agrees that Employee's breach of this Agreement shall be grounds for the termination of Employee's employment

11 Enforcement and Remedies Employee agrees that a breach or default of the terms of this Agreement will cause irreparable harm to Employer and/or Franchisor and, therefore in the event of any such breach or default Employer and/or Franchisor shall be entitled to injunctive relief, specific performance, or other equitable relief Employer and/or Franchisor shall be entitled to a restraining order or injunction without bond and without specific proof of irreparable harm and without specific proof of an inadequate remedy at law Any specific right or remedy set forth in this Agreement shall not be exclusive but shall be cumulative to other remedies available to Employer and/or Franchisor under this Agreement or at law or in equity, including injunctive relief, specific performance and recovery of money damages The failure of Employer and/or Franchisor to enforce any of the provisions of this Agreement shall not constitute a waiver thereof or otherwise operate to limit any of Employer's and/or Franchisor s rights hereunder The existence of any claim, defense or cause of action that Employee may have against Employer and/or Franchisor, regardless of cause or origin, shall not constitute a defense against the enforcement of this Agreement by Employer and/or Franchisor against Employee

12 Toll Period In the event Employee shall violate any provision of this Agreement as to which there is a specific time period during which Employee is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision then, such violation shall toll the running of such time period from the date of such violation until such violation shall cease

13 Successors and Assigns This Agreement shall be binding upon Employee and his or her heirs, personal representatives, successors and assigns and shall inure to the benefit of Employer and Franchisor (Franchisor being an intended third-party beneficiary hereof with independent rights to enforce this Agreement) and their respective heirs, personal representatives, successors and assigns Employee expressly agrees that this Agreement shall be assignable by Employer to a successor to the business of Employer and Employee hereby expressly consents to such assignment Franchisor s rights under this Agreement are fully assignable and transferable and shall inure to the benefit of Franchisor's affiliates, successors and assigns

14 Miscellaneous

(a) Time is of the essence of this Agreement and of every term, covenant and condition hereof

(b) The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining limiting or amplifying the provisions hereof

(c) If Employer or Franchisor retains an attorney or institutes a suit against Employee in any way connected with this Agreement or its enforcement, or to utilize remedies for its breach, they (if prevailing) shall be entitled to recover from Employee reasonable attorneys fees (not to exceed actual attorneys' fees incurred) and all costs in connection with said enforcement or suit whether or not suit is filed or if filed, is prosecuted to judgment

(d) This Agreement shall be governed by construed and enforced under the laws of the State of _____ whose courts shall have jurisdiction over any legal proceedings arising out of this Agreement, and _____ County, _____ shall be the place of venue for any such action or proceedings [*Insert State and County where Employer's Franchised Business is located]*

(e) The invalidity or unenforceability of any covenant, term or condition of this Agreement, or any portion of any covenant, term or condition of this Agreement, shall not affect any other covenant, term or condition or portion thereof and this Agreement shall remain in effect as if such invalid or unenforceable covenant, term or condition (or portion thereof) were not contained herein, provided that the invalidity of any such provision does not materially and adversely affect the expected benefits accruing to any party hereunder

(f) This Agreement contains the entire agreement between the parties and supersedes all prior and contemporaneous understandings, representations, warranties, and agreements This Agreement shall not be amended or modified, except in writing signed by all parties hereto

15 **WAIVER OF JURY TRIAL** **EMPLOYEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES THE RIGHT EMPLOYEE MAY HAVE TO A TRIAL BY JURY OF, UNDER, OR IN CONNECTION WITH EMPLOYEE'S EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT, OR ANY AGREEMENT OR DOCUMENT EXECUTED IN CONJUNCTION HEREWITH OR ANY COURSE OF CONDUCT, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO**

16 Acknowledgment Employee acknowledges that Employee understands the terms and conditions set forth in this Agreement and has had adequate time to consider whether to agree to them and to consult a lawyer, if Employee wished to do so

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above

EMPLOYER **EMPLOYEE**

_____ _____

By _____ _____
[Print Name]

_____
[Print Name and Title]

04/06/16, as amended 10/31/16
SC/v87

EXHIBIT I TO THE DISCLOSURE DOCUMENT

OWNERS' GUARANTY

OWNERS' GUARANTY

This Owners Guaranty (the '**Guaranty**') is given this ___ __ day of 20_ by the undersigned in connection with the execution of the Franchise Agreement dated _____ _____ _ 20 _ (the '**Franchise Agreement**') between TROPICAL SMOOTHIE CAFE LLC ('**Franchisor**') and ___ _____ ('**Franchisee**')

In consideration of and as an inducement to, Franchisor s execution of the Franchise Agreement each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a '**Guarantor**' and collectively, the "**Guarantors**') hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform all of its obligations and pay all amounts due under the Franchise Agreement (including without limitation amounts due for initial franchise fees, royalties advertising fund contributions and purchases of equipment materials and supplies) or otherwise owing by Franchisee to Franchisor or its affiliates

Each Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty and the undertakings of Franchisee in the Franchise Agreement are in partial consideration for and a condition to, Franchisor's willingness to enter into the Franchise Agreement and that Franchisor would not have entered into the Franchise Agreement without the execution of this Guaranty and such undertakings by each Guarantor

Each Guarantor waives

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability, and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts) and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled

Each Guarantor consents and agrees that

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors and

(ii) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so, and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person and

(iv) such liability will not be diminished relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without

limitation the acceptance of any partial payment or performance or the compromise or release of any claims none of which will in any way modify or amend this Guaranty which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor or its affiliate under the terms of the Franchise Agreement, and

(v) Franchisee's written acknowledgment accepted in writing by Franchisor or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors

Each Guarantor individually jointly and severally also makes all of the covenants, representations, warranties and agreements Franchisee set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Sections 1 9 13, 15 16, 17 18 and 20 (which include, among other things, the MEDIATION OF DISPUTES and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES)

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding Franchisor will be entitled to reimbursement of its costs and expenses including but not limited to legal and accounting fees and costs administrative, arbitrators and expert witness fees costs of investigation and proof of facts court costs, other expenses of an administrative judicial or arbitration proceeding and travel and living expenses, whether incurred prior to in preparation for or in contemplation of the filing of any such proceeding If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it

IN WITNESS WHEREOF, each Guarantor now signs and delivers this Guaranty effective as of the date of the Franchise Agreement, regardless of the actual date of signature

GUARANTORS

_____

Name _____

_____

Name _____

_____

Name _____

_____

Name _____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF CALIFORNIA

The following paragraphs are added to the disclosure document

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

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

Item 3 is amended by adding the following

Neither the franchisor, any person or franchise broker in Item 2 of this 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 that association or exchange

Item 5 is amended by adding the following

The State of California has imposed a deferral condition on us, therefore, no fees are payable by you to us until all of our pre-opening obligations are completed and your business has opened

Item 10 of the disclosure document is amended to read

BIP Franchise Finance LLC is not currently offering financing in California It will comply with California law prior to offering any financing in California

The following paragraphs are added at the end of Item 17 of the disclosure document pursuant to regulations promulgated under the California Franchise Investment Law

California Law Regarding Termination and Nonrenewal California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

Termination Upon Bankruptcy 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)

Post-Termination Noncompetition **Covenants** The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law

Applicable Law The Franchise Agreement requires application of the laws of the State of Georgia with certain exceptions These provisions may not be enforceable under California law

Liquidated Damages The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

Mediation The franchise agreement requires mediation The mediation will occur at or near our headquarters with the costs being borne by the prevailing party Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5 Code of Civil Procedures Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require before a solicitation of a proposed material modification of an existing franchise
You must sign a general release if you renew or transfer your franchise California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§310000 through 31516) Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043)

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act

04/06/16, as amended 10/31/16
SC/v87

CALIFORNIA RIDER TO THE
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of _____ 20____ (the '**Agreement Date**'), and amends the Franchise Agreement dated _____, 20____ (the "**Agreement**"), between **TROPICAL SMOOTHIE CAFE, LLC** ("**we,**" '**us**' **our**" or the '**Franchisor**') and _____ ('**you**' "**your**' or the "**Franchisee**')

1 **Precedence and Defined Terms** This Rider is an integral part of, and is incorporated into, the Agreement Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Initial Franchise Fee** The payment of the initial franchise fee is deferred until all of our pre-opening obligations to you are completed and your business has opened

3 **Effective Date** This Rider is effective on the Agreement Date regardless of the actual date of signature

Intending to be bound the parties sign and deliver this Rider to each other as shown below

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDFNDUM
TO FRANCHISE DISCLOSURF DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
SFATE OF HAWAII

THIS ADDENDUM (the "**Addendum**') amends the Franchise Disclosure Document of **TROPICAL SMOOTHIE CAFE, LLC** for its **Tropical Smoothie Cafe®** Franchise

The following is added to Items 5 and 21 of the Franchise Disclosure Document

The State of Hawaii has imposed a deferral condition on us therefore, no fees are payable by you to us until all of our pre-opening obligations are completed and your business has opened

HAWAII RIDER TO
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the '**Rider**") is effective as of _____ 20____ (the "**Agreement Date**') and amends the Franchise Agreement dated _____ 20_____ (the '**Agreement**') between **TROPICAL SMOOTHIE CAFÉ, LLC** ('**we**," **us**," '**our**' or the "**Franchisor**) and _____ ("**you**, "**your**' or the '**Franchisee**')

1 **Precedence and Defined Terms** This Rider is an integral part of, and is incorporated into, the Agreement Nevertheless this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Initial Franchise Fee** The payment of the initial franchise fee is deferred until all of our pre-opening obligations to you are completed and your business has opened

3 **Effective Date** This Rider is effective on the Agreement Date regardless of the actual date of signature

Intending to be bound the parties sign and deliver this Rider to each other as shown below

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISC LOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF ILLINOIS

The following is added to Item 5

The payment to us of all initial fees is placed in escrow with U S Bank until we have provided all of our pre-opening obligations to you and your TROPICAL SMOOTHIE® Store is open for business The initial franchise fee is made payable to U S Bank N A as escrowee The escrow requirement has been imposed by the Illinois Attorney General's Office based on our financial condition See a copy of the escrow agreement attached to this Addendum as Exhibit A '

The following is added to Item 17

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law 815 ILCS 705/1-44

The Illinois Franchise Disclosure Act will govern any franchise agreement if (a) it applies to a franchise located in Illinois, or (b) a franchisee who resides in Illinois

Any condition of the franchise agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois provided the franchise agreement may provide for arbitration in a forum outside of Illinois

Be advised that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void No person may be prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall arbitration of any claim pursuant to the provisions of Title 9 of the United States Code be prevented

EXHIBIT A TO ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF ILLINOIS

EXHIBIT 1

State of Virginia Escrow Agreement

ESCROW AGREEMENT

This Escrow Agreement, made this 11th day of February, 2013, by **TROPICAL SMOOTHIE CAFÉ, LLC**, a limited liability company organized under the laws of the State of Georgia (hereinafter referred to as "**Franchisor**") and **US BANK NATIONAL ASSOCIATION**, a national banking association (hereinafter referred to as "**Bank**")

WHEREAS, the Franchisor desires to offer and sell franchises in the Commonwealth of Virginia, and

WHEREAS, it is the discretion of the Virginia State Corporation Commission (the "**Commission**") as Administrator of the Virginia Retail Franchising Act, to require an escrow of franchise fees and other fees paid by the franchisee to the Franchisor, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees and other fees are to be held in escrow for the purpose of complying with the Virginia Retail Franchising Act.

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows

1 The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee that contracts to operate the franchised business within the Commonwealth of Virginia

2 All funds delivered by the Franchisor to the Bank will be placed in a separate account designated substantially as follows ——————————————————

3 The Bank shall pay out funds, plus interest if any, from the Escrow Account only upon the occurrence of one of the following conditions

(a) A letter from the President or Secretary of the Franchisor directing the Bank to pay out such funds to accompanied with a written notice from

(b) The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction

4 The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee's franchise fees and other fees, and the Bank will retain records containing the same information

5 Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall be invested and kept invested by the Bank in obligations of the United States, or a savings account or savings accounts of the Bank, or money market funds of or available to the Bank and to which the Bank or an affiliate is investment advisor or provides other services and receives reasonable compensation for such services, provided the money market funds are rated AAA by Standard and Poor's and AAA by Moody's Investor Services, or U S Treasury Bills, Notes or Bonds until such funds are to be disbursed as provided in Paragraph 3 hereof All interest received and any increment shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in Paragraph 3 hereof

6 The Commission may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement At the Commission's discretion, statements indicating the status of escrow shall be furnished by the Bank to the Commission

7 The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement.

8 The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds Additionally, the Bank shall have no duty to the Franchisor, the Commission, any franchisee or any other party except as expressly stated in this Escrow Agreement The Franchisor does hereby indemnify the Bank from any and all costs, claims and expenses, including attorneys' fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement.

9 All proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor

10 The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee

11 The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder

12 This Escrow Agreement is governed by the laws of the Commonwealth of Virginia

13 The terms and conditions of that certain Master Escrow Agreement of even date herewith, by and between the Franchisor and U S Bank National Association, a national banking association, as Escrow Agent hereunder, are incorporated herein by reference In the event of any conflict between the provisions of the said Master Escrow Agreement and of this Agreement, this Agreement shall prevail

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written

ATTEST

By _____
Name Connie Jaco
Its AVP

"BANK"
US BANK NATIONAL ASSOCIATION

By _____
Name WALLY JONES
Its VP

ATTEST

By _____
Name Charles Watson
Its VP, Franchise Development

"FRANCHISOR"
TROPICAL SMOOTHIE CAFE, LLC

By _____
Name Mike Rotondo
Its CEO

RIDER TO
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (the **Rider**') is effective as of _____ 20____ (the '**Agreement Date**"), and amends the Franchise Agreement dated _____ 20_____ (the '**Agreement**') between **TROPICAL SMOOTHIE CAFE, LLC** (**we**' '**us,**' '**our**' or the "**Franchisor**") and _____ (' **you,**" '**your** or the "**Franchisee**")

1 **Precedence and Defined Terms** This Rider is an integral part of, and is incorporated into the Agreement Nevertheless this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Initial Franchise Fee** Payment of the Initial Franchise Fee is placed in escrow with U S Bank until we have provided you with all of our pre-opening obligations and your TROPICAL SMOOTHIE® Store is open for business The escrow requirement has been imposed by the Illinois Attorney General s Office based on our financial condition

3 **Termination** The following is added to Section 14 of the Agreement

The conditions under which this franchise can be terminated and the parties' rights on termination may be affected by Illinois law, 815 ILCS 705/1-44

4 **Release of Prior Claims** Section 20 of the Agreement is deleted in its entirety

5 **Entire Agreement** Section 21 J of the Agreement is amended by adding the following

Nothing contained in the Agreement waives any of the Franchisee's right to rely on the disclosure made by the Franchisor in its Franchise Disclosure Document or any corresponding rights the Franchisee has under the Illinois Act

6 **Limitation of Claims** The following is added to Section 18 G of the Agreement

No action can be maintained to enforce any liability created by the Illinois Franchise Disclosure Law (the ' **Illinois Act**) unless brought before the earlier of (i) the expiration of 3 years from the act or transaction constituting the violation upon which such action is based, (ii) the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Illinois Act or (iii) 90 days after delivery to you of a written notice disclosing the violation

7 **Governing Law and Jurisdiction** Sections 18 C and 18 D of the Agreement are amended by adding the following

All matters coming under the Illinois Act will be governed by the Illinois Act The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois for all matters coming under the Illinois Act

8 **Waiver of Jury Trial** Section 18 E of the Agreement is deleted in its entirety

9 **Enforcement** Add Section L to Section 18 of the Agreement to read as follows

Any condition, stipulation, or provision contained in the Agreement purporting to waive compliance with any provision of the Illinois Act or any other Illinois law is void

10 Be advised that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void No person may be prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall arbitration of any claim pursuant to the provisions of Title 9 of the United States Code be prevented

Intending to be bound the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF MARYLAND

THIS ADDENDUM (the "**Addendum**") amends the Franchise Disclosure Document of **TROPICAL SMOOTHIE CAFE, LLC** for its Tropical Smoothie Cafe® Franchise

The following is added to Item 5 of the Franchise Disclosure Document

> The State of Maryland requires us to hold payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor in escrow until the franchisor has completed its pre-opening obligations under the franchise agreement The Franchisor has established an Escrow Account with Eagle Bancorp, Inc See a copy of the escrow agreement attached to this Addendum as Exhibit "A" The contact information for this Escrow Account is Thomas D Murphy President, Retail Banking, Eagle Bancorp, Inc , 7815 Woodmont Avenue Bethesda Maryland 20814 and his telephone number is 240 497 2042

Sections (c) and (m) of Item 17 are amended by adding the following language

> Pursuant to COMAR 02 02 08 16L the general release required as a condition of renewal, sale, and/or assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Our Standard form of Release is attached to this Addendum as Exhibit "B"

Item 17 is amended by adding the following language after the table

> You 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 Law must be brought within 3 years after the grant of the franchise
>
> The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U S C Section 1010 et seq)

EXHIBIT A TO
MARYLAND ADDENDUM
EAGLE BANCORP ESCROW AGREEMENT
WITH TROPICAL SMOOTHIE FRANCHISE CAFE, LLC

ESCROW AGREEMENT

This Escrow Agreement, made this 15th day of March, 2013 by Tropical Smoothie Café, LLC, a limited liability company organized under the laws of the State of Georgia, (hereinafter referred to as "Franchisor") and Eagle Bancorp, Inc , incorporated under the general corporation laws of the State of Maryland (hereinafter referred to as 'Bank")

WHEREAS, the Franchisor desires to offer and sell franchises in the State of Maryland, and

WHEREAS, it is the discretion of the Securities Commissioner of the State of Maryland as Administrator of the Maryland Franchise Registration and Disclosure Law, to require an escrow of franchise fees, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees are to be held in escrow for the purpose of complying with the Maryland Franchise Registration and Disclosure Law

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows

1 The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee who either is a resident of the State of Maryland or contracts to operate the franchised business within the State of Maryland

2 All funds delivered by the Franchisor to the Bank will be placed in a separate account maintained by the Bank in the State of Maryland designated substantially as follows

Bank	EagleBank
Bank Routing No	055003298
Account Name	EagleBank as Escrow Agent for Tropical Smoothie Café, LLC MD
Account Number	0200153633
Address of Branch of Bank Maintaining Account	7815 Woodmont Avenue, Bethesda, MD 20814

3 The Bank shall pay out funds from the Escrow Account only upon the occurrence of one of the following conditions

a A letter from the President or Secretary of the Franchisor directing the Bank to pay out such funds to _____

accompanied with a written notice from the Securities Commissioner stating that he or she takes no exception to the release of such funds to _____

b Upon written notice from the Securities Commissioner, the Bank shall return the deposited franchise fee to a specific franchisee

c The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction

4 The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee*s franchise fee, and the Bank will retain records containing the same information

5 Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall not be invested by the Bank, but shall remain in the Escrow Account without interest accruing until such funds are to be disbursed as provided in Paragraph 3 hereof

6 The Securities Commissioner may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement At the Securities Commissioner's discretion, statements indicating status of escrow shall be furnished by the Bank to the Securities Commissioner

7 The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement

8 The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds Additionally, the Bank shall have no duty to the Franchisor, the Securities Commissioner, any franchisee or any other party except as expressly stated in this Escrow Agreement The Franchisor does hereby indemnify the Bank from any and all costs, claims and expenses, including attorneys' fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement

9 All proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor

10 The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee

11 The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder

12 This Escrow Agreement is governed by the Laws of the State of Maryland

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written

TROPICAL SMOOOTHIE CAFE, LLC
[FRANCHISOR]

WITNESS

By _____
Mike Rotondo, Chief Executive Officer

1117 Perimeter Center West
Atlanta, GA 30338
1-770-821-1900 (Business Phone)

EAGLE BANCORP, INC , as Bank

ATTEST

By _____
Thomas D Murphy
President, Retail Banking
7815 Woodmont Ave, Bethesda, MD 20814
240-497-2042

EXHIBIT B TO
MARYLAND ADDENDUM
FORM OF RELEASE

The following is our current general release form that we expect to include in a release that a franchisee developer, and/or transferor may sign as part of a renewal or an approved transfer We may in our sole discretion, periodically modify the release

THIS RELEASE is given by _____ and their predecessors, agents, affiliates legal representatives, agents, successors, assigns heirs beneficiaries, executors and administrators (collectively, the '**Franchisee**"), to **TROPICAL SMOOTHIE CAFE, LLC** and all of its predecessors affiliates, owners, officers employees legal representatives and agents directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, the '**Franchisor**")

Effective on the date of this Release, the Franchisee forever releases and discharges the Franchisor from any and all claims causes of action suits, debts, agreements, promises, demands liabilities, contractual rights and/or obligations, of whatever nature or kind in law or in equity, which the Franchisee now has or ever had against the Franchisor including without limitation anything arising out of that certain Franchise Agreement dated _____ (the '**Franchise Agreement**'), the franchise relationship between the Franchisee and the Franchisor, and any other relationships between the Franchisee and the Franchisor, except the Franchisor's obligations under the _____ Agreement dated effective _____ _____ This Release is effective for (a) any and all claims and obligations, including those of which the Franchisee is not now aware, and (b) all claims the Franchisee has from anything which has happened up to now

The Franchisee is bound by this Release The Franchisee freely and voluntarily gives this Release to the Franchisor for good and valuable consideration and the Franchisee acknowledges its receipt and sufficiency

The Franchisee represents and warrants to the Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor

In this Release, each pronoun includes the singular and plural as the context may require

This Release is governed by Georgia law

This Release is effective _____ notwithstanding the actual date of signatures

IN WITNESS WHEREOF, the undersigned execute this Release

_____

_____

Date _____

MARYLAND

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ 20___ by_____ _____, who is personally known to me or has produced _____ as identification

_____
Signature of Notary
My Commission Expires _____

MARYLAND RIDER TO
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of _____, 20____ (the "**Agreement Date**") and amends the Franchise Agreement dated _____, 20_____ (the "**Agreement**") between **TROPICAL SMOOTHIE CAFE, LLC** ("**we**," "**us**," "**our**" or the "**Franchisor**") and _____ _____ ("**you**," "**your**" or the "**Franchisee**")

1 **Precedence and Defined Terms** This Rider is an integral part of and is incorporated into the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2 **Initial Franchise Fee** The State of Maryland requires us to hold payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor in escrow until the franchisor has completed its pre-opening obligations under the franchise agreement. The Franchisor has established an Escrow Account with Eagle Bancorp Inc. for this purpose.

3 **General Release** Pursuant to COMAR 02.02.08.16L, the general release otherwise required by the Agreement as a condition of renewal, sale and/or assignment/transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4 **Release of Prior Claims** The following sentence is added at the end of Section 20:

Provided, however, that nothing in this Section applies to any liability under the Maryland Franchise Registration and Disclosure Law.

5 **Limitation of Claims** Any limitations of claims provisions will not act to reduce the 3 year statute of limitations afforded you for bringing a claim arising under Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise to you.

6 **Jurisdiction and Venue** You may bring a lawsuit against us in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

7 **No Waiver** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law, including, but not limited to, any acknowledgments or representations made by you which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law.

8 **Effective Date** This Rider is effective on the Agreement Date regardless of the actual date of signature.

Intending to be bound, the parties sign and deliver this Rider to each other as shown below.

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFI , LLC
STATE OF MINNESOTA

Additional Disclosures

1 MINNESOTA LAW PROVIDES YOU WITH CERTAIN TERMINATION AND NON-RENEWAL RIGHTS MINN STAT §80C 14 SUBD 3, 4 AND 5 REQUIRE, EXCEPT IN CERTAIN CASE THAT YOU BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS' NOTICE FOR NONRENEWAL OF THE FRANCHISE AGREEMENT

2 MINN STAT §80C 21 AND MINN RULE 2860 4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA 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 ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION

3 Items 5 and 7 are amended by adding the following

The State of Minnesota requires us to hold payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor in escrow until the franchisor has completed its pre-opening obligations under the franchise agreement The Franchisor has established an Escrow Account with U S Bank National Association See a copy of the escrow agreement attached to this Addendum as Exhibit 'A'

4 Item 13 is amended to state that we will protect your right to use the trademarks, service marks trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name

5 Item 17 is amended by adding the following

You and your owners must execute general releases, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees, agents, successors and assigns, except for matters coming under the Minnesota Franchise law

6 Item 17, summary column for (f) is amended to add the following

With respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 80C 14, subds 3 4 and 5 which require except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement and that consent to transfer of the franchise will not be unreasonably withheld

7 Item 17, summary column for (m) is amended to add the following

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act

8 Item 17 summary columns for (v) and (w) are amended to add the following

Minn Stat Sec 80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota In addition nothing in this disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statues Chapter 80C, or your rights to any procedure forum or remedies provided for by the laws of the jurisdiction

EXHIBIT A TO ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF MINNESOTA

Minnesota

IMPOUNDMENT AGREEMENT

THIS IMPOUNDMENT AGREEMENT made and entered into this 11th day of February, 2013, by and between **TROPICAL SMOOTHIE CAFÉ, LLC** (hereinafter called the "**Franchisor**"), and **US BANK NATIONAL ASSOCIATION,** a national banking association located at St Paul, Minnesota 55107 (hereinafter called the "**Impoundment Agent**")

WITNESS THAT·

WHEREAS, Franchisor has applied to the Commissioner of Commerce for the State of Minnesota (hereinafter called the Commissioner) for registration of **TROPICAL SMOOTHIE CAFÉ** franchise for offer to the residents of the State of Minnesota, and

WHEREAS, as a condition of registration of such offering under the Franchise Act of the State of Minnesota the Commissioner requires that the Franchisor provide for the impoundment of the proceeds to be received from such offering of franchises, and

WHEREAS, the Franchisor and the Impoundment Agent desire to enter into an agreement with respect to the said impoundment of proceeds,

NOW THEREFORE, in consideration of the promises and agreements set forth herein, the parties hereto agree as follows

1 **PROCEEDS TO BE PLACED IN ESCROW** All proceeds received from the sale of the franchises subject to this Impoundment Agreement on or after the date hereof shall be paid to the Impoundment Agent within two business days from the date of sale and deposited by Impoundment Agent in an escrow account During the term of this Impoundment Agreement, the Franchisor shall cause all checks received by it in payment for such franchises to be either payable to the Impoundment Agent or endorsed forthwith to the Impoundment Agent

2 **IDENTITY OF FRANCHISEES** The Franchisor shall cause to be delivered to the Impoundment Agent two signed counterparts of each Franchise Purchase Receipt which shall contain, among other things, the name and address of each franchisee thereto, the date and price of franchise, and the amount paid, *or,* in the alternative, shall furnish to the Impoundment Agent with each deposit of funds in the impoundment a list of the persons who have paid the money, showing the name, address, date and price of franchise and amount of money paid All proceeds so deposited shall remain the property of the franchisee and shall not be subject to any liens or charges by the Impoundment Agent, or judgments or creditors' claims against the Franchisor until released to the Franchisor as hereinafter provided

3 **DISBURSEMENT OF FUNDS** Upon the receipt by Impoundment Agent of written authorization from the Commissioner, then said Impoundment Agent, on demand of the Franchisor, shall pay over to the Franchisor all impoundment funds as so authorized If the conditions of the impoundment have not been satisfied, upon written authorization of the Commissioner} the Impoundment Agent shall within a reasonable time, but not more than thirty (30) days after the last day of the term of impoundment, refund to each franchisee at the address appearing on the Franchise Purchase Agreement or list of franchisees, or at such other address as shall be furnished the Impoundment Agent by the franchisee in writing, all sums paid by the franchisee pursuant to the franchise, and shall then notify the Commissioner in writing of such refund

4 **TERM OF IMPOUNDMENT** This impoundment shall terminate upon written authorization of the Commissioner Upon termination hereof the Impoundment Agent shall disburse the funds in the impoundment account in the manner and upon the terms directed in paragraph three hereof The Franchisor may abandon the sale of franchises at any time Upon the receipt of a copy of the Resolution authorizing said abandonment, duly attested to by the Secretary of the Franchisor, accompanied by the written consent of the Commissioner, Impoundment Agent shall be authorized to refund the monies received from the franchisees

5 **TERMINATION BY REVOCATION OR SUSPENSION** If at any time prior to the termination under paragraph four of this impoundment, said Impoundment Agent is advised by the Commissioner that the registration of the franchises has been revoked, said Impoundment Agent shall thereupon return all funds to the respective franchisees

6 **CONSENT OF COMMISSIONER TO RELEASE FUNDS** No funds shall be released to the Franchisor hereunder except under the express written authorization of the Commissioner If the Commissioner finds that any conditions of this Agreement have not been satisfied, or that any provisions of the Minnesota Franchise Act or regulations have not been complied with, then the Commissioner may withhold such authorization for release of funds by the Impoundment Agent to the Franchisor and may direct the Impoundment Agent to return the funds to the franchisees In making a determination hereunder, the Commissioner may require from the Franchisor a statement of all expenses and/or all amounts paid into the escrow, certified by an independent certified public accountant and any further financial or other information as the Commissioner may deem appropriate or helpful in making such determination

7 **INSPECTION OF RECORDS** The Commissioner may, at any time, inspect the records of the Impoundment Agent, insofar as they relate to this Impoundment Agreement, for the purposes of determining compliance with and conformance to the provisions of this Impoundment Agreement

8 **DUTY AND LIABILITY OF THE IMPOUNDMENT AGENT** The sole duty of the Impoundment Agent, other than as herein specified, shall be to receive said funds and hold them subject to release, in accordance with the written instructions of the Commissioner, and the Impoundment Agent shall be under no duty to determine whether the Franchisor is complying with requirements of the Commissioner in tendering to the Impoundment Agent said proceeds of the sale of said franchises

The Impoundment Agent may conclusively rely upon and shall be protected in acting upon any statement, certificate, notice, request, *consent* order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties The Impoundment Agent shall have no duty or liability to verify such statement, certificate , notice, request, consent, order or other document and its sole responsibility shall be to act only as expressly set forth in this Impoundment Agreement The Impoundment Agent shall be under no obligation to institute or defend any action, suit or proceeding in connection with this Impoundment Agreement unless first indemnified to its satisfaction The Impoundment Agent may consult counsel in respect of any question arising under this Impoundment Agreement and the Impoundment Agent shall not be liable for any action taken or omitted in good faith upon advice of such counsel All funds held by Impoundment Agent pursuant to this Impoundment Agreement shall constitute trust property for the purposes for which they are held and the Impoundment Agent shall not be liable for any interest thereon

9 **IMPOUNDMENT AGENT'S FEE** The Impoundment Agent shall be entitled to reasonable compensation for its services The fee agreed upon for services rendered hereunder is intended

as full compensation for the Impoundment Agents services as contemplated by this Agreement provided, however, in the event that the conditions of this Impoundment Agreement are not fulfilled or the Impoundment Agent renders any material service not contemplated in this Agreement, or there is any assignment of interest in the subject matter of this Impoundment Agreement, or any material modification hereof or if any material controversy arises hereunder, or the Impoundment Agent is made a party to or justifiably intervenes in any litigation pertaining to this Impoundment Agreement, or the subject matter hereof, the Impoundment Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorney's fees, occasioned by any delay, controversy, litigation, or event, and the same may be recoverable from the Franchisor only

10 **BINDING AGREEMENT AND SUBSTITUTION OF IMPOUNDMENT AGENT**

The terms and conditions of this Agreement shall be binding on the heirs, executors and assigns, creditors or transferees, or successors in interest, whether by operation of law or otherwise, of the parties hereto If, for any reason, the Impoundment Agent named herein should be unable or unwilling to continue as such Impoundment Agent, then the other parties to this Agreement may substitute, with the consent of the Commissioner, another Impoundment Agent Any apportionment of the fees provided for in paragraph nine will be subject to agreements of the other parties

IN WITNESS WHEREOF, the parties hereto have executed this Impoundment Agreement on the date first above written

ATTEST

By _____
Name CONNIE JACO
Its AVP

"IMPOUNDMENT AGENT"
US BANK NATIONAL ASSOCIATION

By _____
Name WALLY JONES
Its VP

ATTEST

By _____
Name Charles Watson
Its VP, Franchise Development

"FRANCHISOR"
TROPICAL SMOOTHIE CAFÉ, LLC

By _____
Name Mike Rotondo
Its CEO

Accepted for filing

_____
Steven E Carlson
Deputy Commissioner
Minnesota Department of Commerce

MINNESOTA RIDER TO THE
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the '**Rider**') is effective as of _____ 20____ (the '**Agreement Date**'), and amends the Franchise Agreement dated _____ 20____ (the '**Agreement**'), between **TROPICAL SMOOTHIE CAFÉ, LLC** ('**we**' '**us**' '**our**' or the '**Franchisor**") and _____ ('**you**' '**your**' or the "**Franchisee**')

1 **Background** You and we are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**') that has been signed concurrently with the signature of this Rider This Rider is annexed to and forms part of the Franchise Agreement This Rider is being signed because the _____ Business to be operated by you pursuant to the Franchise Agreement will be located in the State of Minnesota and/or because you are a resident of the State of Minnesota

2 **Initial Franchise Fee** Payment of the Initial Franchise Fee is placed in escrow with U S Bank until we have provided you with all of our pre-opening obligations and your TROPICAL SMOOTHIE® Store is open for business

3 **Renewal Term** Paragraph 2 B 5 is amended to read as follows

You and each owner of your Franchised Business executes a general release (on our then-standard form) of any and all claims against us, our affiliates, and our respective owners, officers directors, agents and employees, except for matters coming under the Minnesota Franchise law

4 **Trademarks** We will protect your right to use the trademarks, service marks trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name

5 **Default and Termination** The following is added at the beginning of Section 14

Minnesota Law provides you with certain termination and non-renewal rights Minn Stat §80C 14 Subd 3, 4 and 5 require, except in certain case that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement

6 **Governing Law** The following sentence is added at the end of Section 18 C

MINN STAT §80C 21 AND MINN RULE 2860 4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA 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 ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION

7 **Injunctive Relief** Nothing in the Franchise Agreement is construed to mean that you are consenting to our obtaining injunctive relief We may however, seek injunctive relief The court will determine if a bond is required

8 **Limitation of Claims** Section 18 F is deleted in its entirety

9 **Waiver of Jury Trial** Section 18 E is deleted in its entirety

Intending to be bound the parties sign and deliver this Rider to each other as shown below

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF NEW YORK

1 Item 3 is amended by added the following at the beginning of the Item

Other than those actions listed below, neither the franchisor its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor s principal trademark

A 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 or 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

B Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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

C 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

2 Item 4 is amended in entirety to state the following

Neither the franchisor, its affiliate, its predecessor officers, or general partner during the 10-year period immediately before the date of the offering circular

A Filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code

B Obtained a discharge of its debts under the bankruptcy code, or

C Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

3 Item 17(d) is amended to add the following sentence The franchisee may terminate the agreement on any grounds available by law

4 Item 17 (j) is amended to add the following sentence "However no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement "

5 Item 17(w) is amended to add the following sentence The forgoing 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

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF NORTH DAKOTA

1 The following is added to Item 5 of the Franchise Disclosure Document

The State of North Dakota requires us to hold payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor in escrow until the franchisor has completed its pre-opening obligations under the franchise agreement The Franchisor has established an Escrow Account with U S Bank, National Association See a copy of the escrow agreement attached to this Addendum as Exhibit 'A'

2 The Summary column of Item 17 paragraph (c) of this disclosure document is modified to read as follows

'Give us at least 90 days notice of your intention to renew sign our current form of Franchise Agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the **ND Law**)

3 The Summary column of Item 17 paragraph (r) of this disclosure document is modified by adding the following at the end of the sentence

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota"

4 The Summary column of Item 17 paragraph (u) of this disclosure document is amended by adding the following at the end of the paragraph

"except that matters coming under the ND Law will be submitted to arbitration to be held in a mutually agreeable location

5 The Summary column of Item 17 paragraph (v) of this disclosure document is amended to read as follows

Except for matters coming under the ND Law, litigation must be in Fulton County, Georgia

6 The Summary column of Item 17 paragraph (w) of this disclosure document is amended to read as follows

The law of North Dakota governs

7 Section 51-19-09 of the North Dakota Franchise Investment Law provides that any requirement that you consent to liquidated damages is unfair, unjust and inequitable

EXHIBIT A TO ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF NORTH DAKOTA

North Dakota

ESCROW AGREEMENT

Agreement, made this 14th day of February, 2013, by **TROPICAL SMOOTHIE CAFÉ, LLC,** a limited liability company organized under the laws of the State of Georgia, and **US BANK NATIONAL ASSOCIATION,** Fargo, North Dakota, hereinafter referred to as **"BANK"**, a banking association organized under the laws of the State of North Dakota as Escrowee for the franchisees of **TROPICAL SMOOTHIE CAFÉ, LLC**

WHEREAS, TROPICAL SMOOTHIE CAFÉ, LLC is desirous of establishing franchises in the State of North Dakota, and

WHEREAS, it is in the discretion of the Securities Commissioner, as administrator of the North Dakota Franchise Investment Law, to require an escrow of franchise fees, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, **TROPICAL SMOOTHIE CAFÉ, LLC** desires to enter into an escrow agreement with BANK, pursuant to which franchise fees are to be held in escrow for the purpose of complying with the North Dakota Franchise Investment Law

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part thereof, it is agreed as follows

1 **TROPICAL SMOOTHIE CAFÉ, LLC** shall deposit with BANK payments received from franchisees that are required to be escrowed under the order to the Commissioner, but BANK shall not be responsible for insuring that all monies received from each or any one franchisee are deposited with BANK

2 **TROPICAL SMOOTHIE CAFÉ, LLC** will supply BANK with the name and address of each franchisee, together with the amount of the deposit, which represents moneys paid by each franchisee, and BANK will maintain records containing the same information

3 All monies received by BANK from **TROPICAL SMOOTHIE CAFÉ, LLC** shall be held by BANK as escrowee for the exclusive purpose herein described and will be placed in a single segregated account substantially as follows

US BANK NATIONAL ASSOCIATION, AS ESCROWEE FOR FRANCHISEES OF TROPICAL SMOOTHIE CAFÉ, LLC (hereinafter referred to as **"Escrow Account"**)

4 BANK shall accept such funds as **TROPICAL SMOOTHIE CAFÉ, LLC** shall deliver to BANK, as escrowee, and BANK shall acknowledge the receipt of funds from **TROPICAL SMOOTHIE CAFÉ, LLC,** however BANK shall be responsible only for funds actually deposited with it and shall not be responsible for the accuracy of the information provided to it by **TROPICAL SMOOTHIE CAFÉ, LLC**

5 Any funds deposited hereunder in the Escrow Account shall be invested and kept invested by BANK, at the option of **TROPICAL SMOOTHIE CAFÉ, LLC** in obligations of the United States, money market mutual funds with assets in excess of one billion dollars, or savings

accounts or certificates of deposits of BANK, until they are to be disbursed as provided in paragraph 6 hereof All interested received and any increment thereon shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in paragraph 6

6 BANK shall pay out funds, plus interest, if any, from the Escrow Account upon the occurrence of one of the following conditions

(a) Upon receipt of a letter from an officer of **TROPICAL SMOOTHIE CAFÉ, LLC** directing BANK to pay out such funds to **TROPICAL SMOOTHIE CAFÉ, LLC**, accompanied by a written notice from the Commissioner stating that he takes no exception (hereinafter referred to as "No Exception Notice") to the release, BANK shall pay apart of all the moneys held in escrow for the benefit of a specified franchise, plus interest, if any, to **TROPICAL SMOOTHIE CAFÉ, LLC**

(b) Upon written notice from the Commissioner BANK shall return part of all of the deposited franchise fee and other funds, plus interest, if any, to a specified franchisee

(c) BANK shall pay funds into court or disperse or deliver them in accordance with any final order of any court of competent jurisdiction

BANK shall not be personally liable for any act taken or omitted hereunder if taken or omitted by it in good faith and in the exercise of its own best judgment BANK shall also be fully protected in relying upon any written notice, demand, certificate or document, which it in good faith believes to be genuine

7 BANK is authorized, in its sole discretion, to disregard any and all notices or instruction given by any of the undersigned or by any other person, firm or corporation, except only such notices or instructions by the Commissioner as are hereinafter provide or any orders or process of any court entered or issued with or without jurisdiction If any property subject hereto is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case of any court order affecting such property or any part thereof, then and in any of such events BANK is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel of its own choosing is binding upon it, if it complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated

8 Written consent of BANK to act in the capacity of escrowee shall be manifested upon the duly authorized execution of this Agreement The Commissioner may, at any time inspect the records of BANK, insofar as they relate to this Escrow Agreement At the Commissioner's discretion, statements indicating status of escrow shall be furnished by BANK to the Commissioner An executed duplicate original of the Agreement shall be filed with the Securities Commissioner, State Capitol 5th Floor, 600 East Boulevard Avenue, Bismarck, North Dakota, 58505

9 BANK shall be paid by **TROPICAL SMOOTHIE CAFÉ, LLC** for any expenses incurred by it and reasonable compensation for its services hereunder Funds held by BANK pursuant to this Agreement shall not be subject to liens or charges by BANK

10 If BANK believes it to be reasonably necessary to consult with counsel concerning any of its duties in connection with this escrow, or in the event BANK retains counsel upon becoming involved in litigation on account of any deposit or of this Agreement, **TROPICAL SMOOTHIE CAFÉ, LLC** shall reimburse BANK for and indemnify and hold BANK harmless against any and all costs, attorneys' fees, charges, disbursements and expenses in connection with such consultation or litigation

11 **TROPICAL SMOOTHIE CAFÉ, LLC** unconditionally guarantees that, in the event BANK misapplies, dissipates, converts or is otherwise responsible for a deficiency in the funds deposited in the Escrow Account, **TROPICAL SMOOTHIE CAFÉ, LLC** shall reimburse each and every franchisee to the extent of such deficiency if such amounts deposited are required to be returned to such franchisee under paragraph 6 hereof

12 **TROPICAL SMOOTHIE CAFÉ, LLC** shall give each franchisee a copy of this agreement prior to collecting any monies from such franchisee

13 BANK'S duties as escrowee shall terminate upon final distribution of all moneys received under this Agreement

IN WITNESS WHEREOF, this Agreement has been duly executed, the parties intending to be legally bound hereby

ATTEST

By _____
Name Connie Jaco
Its AVP

"BANK"
US BANK NATIONAL ASSOCIATION

By _____
Name Wally Jones
Its VP

ATTEST

By _____
Name Charles L Watson
Its VP, Franchise Development

"FRANCHISOR"
TROPICAL SMOOTHIE CAFÉ, LLC

By _____
Name Mike Rotondo
Its CEO

NORTH DAKOTA RIDER TO
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the '**Rider**') is effective as of _____, 20____ (the '**Agreement Date**') and amends the Franchise Agreement dated _____ 20____ (the '**Agreement**'), between **TROPICAL SMOOTHIE CAFE LLC** ("**we**," "**us**," '**our**' or the "**Franchisor**") and _____ ("**you**" "**your**' or the '**Franchisee**')

1 **Precedence and Defined Terms** This Rider is an integral part of, and is incorporated into, the Agreement Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Initial Franchise Fee** Payment of the Initial Franchise Fee is placed in escrow with U S Bank until we have provided you with all of our pre-opening obligations and your TROPICAL SMOOTHIE® Store is open for business The escrow requirement has been imposed by the North Dakota Securities Department based on our financial condition

3 **Terms and Conditions for Successor Franchise** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the '**ND Law**")

4 **Competitive Restrictions** Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota

5 **Jurisdiction** All matters coming under the ND Law may be brought in the courts of North Dakota

6 **Waiver of Punitive Damages** Section 18 F of the Franchise Agreement is deleted in its entirety

7 **Waiver of Jury Trial** Section 18 E of the Franchise Agreement is deleted in its entirety

8 **Limitation of Claims** The statute of limitations under ND Law applies to all matters coming under ND Law

9 **Governing Law** This Agreement will be governed by North Dakota law

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF RHODE ISLAND

Item 17 summary columns for (v) and (w) are amended to add the following

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF SOUTH DAKOTA

1 The summary statement of provision (q) of Item 17, is deleted in its entirety and the following substituted in its place

> The Franchise Agreement provides that you cannot compete anywhere for 2 years after termination or expiration However, covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law

2 Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law If any of the provisions in this disclosure document or the Franchise Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota

SOUTH DAKOTA RIDER TO
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the **Rider**') is effective as of _____ 20____ (the '**Agreement Date**') and amends the Franchise Agreement dated _____ 20____ (the **Agreement**') between **TROPICAL SMOOTHIE CAFÉ, LLC** ("**we**" "**us**" "**our**' or the "**Franchisor**") and _____ ('**you**' "**your** or the '**Franchisee**')

1 **Precedence And Defined Terms** This Rider is an integral part of and is incorporated into the Agreement Nevertheless this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Termination** The following is added to Section 14

You will have 30 days written notice with an opportunity to cure prior to termination for the following breach of the Franchise Agreement, failure to meet performance and quality standards and failure to make royalty payments

3 **Covenants Not to Complete** Covenants not to compete on termination or expiration of a Franchise Agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law This statement is given for informational purposes only

4 **Jurisdiction and Venue** Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act (the "**Act** "), the Franchise Disclosure Document for TROPICAL SMOOTHIE CAFE LLC for use in the Commonwealth of Virginia is amended as follows

> Pursuant to Section 13 1-564 of the Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause, ' as that term may be defined in the Act or the Laws of Virginia that provision may not be enforceable

The following is added to Item 5 of the FDD

> The Virginia State Corporation Commission s Division of Securities and Retail Franchising requires us to hold payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor in escrow until the franchisor has completed its pre-opening obligations under the franchise agreement The Franchisor has established an Escrow Account with U S Bank National Association for this purpose See a copy of the escrow agreement attached to this Addendum as Exhibit 'A "

EXHIBIT A TO ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF VIRGINIA

EXHIBIT 1

State of Virginia Escrow Agreement

ESCROW AGREEMENT

This Escrow Agreement, made this 18th day of February, 2013, by **TROPICAL SMOOTHIE CAFÉ, LLC**, a limited liability company organized under the laws of the State of Georgia (hereinafter referred to as "**Franchisor**") and **US BANK NATIONAL ASSOCIATION**, a national banking association (hereinafter referred to as "**Bank**")

WHEREAS, the Franchisor desires to offer and sell franchises in the Commonwealth of Virginia, and

WHEREAS, it is the discretion of the Virginia State Corporation Commission (the "**Commission**") as Administrator of the Virginia Retail Franchising Act, to require an escrow of franchise fees and other fees paid by the franchisee to the Franchisor, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees and other fees are to be held in escrow for the purpose of complying with the Virginia Retail Franchising Act

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows

1 The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee that contracts to operate the franchised business within the Commonwealth of Virginia

2 All funds delivered by the Franchisor to the Bank will be placed in a separate account designated substantially as follows ----------

3 The Bank shall pay out funds, plus interest if any, from the Escrow Account only upon the occurrence of one of the following conditions

(a) A letter from the President or Secretary of the Franchisor directing the Bank to pay out such funds to accompanied with a written notice from

(b) The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction

4 The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee's franchise fees and other fees, and the Bank will retain records containing the same information

5 Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall be invested and kept invested by the Bank in obligations of the United States, or a savings account or savings accounts of the Bank, or money market funds of or available to the Bank and to which the Bank or an affiliate is investment advisor or provides other services and receives reasonable compensation for such services, provided the money market funds are rated AAA by Standard and Poor's and AAA by Moody's Investor Services, or U S Treasury Bills, Notes or Bonds until such funds are to be disbursed as provided in Paragraph 3 hereof All interest received and any increment shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in Paragraph 3 hereof

6 The Commission may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement At the Commission's discretion, statements indicating the status of escrow shall be furnished by the Bank to the Commission

7 The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement

8 The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds Additionally, the Bank shall have no duty to the Franchisor, the Commission, any franchisee or any other party except as expressly stated in this Escrow Agreement The Franchisor does hereby indemnify the Bank from any and all costs, claims and expenses, including attorneys' fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement.

9 All proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor

10 The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee

11 The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder

12 This Escrow Agreement is governed by the laws of the Commonwealth of Virginia

13 The terms and conditions of that certain Master Escrow Agreement of even date herewith, by and between the Franchisor and U S Bank National Association, a national banking association, as Escrow Agent hereunder, are incorporated herein by reference In the event of any conflict between the provisions of the said Master Escrow Agreement and of this Agreement, this Agreement shall prevail

IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written

ATTEST

By _____
Name Connie Jaco
Its AVP

"BANK"
US BANK NATIONAL ASSOCIATION

By _____
Name WALLY JONES
Its VP

ATTEST

By _____
Name Charles Watson
Its VP, Franchise Development

"FRANCHISOR"
TROPICAL SMOOTHIE CAFÉ, LLC

By _____
Name Mike Rotondo
Its CEO

VIRGINIA RIDER TO
TROPICAL SMOOTHIE CAFF, LLC
FRANCHISE AGREEMENT

THIS RIDER (the '**Rider**") is effective as of _____ 20____ (the "**Agreement Date** ') and amends the Franchise Agreement dated _____ 20____ (the '**Agreement** ') between **TROPICAL SMOOTHIE CAFE, LLC** ('**we** " **us**,' '**our**" or the "**Franchisor**") and _____ ('**you**, "**your** or the '**Franchisee**")

1 **Precedence and Defined Terms** This Rider is an integral part of, and is incorporated into, the Agreement Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Initial Fees and Payments** The Virginia State Corporation Commission s Division of Securities and Retail Franchising requires us to hold payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor in escrow until the franchisor has completed its pre-opening obligations under the franchise agreement The Franchisor has established an Escrow Account with U S Bank National Association for this purpose

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
TROPICAL SMOOTHIE CAFE, LLC
STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the 'Act"), Chapter 19 100 RCW, prevails

Section RCW 19 100 180 of the Act, may supersede the Franchise Agreement in your relationship with us including the area of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the area of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington the arbitration site will either be in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer

The State of Washington has imposed a deferral condition on us, therefore, no fees are payable by you to us until all of our pre-opening obligations are completed and your business has opened

WASHINGTON RIDER TO
TROPICAL SMOOTHIE CAFE, LLC
FRANCHISE AGREEMENT

THIS RIDER (the **Rider**) is effective as of _____ 20____ (the ' **Agreement Date** '), and amends the Franchise Agreement dated _____, 20_____ (the '**Agreement**') between **TROPICAL SMOOTHIE CAFÉ, LLC** ('**we**,' '**us**,' '**our**' or the "**Franchisor** ') and _____ ('**you**,' **your**" or the **Franchisee**")

1 **Precedence and Defined Terms** This Rider is an integral part of and is incorporated into the Agreement Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement Terms not otherwise defined in this Rider have the meanings as defined in the Agreement

2 **Initial Franchise Fee** The payment of the initial franchise fee is deferred until all of our pre-opening obligations to you are completed and your business has opened

3 **Washington Franchise Investment Protection Act** In the event of a conflict of laws the provisions of the Washington Franchise Investment Protection Act (the ' **Act**') Chapter 19 100 RCW, prevail

4 **Relationship** Section RCW 19 100 180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise

5 **Arbitration** In any arbitration involving a franchise purchased in Washington, the arbitration site will either be in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

6 **Waiver of Rights** A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

7 **Transfer Fees** Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature

Us	**You**
TROPICAL SMOOTHIE CAFE, LLC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

EXHIBIT K TO THE DISCLOSURE DOCUMENT

ROSTER OF CURRENT AND FORMER FRANCHISEES

AS OF DECEMBER 27, 2015

ROSTER OF CURRENT FRANCHISEES AS OF DECEMBER 27, 2015

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Rhett & Lori	Enzor	411 West Bypass	Andalusia
Linda Morgan &	Russell Rissman	200 West Glenn Avenue #100	Auburn
Alex Lavigne, Kathleen Regan &	Samuel Hess	TBD***	Birmingham
John Michael	Tate	1350 Inverness Corners	Birmingham
Karen	Purvis	3230 Ross Clark Circle	Dothan
Karen	Purvis	1640 Ross Clark Circle	Dothan
Bradley	Sheffield	TBD***	Fairhope
Gordon	Saunders	3049 John Hawkins Parkway, Suite 100	Hoover
Federico, Peter & Gilbert	Morales Zimmerman	TBD***	Huntsville
Nazmi	Ozokur	9 Du Rhu Drive	Mobile
Nazmi	Ozokur	570 Schillinger Road South	Mobile
Dimple	Ahuja	TBD***	Montgomery
Linda	Morgan	6542 Atlanta Hwy	Montgomery
Linda	Morgan	2790 Legends Parkway	Prattville
Linda Morgan &	Russell Rissman	801 South Memorial Drive	Prattville
Scott Allen	Smith	1800 McFarland Boulevard #306	Tuscaloosa
Eric Persson &	Scott Palmateer	891 East Baseline Road, Suite 106	Gilbert
Karleen	Gardner	2080 E Williams Field Rd #103	Gilbert
Eric Persson	Scott Palmateer	TBD***	Glendale
Eric	Persson	13375 W Mcdowell Road, Suite 110	Goodyear
Eric Persson &	Scott Palmateer	6614 E Baseline Rd Suite 110	Mesa
Byran	Khaov	2832 North Power Road Suite 102	Mesa
Eric Persson &	Scott Palmateer	2815 W Peoria Avenue, Suite #116	Pheonix
Eric Persson &	Scott Palmateer	1640 E Camelback Road, Suite #150	Phoenix
Brian & Dara	Cupery	TBD***	Phoenix
Eric Persson &	Scott Palmateer	13749 N Litchfield Road Suite 118	Surprise
Eric	Persson	8707 S Priest Drive, Suite # 108	Tempe
William & Kimberly	Kaleto	TBD***	Tuscon
Josh Inmon &	Bradley Newcomb	17328 Interstate 30	Benton
Josh Inmon &	Bradley Newcomb	118 Harvest Drive	Bryant
Glen Johnson &	Lucas Anderson	2051 W Main Street Suite A	Cabot
Darrell & Rene	Hill	705 Club Lane #109	Conway
Wesley & Melody	Couch	3878 Crossover Rd , Suite 10	Fayetteville

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
**Glen	Johnson	TBD***	Fort Smith
* Glen	Johnson	TBD***	Fo t Smith
* Jigna & Nilesh	Patel	TBD***	Hot Springs
**Jigna	Patel	TBD***	Hot Springs
Glen Johnson, Lucas Anderson &	Robert Morris	140 John Hardin Drive #29	Jacksonville
Lindley	Smith	2007 E Nettleton Ave	Jonesboro
Lindley	Smith	3410 E Johnson Ave, Suite Q	Jonesboro
Glen Johnson &	Lucas Anderson	11900 Kanis Rd Suite D3	Little Rock
Glen Johnson &	Lucas Anderson	10221 N Rodney Parham Rd	Little Rock
**Glen Johnson &	**Lucas Anderson	16900 Chenal Parkway Suite 100	Little Rock
Jason	Alley	524 Broadway Avenue	Little Rock
Jigna	Patel	12911 Cantrell Rd #19	Little Rock
Jigna	Patel	410 S University Avenue Suite 140	Little Rock
**Jigna	Patel	TBD***	Little Rock
**Jigna	Patel	TBD***	Little Rock
**Glen Johnson &	**Lucas Anderson	308 Bancario Rd	Marion
Glen Johnson &	Lucas Anderson	5504 JFK Blvd	North Little Rock
**Glen	Johnson	TBD***	North Little Rock
Jim Clark &	Rita White	12007 Maumelle Blvd	North Little Rock
Jigna	Patel	502 Mallard Loop Suite E	Pine Bluff
Wesley & Melody	Couch	3351 Pinnacle Hills Parkway	Rogers
**Glen Johnson &	**Lucas Anderson	605 N Arkansas Avenue	Russellville
Glen Johnson, Lucas Anderson &	Robert Morris	310 E Beebe Capps Expy	Searcy
Wesley & Melody	Couch	7022 W Sunset Avenue, Suite 1	Springdale
**Glen	Johnson	TBD***	Van Buren
Gary	Wagner	TBD***	Daly City
**Malwinder & Parvinder	Sidhu	TBD***	Lake Forest
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
**Malwinder & Parvinder	Sidhu	TBD***	Orange County

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
**Malwinder & Parvinder	Sidhu	TBD***	Orange County
Michael & Regina	Pilson	TBD***	Rancho Cucamonga
Craig Linette & Camille	Corbin	TBD***	Sacramento
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD**	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
**Malwinder & Parvinder	Sidhu	TBD***	San Diego
Gary	Wagner	TBD***	San Francisco
Kriss & Michelle	Shriver	6955 South York Street, Suite 420	Centennial
Kriss & Michelle	Shriver	9615 D E County Line Rd	Centennial
Atul, Alpa & Nimisha	Shah	700 South College Avenue	Fort Collins
Mark	Lukachko	15 Dixwell Avenue	New Haven
Mark	Lukachko	77 Bedford Street	Stamford
Gaurang & Brijesh	Modi	TBD***	Newark
Do Yong	Kim	TBD***	Foggy Bottom
Arman	Marukyan	851 South SR, Suite 424 Unit 1000	Altamonte Springs
Lieu Thi Nguyen, Melvin Cron &	Phong Thai Ho	5072 Annunciation Circle, Ste 101	Ave Maria
Jack	Cleghorn	1490 N Broadway Ave	Bartow
Cornel & Delrose	Marriott	1025 Gateway Blvd #305	Boynton Beach
Oliver & Lindsey	Brama	1007 1st St East	Bradenton
Quint & Christina	Noordstar	11011 Causeway Blvd	Brandon
Quint & Christina	Noordstar	2330 W Brandon Blvd	Brandon
Michael	Burks	TBD***	Cape Coral
**Raymond	Howell	1751 NE Pine Island Road, Unit L3	Cape Coral
**LeRoy & Mary	Smith	54 Riley Road	Celebration
**Bradley	Freet	TBD***	Clearwater
**Bradley	Freet	TBD***	Clearwater
Keith	Sabiel	27001 US 19 North	Clearwater

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Keith	Sabiel	2695 Roosevelt Blvd	Clearwater
Ming Ting	Chi ng	4360 North Atlantic Avenue	Cocoa Bea n
Bill	Wyi ough	3302 S Ferdon Blvd , Suite C	Crestview
**LeRoy & Mary	Smith	7920 Lake Wilson Road	Davenport
Sandra Ramirez	Jim Welzer	5780 S University Dr #160	Davie
Ahmed And Nesreen	Eldeeb	1500 Beville Road #702	Daytona Beach
**Karina Caballero	**Cesar Batista	TBD***	Delray Beach
Linda Morgan &	Russell Rissman	66A Harbor Blvd	Destin
Prashanth & Vanisree	Jonngadala	TBD***	Doral
Michael Christa & Striker	Burks	10011 Estero Town Commons Pl Unit 104A	Estero
David & Loretta	Whiting	5000 US HWY 17, Suite 7	Fleming Island
Raymond	Howell	9377 Six Mile Cypress Pkwy Ste 100	Fort Myers
Raymond & Joy	Howell	6611 Orion Drive, #101	Fort Myers
Kimberly	Rego	TBD***	Fort Pierce
Pamela Clark	Jeffrey Pappas	1000 Mar Walt Drive	Fort Walton Beach
Linda	Morgan	10 S E Eglin Blvd	Fort Walton Beach
Linda	Morgan	206 NW Racetrack Road	Fort Walton Beach
Catherine Cantanese	Neil & Carol Hooker	415 C Mary Esther Blvd , Unit C	Fort Walton Beach
Cesar Batista	Karina & Jesus Caballero	1851 Cordova Road	Ft Lauderdale
Sandra	Ramirez	TBD***	Ft Lauderdale
Jim Welzer	**Sandra Ramirez	6339 North Andrews Avenue	Ft Lauderdale
**Raymond	Howell	1791 Boyscout Drive #1	Ft Myers
**Raymond	Howell	TBD***	Ft Myers
Michael	Fletcher	5212 A Okeechobee Road	Ft Pierce
Brandy	Heinlein	3345 SW 34 Street Ste 5	Gainesville
Linda	Morgan	211 Gulf Breeze Parkway	Gulf Breeze
Dorothy	Fitzgerald	660 East Eau Gallie Blvd Suite 2	Indian Harbour Beach
Jim Mabry &	Clark Bailey	104 Bartram Oaks Walk, Suite 106	Jacksonville
Gary & Particia	Corbitt	10111 San Jose Blvd	Jacksonville
Nicholas	Crouch	2245 COUNTY ROAD 210 W	Jacksonville
Nicholas	Crouch	7159 Phillips Hwy, Unit #5	Jacksonville
Nicholas	Crouch	8221 Southside Blvd	Jacksonville
Nicholas	Crouch	TBD***	Jacksonville
Nicholas	Crouch	TBD***	Jacksonville
John Sr & John Jr	Dunlap	9610 Applecross Road Suite 110	Jacksonville

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Ronald	Penna	1808 Hendricks Avenue	Jacksonville
Mark	Steele	4765 Hodges Blvd Suite 20	Jacksonville
Irwin & Josh	Witt	11900 Atlantic Blvd Suite 228	Jacksonville
Mark	Steele	1230 Beach Blvd	Jacksonville Beach
Vincent Nicholas & Nicholas Jr	Gannascoli	3174 Federal Hwy	Jensen Beach
Vincent, Nicholas & Nicholas Jr	Gannascoli	2491 S Federal Hwy	Jensen Beach
Karina Caballero	Cesar Batista	6671 W Indianatown Rd Suite 52	Jupiter
Rick	Price	5440 Military Trail, Suite #5	Jupiter
Yolanda Montoya	James Harley	3222 Rolling Oaks Blvd	Kissimmee
Yolanda	Montoya	2677 W Osceola Pkwy	Kissimmee
Nicholas	Crouch	TBD***	Lake City
Steven D	Ira (the late)	3785 Lake Emma Road	Lake Mary
**Karina Caballero	**Cesar Batista	TBD***	Lake Worth
Jack	Cleghorn	225 South Florida Ave	Lakeland
Jacqueline Li	Ming Ting & Paul Chung	4270 N Hwy 98	Lakeland
Joe	Mormino	1001 West Bay Drive, Unit 102	Largo
Quint	Noordstar	8495 Bryan Dairy Road	Largo
Linda Morgan &	Russell Rissman	504 West Hwy 390	Lynn Haven
Christopher	Albers	1270 N Wickham Rd #1	Melbourne
Ming-Ting	Chung	1520 S Babcock St , Suite A	Melbourne
Ming Ting	Chung	1700 West New Haven Avenue	Melbourne
Christopher Albers	Diane Schullstrom	3682 N Wickham Rd Suite E	Melbourne
Ming Ting	Chung	700 E Merritt Island Causeway	Merritt Island
Giancarlo & Fernando Capote		11290 SW 12th St , RC 101	Miami
Evens	Delisma	TBD***	Miami
James Welzer	**Sandra Ramirez	TBD***	Miami
James Welzer	**Sandra Ramirez	TBD***	Miami
Cylde ' Brad & Marie	Shellen	13550 SW 120th St #452	Miami
Clyde "Brad & Maria Lusia	Shellen	TBD***	Miami
Nicholas	Crouch	1782 Blanding Boulevard, Suite 11	Middleburg
Stuart	Bell	7335 Radio Road Suite 2	Naples
Thomas & Lana	Hudson	570 Ninth Street North	Naples
Amy	Reynolds	8855 Immokalee Road #1	Naples
Arlene & James Santangelo	Salvatore Sachetta Jr & Frances Alec	5016 Airport Pulling Rd N	Naples

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
James & Arlene Santangelo	Salvatore Sachetta Jr & Frances A ecı	5995 Pine Ridge Road	Naples
Phillip	Woodhouse	13585 Tamiami Trail North Unit #19	Naples
Linda Morgan &	Russell Rissman	8646 Navarre Parkway	Navarre
William Wyrough &	John Tondello	703 John Sims Pkwy	Niceville
Nicholas	Crouch	266 Blanding Blvd Suite 2	Orange Park
Barry	Curran	4960 E Colonial Drive	Orlando
Josaury	Diglio	10501 J Blanchard Trail	Orlando
Alfredo Manzano	Francisco Ibarra	63 West Washington Street	Orlando
Raymond & Andrew	Howell	3120 S Kirkman Road, Suite 5E	Orlando
Steven D	Ira (the late)	12789 Waterford Lakes Pkwy Ste 9	Orlando
Steven D	Ira (the late)	12201 Research Pkwy #199	Orlando
Levon & Hovnan	Movsisyan	7561 West Sandlake Rd	Orlando
Cindy	Pantalone	433 N Mills Avenue	Orlando
Robert, Michele & Brittany	Parsons	TBD***	Orlando
Jacqueline, Esteban & Anna	Perez	2104 Edgewater Drive	Orlando
Steven D	Ira (the late)	8155 Red Bug Lake Rd Suite 109	Oviedo
David & Vickie Shumate		4700 Babcock St Unit # 9	Palm Bay
Karina Caballero	Cesar Batista	4276 Northlake Blvd	Palm Beach Gardens
Karina Caballero	Cesar Batista	2508 PGA Blvd	Palm Beach Gardens
Andrea & Marianna	Tenorio	TBD***	Palm Beach Gardens
Joseph & Dawn	Rogers	3083 SW Martin Downs Blvd	Palm City
Joyce Braider &	Nicholas Mellini	5234 Highway 100 E Suite #107	Palm Coast
Linda Morgan &	Russell Rissman	2239 Martin Luther King Blvd	Panama City
Jacquelyn & Royal	Stephens	652 West 23rd Street	Panama City
Pamela	Clark	11260 Panama City Beach Pkwy, Unit 101	Panama City Beach
Pamela	Clark	5147 Bayou Blvd , Ste C	Pensacola
Quint & Christina	Noordstar	6400 Park Blvd	Pinellas
Jim	Mabry	830 N A1A, Suite 1	Ponte Vedra Beach
Doug	Dixon	1441 Tamiami Trail, Suite 599	Port Charlotte
Ahmed	Eldeeb	TBD***	Port Orange
Mukesh	Patel	314 Port St Lucie Blvd	Port St Lucie
Sara Arruda	Brenda Sutherland	1707 NW St Lucie West Blvd , Suite 122	Port St Lucie
Elizabeth & Daniel	Grund	10628 SW Village Parkway	Port St Lucie
Kimberly	Rego	TBD***	Port St Lucie

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Charles	Roberts	9182 S Federal Hwy	Port St Lucie
**LeRoy & Mary	Smith	TBD***	Reunion
Lisa & Robb	Morrison	602 Barnes Boulevard	Rockledge
Elana Williams &	Alex Ruzanov	1900 Main Street Suite 102	Sarasota
**Raymond & Andrew	Howell	TBD***	Sarasota
**Raymond & Andrew	Howell	TBD***	Sarasota
**Raymond & Andrew	Howell	TBD***	Sarasota
**Raymond & Andrew	Howell	TBD***	Sarasota
**Raymond & Andrew	Howell	TBD***	Sarasota
Keith	Sabiel	10720 Park Blvd	Seminole
Joseph & Dawn	Rogers	6134 S Federal Hwy	South Stuart
Nicholas	Crouch	124 Tuscan Way Suite 101	St Augustine
Amitbhai	Patel	112 Seagrove Main St , Suite 114	St Augustine
Amitbhai	Patel	TBD***	St Augustine
Quint & Christina	Noordstar	625 6th Ave S #150	St Peterburg
Quint & Christina	Noordstar	2137 66th Street North	St Petersburg
Quint	Noordstar	1201 4th St N	St Petersburg
Keith	Sabiel	150 Fountain Pkwy N , Suite B	St Petersburg
Vincent, Nicholas & Nicholas Jr	Gannascoli	1989 SE Federal Hwy	Stuart
Garth	Brown	679 B W Tennessee Street	Tallahassee
Garth	Brown	800 Ocala Road, Suite 330	Tallahassee
Danny	Carpenter	904 Thomasville Rd	Tallahassee
Benny & Christa	Chastain	209 N Magnolia Suite 1	Tallahassee
Chris	George	3111 Mahan Drive, #23	Tallahassee
Metz Culinary Management	Inc	1510 Wahnish Way	Tallahassee
Sam	Osborne	1415 Timberlane Rd Unit 323	Tallahassee
Adam	Pope	3839 N Monroe Street	Tallahassee
Joseph	Rizza	3521 Mcclay Blvd	Tallahassee
Bobby Patel	Durga & Venkata Allaka	2928 E Fowler Avenue	Tampa
Ralph	Judy	250 West Shore Plaza Suite KC 1	Tampa
Quint	Noordstar	3810 Neptune St , Suite B4	Tampa
**David & Dara	Pettinato	14394 North Dale Mabry Highway	Tampa
Robert & Steve	Szasz	200 N Tampa Street, Suite G 120	Tampa
Kimberly	Rego	1555 S U S Highway 1, Suite 102	Vero Beach
Blake & Talia	Baynham	2803 US 441, Unit 200	Wellington

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
**David & Dara	Pettinato	TBD***	Westchase
Jacqueline Li	Ming Ting & Paul Chung	301 W Central Avenue	Winter Haven
Steven D	Ira (the late)	400 Park Avenue South, Suite 165	Winterpark
Nicholas	Crouch	TBD***	Yulee
**Cuyler & Diane	Esposito	TBD***	Atlanta
**Cuyler & Diane	Esposito	TBD***	Atlanta
Scott	Temme	2566 Briarcliff RD NE Suite 106	Atlanta
Reginald	Foster	TBD***	Augusta
**Deborah, James & Meghan	Cook	TBD***	Cherokee
**Deborah, James & Meghan	Cook	TBD***	Cherokee
**Deborah, James & Meghan	Cook	TBD***	Cherokee
**Deborah, James & Meghan	Cook	TBD***	Cherokee
**Deborah, James & Meghan	Cook	TBD***	Cherokee
**Deborah, James & Meghan	Cook	TBD***	Cobb
**Deborah, James & Meghan	Cook	TBD***	Cobb
**Deborah, James & Meghan	Cook	TBD***	Cobb
**Deborah, James & Meghan	Cook	TBD***	Cobb
**Deborah, James & Meghan	Cook	TBD***	Cobb
Linda	Morgan	5555 Whittlesey Blvd , Suite 2960	Columbus
Kevin & Keisha	Davis	2133 Hwy 20 Suite 220	Conyers
Janine	Bischone	TBD***	Macon
**Subhash	Pandat	TBD***	Marietta
**Subhash	Pandat	TBD***	Marietta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
**Michael	Haines	TBD***	North Atlanta
Padmavati	Koganti	909 Eagle s Landing Pkwy, Ste 140	Stockbridge
**Michael	Haines	TBD***	Suwanee
Nicholas	Crouch	1525 Baytree, Suite C	Valdosta

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Jeremiah & Torrey	Lee	TBD***	Warner Robins
Tim & Charmaine	Lowe	315 East Rand Road	Arlington Heights
Patrick Bode	Kevin Bartlett	TBD***	Chicago
Kevin Bartlett	Patrick Bode	737 S Halsted Street	Chicago
Kevin Bartlett	Patrick Bode	1603 W Taylor Street, U I C	Chicago
Syed Hameed	Tazeen Syed	701 Manor St	Crystal Lake
Syed Hameed	Tazeen Syed	12162 S Il Route 47	Huntley
Phillip	Knippen	1872 E Lincoln Hwy	New Lenox
David	Knapp	2882 East 3rd Street	Bloomington
Smitaben	Patel	TBD***	Carmel
David & Kimberly	Knapp	3135 25th St	Columbus
Rick	Sandquist	517 Lincoln Way Suite 101	Ames
Rick & Annett	Sandquist	1620 North Ankeny Blvd, Suite 110	Ankeny
Cori	O Brien	2813 1/2 Fifth Avenue South	Fort Dodge
Scott & Melissa	Andersen	12850 W 87th Street, Lenexa KS	Kansas City
Richard & Jeffery	Derrickson	3181 Beaumont Centre Circle, Suite 112	Lexington
Tyson Babb Justin Arnold &	Joseph Delapp	TBD***	Paducah
Claire Foret	BJ Crist	458 Heymann Blvd Suite B	Lafayette
BJ	Crist	1512 Ambassador Cafferey Pkwy #&	Lafayette
BJ	Crist	TBD***	Lafayette
Aimee & Paul	Arcemont	6402 Hwy 182 East	Morgan City
Mike & Crystal	Turpin	45 Western Ave	South Portland
Mike & Crystal	Turpin	740 Broadway S	South Portland
Rahman	Hilton	TBD***	Annapolis
Oubab Khalil	Mustafa Sardini	TBD***	Bethesda
Lauran Williamson	Toya & Chanel Evans	TBD***	Bowie
Kwang Woo Choi	Paulo Ifurung	6455 Dobbin Road, Suite 35	Columbia
Tameka	Davis	211 Shorebird St Suite C	Frederick
Shirlean Gatling	Kalion Dickens	2389 Brandermill Blvd Ste 104	Gambrills
Nicole Gray	Preston Ford	TBD***	Mongomery County
Chip	Ng	1801 Reistertown Road #150	Pikesville
Nilaykumar, Shwetank, Alkesh & Jigarkumar	Patel	TBD***	Southern
Hakim & Linda	Burgess	3390 Lenoardtown Road	Waldorf
Karyn	Ferreira	29 Alden Road	Fairhaven

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Gilbert & Ana	Desousa	489 Bearses Way	Hyannis
Gilbert & Ana	Desousa	85A Faunce Corner Mall Road	N Dartmouth
Kevin & Sandra	Jennings	20 Commerce Way	Seekonk
Hani	Halloun	607 Liberty Street	Ann Arbor
Hani	Halloun	TBD***	Ann Arbor
Ryan & Jeffrey	Kaleto	4071 N Euclid	Bay City
**Paul	Dudgeon	TBD***	Berkley
Matthew Dillon	Shawn Pnacek	TBD***	Big Rapids
**Paul	Dudgeon	S 2510 Telegraph Road Suite A	Bloomfield Hills
Hani	Halloun	10049 East Grand River Avenue Suite 1100	Brighton
Hani	Halloun	TBD***	Canton
**Paul	Dudgeon	TBD***	Chesterfield
Brent St Clair	Dianne LeMieux	6459 Dixie Highway	Clarkston
Dianne	LeMieux	7150 Sashabaw Rd	Clarkston
**LeMieux	Craig	1569 N Main Street Ste A	Clawson
Craig & Dianne	LeMieux	5105 W Vienna Rd	Clio
Daxa & Prajesh	Patel	703 South State Street	Davison
Hicham	Bazzi	TBD***	Dearborn
Jeffrey	Lulek	22905 Michigan Avenue	Dearborn
David	Buko	1201 E Grand River Ave	East Lansing
**Craig	LeMieux	TBD***	Farmington Hills
Harold	Bowen	4009 Owen Road	Fenton
Harold Bowen	Trent Farnsworth	2103 S Linden Rd	Flint Township
Larry & Deborah	King	2383 E Hill Road, Suite 1	Grand Blanc
Harold	Bowen	TBD***	Grand Rapids
Libby	McDonald	5088 28th Street SE	Grand Rapids
Libby	McDonald	5429 Northland Dr NE Suite E	Grand Rapids
Harold	Bowen	4391 Canal Ave SW	Grandville
Hani	Halloun	TBD***	Hartland
**Salem	Najjar	TBD***	Hartland
**Paul	Dudgeon	TBD***	Hayes Shelby Township
Eduardo Ramos	Corina Groeger	4315 West Main Street	Kalamazoo
**Paul	Dudgeon	TBD***	Lake Orion
**Joseph	Ford	TBD***	Lake Orion
David & Ruth	Buko	TBD***	Lansing

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Bijal	Patel	TBD***	Lapeer
Michelle MacDonald	Ala Fakhouri	30971 5 Mile Road Suite B104	Livonia
**Paul	Dudgeon	18353 Hall Road	Macomb Township
Ryan	Kaleto	985 S Saginaw Rd	Midland
Mark	Yeager	6805 Eastman Ave	Midland
**Joseph	Ford	TBD***	Milford
Jame & Mark	White	TBD***	Milford
Ryan & Jeffrey	Kaleto	2332 South Mission Street	Mt Pleasant
**Joseph	Ford	TBD***	Novi
David & Ruth	Buko	TBD***	Okemos
Deborah	LeMieux King	1561 East Main Street	Owosso
**Salem	Najjar	TBD***	Plymouth
Corina Groeger	Eduardo Ramos	TBD***	Portage
**Joseph	Ford	TBD***	Portage
**Paul	Dudgeon	67213 Main Street	Richmond
Joseph & Tamara	Dorsch	2913 Crooks Road	Rochester
**Paul	Dudgeon	1288 Walton Blvd	Rochester Hills
**Craig	LeMieux	TBD***	Royal Oak
David	Buko	5620 State Street	Saginaw
Mark	Yeager	5815 Bay Road, Suite 700	Saginaw
**Paul	Dudgeon	TBD***	Shelby Township
**Salem	Najjar	TBD***	South Ann Arbor
Craig LeMieux and	Dianne Lemieux Trust	29920 Telegraph Road	Southfield
**Craig	LeMieux	TBD***	Southfield
**Paul	Dudgeon	TBD***	St Clair Shores
**Paul	Dudgeon	TBD***	Sterling Heights
Deborah	LeMieux	TBD***	Taylor
**Paul	Dudgeon	TBD***	TBD***
John-Paul Calka	Adam Kettlewell	TBD***	Traverse City
Craig LeMieux and	Dianne Lemieux Trust	4400 Lake Michigan Drive NE	Walker
**Paul	Dudgeon	TBD***	Warren
**Salem	Najjar	TBD***	West Ann Arbor
Prakash Tamhaney	Avinash Kotain	7354 Haggerty Rd	West Bloomfield
**Salem	Najjar	TBD***	West Land
Craig & Dianne	LeMieux	340 Town Center Blvd, #1	White Lake

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
**Joseph	Ford	TBD **	Wixom
**Salem	Najjar	TBD***	Wixom
Jeff	Lulek	TBD***	Woodnave
Daryl	James	8330 Egan Dr	Savage
Lisa Murray, Mac Devin	Zack Garner	7164 Hacks Cross Rd	Olive Branch
Kavi Khambhati	Jagdish & Sanjan Barot	238 S Pearson Road	Pearl
Robert & Lori	Good	TBD***	Joplin
Damon	Holland	3811 S Campbell Ave , Suite A	Springfield
Matthew	Mawdsley	3645 East Sunshine Street	Springfield
Kaye	Wentz	7902 Towne Center Parkway #109	Papillion
Eric	Persson	10612 S Eastern Ave, Suite C	Henderson
Eric	Persson	2300 Paso Verde Parkway	Henderson
Eric	Persson	2850 Bicentennial Pkwy #120	Henderson
Eric	Persson	621 Stephanie Street	Henderson
Eric	Persson	745 S Green Valley Pkwy Suite #100	Henderson
Kriss & Michelle	Shriver	76 W Horizon Ridge Parkway Suite # 120	Henderson
Hae Kyeong	Han	7660 W Cheyenne Ave Suite 121	Las Vegas
Mark	Lukachko	TBD***	Las Vegas
Mark	Lukachko	TBD***	Las Vegas
Debra	Mele-Blanchard	7580 S Las Vegas Blvd Suite # 100	Las Vegas
Eric & Ann	Persson	10260 Charleston Blvd	Las Vegas
Eric	Persson	4001 Decatur Blvd Suite 28	Las Vegas
Eric	Persson	7291 S Eastern Ave Ste 1K	Las Vegas
Eric	Persson	9440 W Sahara Blvd Suite 105	Las Vegas
Eric	Persson	10670 Southern Highlands Pkwy #100	Las Vegas
Eric	Persson	7375 South Durango Dr #107	Las Vegas
Eric	Persson	6555 S Jones Blvd #110	Las Vegas
Eric	Persson	4155 S Grand Canyon Drive # 106	Las Vegas
Eric	Persson	4262 Blue Diamond Rd #103	Las Vegas
Eric	Persson	10140 West Tropicana Avenue #126	Las Vegas
Eric	Persson	5222 Boulder Highway Suite 100	Las Vegas
Eric	Persson	3595 E Bonanza Road Suite 110	Las Vegas
Eric	Persson	3565 Rainbow Blvd	Las Vegas
Bharti Sharma	Ramesh Piplani	6350 W Charleston Blvd, Suite 130	Las Vegas

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Johnny	Sanchez Losada	11011 W Charleston Blvd	Las Vegas
Kriss & Michelle	Shriver	3390 Novat Street #110	Las Vegas
Wm Lincoln	Sloor	3850 South Las Vegas Boulevard Unit #204	Las Vegas
Kriss & Michelle	Shriver	445 W Craig Road/#103	North Las Vegas
Joseph Provenza	Henry Neth	1541 East Hwy 372	Pahrump
Michael	Turpin	160 Washington St	Rochester
Tim Fung	Al LaValle	2222 Route 33, Store G	Hamilton
Kaushik Joshi	Guinyal Pandit	645 Nassau Park Blvd	Princeton
Jacob	Miller	TBD***	Farmington
Thomas	Diamond	567 B East Main Street	Bay Shore
Don	Rettaliata, Jr ESQ	137 Centereach Mall	Centereach
Don	Rettaliata, Jr ESQ	1936 Deer Park Ave	Deer Park
Richard & Linda	Orofino	532 Larkfield Rd	East Northport
Susanne	Wanser	428 Wheeler Road	Hauppauge
John Yoo	Yongsung Kim	285 South Broadway Unit 9	Hicksville
Tiffany Wirth	Susanne Wanser	4250 Veterans Memorial Hwy	Holbrook
Rajul	Shah	61 Wall Street	Huntington Village
David	Halloran	3519B Hempstead Tpke	Levittown
Patricia	O Brien	TBD***	Long Island
John	Kuitwaard	4946 Merrick Road	Massapequa
Laura	Jankowski	2014 Merrick Rd	Merrick
Sanjay	Sehgal	TBD***	Mineola
Tiffany Wirth	Susanne Wanser	499 83 Sunrise Highway	Patchogue
Laura	Jankowski	5120 Nesconset Highway	Port Jefferson Station
Don	Retalliatta, Jr	TBD***	Rocky Point
Stephen Brojer	Brian Levine	267 Middle Country Rd	Selden
Dana	Bush	32 East Main St	Smithtown
Frank	Mirabella	TBD***	Staten Island
Laura & Walter	Jankowski	356 Jericho Tpke	Syosset
Vinay	Kapur	TBD***	TBD***
John	Agori	1595 Glidewell Drive, Suite 107	Burlington
**Sherman	Dye	817 Bass Pro Lane	Cary
**Sherman	Dye	2028 Kildaire Farm Road	Cary
Everette & Tenisha	Brown	1111 Metropolitan Ave Suite 110	Charlotte

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Vipul & Pravinkumar	Patel	TBD***	Charlotte
Vipul	Patel	TBD***	Charlotte
Kevin	Smith	5349 Ballantyne Commons Parkway Suite 400	Charlotte
Howard & Erica	Raphael	5311 South Miami Boulevard, Ste F	Durham
Gira	Patel	150 Andrews Road Suite 7	Fayetteville
**Gira	Patel	TBD***	Fayetteville
**Gira	Patel	TBD***	Fayettville
**Gira	Patel	TBD***	Fayettville
**Gira	Patel	TBD***	Fayettville
John	Agori	TBD***	Greensboro
**Victor	Archie	2130 Q New Garden Road	Greensboro
**Victor	Archie	TBD***	Greensboro
Mark Rein	John Agori	1218 Bridford Parkway	Greensboro
Devang	Desai	1856 West Arlington Blvd	Greenville
Devang	Desai	TBD***	Greenville
**Victor	Archie	3860 John Gordon LN	High Point
Darel & Lisa	Crumpler	2236 South Croatan Hwy Unit #2	Nags Head
Jr , Joe	Goetschius	7100 South Croatan Highway Suite 82	Nags Head
Eshita Kothari	Hansaben Patel	TBD***	Pineville
**Sherman	Dye	3004 Wake Forest Road Suite 112	Raleigh
**Sherman	Dye	TBD***	Raleigh
**Sherman	Dye	TBD***	Raleigh
**Sherman	Dye	TBD***	Raleigh
**Sherman	Dye	TBD***	Raleigh
**Sherman	Dye	TBD***	Raleigh
**Sherman	Dye	TBD***	Raleigh
Eric & Gail	Farinella	8111 Creedmoor Rd , Suite 157	Raleigh
Howard & Erica	Raphael	1028 Oberlin Drive, Suite 232	Raleigh
Darel & Lisa	Crumpler	5385 S Virginia Dare Trail #1	Southern Shores
Presley	Reeves	1671 1A North Howe St	Southport
**Brandon & Deena	Korman	2804 South College Road	Wilmington
**Brandon & Deena	Korman	TBD***	Wilmington
**Brandon & Deena	Korman	TBD***	Wilmington
Brandon & Deena	Korman	TBD***	Wilmington

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
**Steve	Scroggin	670 St George Square Court	Winston Salem
**Steve	Scroggin	TBD***	Winston Salem
**Steve	Scroggin	TBD***	Winston Salem
**Steve	Scroggin	TBD***	Winston Salem
Steve	Scroggin	216 West 4th Street	Winston Salem
Ryan Seeger	James Hensyel	2424 13th Avenue South	Fargo
Ryan Seeger	James Hensyel	TBD***	Fargo
Doug	Ruggles	3195 Dayton-Xenia Road, Suite 770	Beavercreek
Sureshkumar	Patel	11255 Reed Hartman Highway, Suite D	Blue Ash
William, Julie, Eric & Shaun	Munson	TBD***	Bowling Green
Chet	Hakanson	988 Miamisburg Centerville	Centerville
Tony	Torres	6241 Far Hills Avenue	Centerville
Nitesh	Patel	11322 Euclid Ave	Cleveland
Christopher	Becker	2307 Far Hills Ave	Dayton
William, Julie, Eric Shaun & Angelia	Munson	TBD***	Defiance
Doug	Ruggles	2642 Colonel Glenn Hwy	Fairborn
Suresh	Gupta	6221 Old Troy Pike Parkway	Huber Heights
Gregory	deBrow	24389 Cedar Rd	Lyndhurst
William & Julie	Munson	1385 Conant St , Ste E	Maumee
William, Julie, Eric, Kevin & Shaun	Munson	10090 Old U S 20	Rossford
Tim	Poulos	233 E Home Road	Springfield
William, Julie, Eric & Shaun	Munson	5221 Monroe Street Suite E	Toledo
Glen Johnson &	Lucas Anderson	501 S Van Buren Street	Enid
Glen Johnson &	Lucas Anderson	1204 NW Sheridan Road	Lawton
**Amish, Rakesh & Rohit	Patel	TBD***	Midwest Airport
Glen	Johnson	TBD***	Midwest City
**Amish, Rakesh & Rohit	Patel	TBD***	Midwest City Airport
Glen Johnson &	Lucas Anderson	2101 Riverwalk Drive	Moore
Glen	Johnson	TBD***	Norman
Glen Johnson &	Lucas Anderson	7141 S Western Ave, Suite A	Oklahoma City
Tasha & Joe	Stefanatos	3131 West Memorial Road, Suite A	Oklahoma City
Glen	Johnson	TBD***	Owasso
Glen Johnson &	Lucas Anderson	TBD***	Stillwater
Glen	Johnson	TBD***	Tulsa

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Glen	Johnson	TBD***	Tulsa
TBJ Food Services	LLC	4808 South 109th East Avenue	Tulsa
Timothy & Nicole	Smallwood	1717 N Peoria Avenue	Tulsa
Timothy & Nicole	Smallwood	7460 S Olympia Ave	Tulsa
Timothy & Nicole	Smallwood	4925 E 21st Street	Tulsa
Glen	Johnson	TBD***	Tulsa Downtown
Glen Johnson &	Lucas Anderson	1751 Garth Brooks Blvd , #100	Yukon
Sandip & Hareshkumar	Patel	3601 Market Street	Camp Hill
**Kai	Qiu	TBD***	Chester County
**Kai	Qiu	TBD***	Chester County
**Rick & Brad	Evans	TBD***	Ephrata
Zhibo	Wu	1810 Wilmington Pike Unit #5	Glen Mills
Sangita Doshi	Nimisha Shah	4635 High Pointe Blvd	Harrisburg
Nimisha Shah	Sangita Doshi	TBD***	Harrisburg
Nimisha	Shah	235 Strawberry Square	Harrisburg
**Rick & Brad	Evans	572B Centerville Road	Lancaster
**Rick & Brad	Evans	TBD***	Lancaster
**Rick & Brad	Evans	TBD***	Lancaster
**Rick & Brad	Evans	TBD***	Lancaster
Matt	Shaffer	15 East King St	Lancaster
Matthew & Cody	Shaffer	235 Bloomfield Dr Suite 105	Lititz
Matt	Shaffer	341 Comet Drive	Millersville
Rosalind Lindsey	Luke Kirby	1600 North Broad Street, Unit 4	Philadelphia
Alan	Geoffrey	TBD***	Reading
Sandip & Hareshkumar	Patel	1800 Loucks Road Suite 625	York
Sandip & Hareshkumar	Patel	TBD***	York
**Sneha Sabnani	Rekha Khemlani	TBD***	Providence
**Sneha Sabnani	Rekha Khemlani	TBD***	Providence
Jill & John	Zajac	TBD***	Providence
Michael Aldridge	Ann Lane	TBD***	Charleston
Kevin Lawler, Alexander Corbishly	Marc & Lawence Rodenbaugh	TBD***	Charleston
Jon	Parkman	186 Seven Farms Drive, Unit D	Charleston
Leslie & David	Duffy	150B Harbison Boulevard, Suite 20	Columbia
Leslie	Duffy	650 Lincoln Street Columbia, SC 29201	Columbia
Eshita Kothari	Hansaben Patel	TBD***	Columbia

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Daksheshkumar 'Dax	Soni	TBD***	Columbia
Randy & Randall	Engels	201 Graduate Road Unit 103	Conway
Vipul	Patel	2600 David McLeod Blvd, Suite E Florence, SC	Florence
Leslie & David	Duffy	5166 Sunset Blvd Suite H	Lexington
Rylan Miller	Roberto Laben	TBD***	Myrtle Beach
Roberto Laben	Rylan Miller	TBD***	Myrtle Beach
Alex & Lori	Torzsa	2435 West Hwy 160 Suite 104	Tega Cay
**Paul Dudgeon	**Lawrence Lavigne	443 Cool Springs Road	Franklin
Joseph	Ford	TBD***	Knoxville
Axay	Rana	8008 Kingston Pike	Knoxville
**Jigna	Patel	TBD***	Memphis
Jigna	Patel	1779 Kirby Parkway, Ste 3	Memphis
**Jigna	Patel	TBD***	Memphis
**Jigna	Patel	TBD***	Memphis
**Paul Dudgeon	**Lawrence Lavigne	TBD***	Nashville
**Paul Dudgeon	**Lawrence Lavigne	TBD***	Nashville
**Paul Dudgeon	**Lawrence Lavigne	TBD***	Nashville
**Paul Dudgeon	**Lawrence Lavigne	TBD***	Nashville
Brijesh	Patel	TBD***	Nashville
Babeshkumar & Rajanikant	Patel	TBD***	Pigeon Forge
Michael & Fuallelagi	Wynn	12901 North IH 35 Service Rd Suite # 1850	Austin
**Michael	Wynn	1020 Grove Boulevard	Austin
**Michael	Wynn	3401 Webberville Road, Building 2000	Austin
**Michael	Wynn	11928 Stone Hollow Drive	Austin
Michael	Wynn	6101 Airport Blvd	Austin
Alonzo Sr & Alonzo Jr	Soliz	1465 E Whitestone Blvd	Cedar Park
Vivek & Heena	Ajbani	TBD***	Dallas
Robert	Causey	4560 W Mockingbird Ln Suite118	Dallas
Clifton & Kate	Holsenbeck	TBD***	Dallas
**Thomas Darci, Kodei & Calei	Kesterson	TBD***	Dallas
**Thomas, Darci, Kodei & Calei	Kesterson	TBD***	Dallas
**Thomas Darci, Kodei & Calei	Kesterson	TBD***	Dallas
Kaleb & Paula	Warnock	TBD***	El Paso
Pamela Hedstrom	David & Cindy Taylor	4620 SW Loop 820	Fort Worth

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Bernardo & Doris	Ellis	3301 Preston Road, Suite 6	Frisco
Jignesh & Hemalkumar	Patel	TBD***	Houston
Vanessa Boles	Paul Davis	TBD***	Houston
Glen Johnson	Lucas Anderson	TBD***	Lubbock
Glen Johnson	Lucas Anderson	TBD***	Lubbock
Jignesh	Patel	5620 Grand Parkway South, Suite A	Richmond
Pamela	Farley	2355 State Highway 35 N	Rockport
Jigna & Nilesh	Patel	4845 Texas Blvd	Texarkana
John	McNeill	TBD***	Victoria
Cody	Sommer	1190 Sage Drive, Unit A	Cedar City
Cody	Sommer	1167 South State Street	Orem
Cody	Sommer	7812 South 1300 East	Sandy
Cody	Sommer	TBD***	Sandy
Cody	Sommer	1010 East Red Hill Parkway	St George
Kwang Woo Choi	Agapito Dienzo	1556 Potomac Greens Dr	Alexandria
Mohammed & Katherine	Hasan	6424 Landsdowne Centre Suite 32	Alexandria
Marcus Barnett	Manish & Sunil Singh	6552 A Little River Turnpike	Alexandria
Marcus Barnett	Manish & Sunil Singh	3811 North Fairfax Drive Unit B	Arlington
Peter Pack	Jong Choi	43670 Greenway Corporate Drive Suite # 126	Ashburn
Pheng PK	Khov	20598 East Hampton Plaza	Ashburn
Jonathan	Cash	TBD***	Blacksburg
Nimeshkuma	Bhagat	13609 Carrollton Blvd , Ste 1	Carrollton
Hae & Dong Jun	Chung	14220- B Centreville Square	Centreville
Niall	Reid	1954 Rio Hill Center	Charlottesville
Niall	Reid	TBD***	Charlottesville
Daniel	Cintron	1412 Greenbrier Pkwy , Suite 135	Chesapeake
Sanjay	Patel	237 South Battlefield Blvd, Ste 7	Chesapeake
Vimal	Patel	1320 Kempsville Road Ste 111	Chesapeake
Vimal	Patel	TBD***	Chesapeake
Payal	Shah	648 Grassfield Parkway, #9	Chesapeake
Payal	Shah	4105 Chesapeake Sq Blvd , #103	Chesapeake
Henry	Truong	1434 Sam s Drive Suite 101	Chesapeake
Gemini & Urvashi	Patel	12802 Jefferson Davis Hwy	Chester
Gemini & Urvashi	Patel	6925 Commons Plaza	Chesterfield
Joanne	Bennett	190 Southgate Square	Colonial Heights

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Steve	Harwit Whewell	15315 Creativity Drive	Culpeper
Mohammed & Katherine	Hasan	3978 Fettler Park Drive, Building A	Dumfries
Chong	Kim	12164 Fairfax Towne Center Suite 107A	Fairfax
Do Yong Kim	Paul Robertson	10655 Braddock Road	Fairfax
Shikeba	Ramin	TBD***	Fairfax
Trung	Tang	TBD***	Fairfax
Shaheeb	Sahidi	6110 A Arlington Blvd	Falls Church
Mohammed Samir	Hasan	1460 Central Park Blvd	Fredericksburg
Mohammed & Katherine	Hasan	15 South Gateway Dr , Ste 113	Fredericksburg
Mohammed Samir	Hasan	TBD***	Fredericksburg
Abraham & Jacob	Razeq	9913 Southpoint Parkway	Fredericksburg
Chaudary	Anwarkhan	50 Riverton Commons Plaza, Suite 20	Front Royal
Dennis & Nicole	Drake	8069 Stonewall Shops Sq	Gainesville
Ashokkumar & Falguniben	Patel	11321 C Nuckols Rd	Glen Allen
Vimal	Patel	TBD***	Gloucester
Sanjay	Patel	1040 Settlers Landing Rd , Ste E/F	Hampton
Shreyansh & Deepal	Trivedi	106 Coliseum Crossing	Hampton
Corrine	Loan	1011 Port Republic Road	Harrisonburg
Daniel	Hester	TBD***	Haymarket
Daniel	Hester	2465 Centreville Rd , Ste J 23	Herndon
Jigneshbhai	Patel	506-A East Market Street	Leesburg
Jonathan & Tina	Cash	7701 Timberlake Road	Lynchburg
Dennis & Nicole	Drake	TBD***	Manassas
Khaled Hassan	Hazem Abdelrahman	12697 Galveston Ct	Manassas
Greg & Christine	Krebs	9971 Sowder Village Sq	Manassas
Shailen	Patel	7152 Mechanicsville Tpke	Mechanicsville
Gemini & Urvashi	Patel	9363 Atlee Road, Suite 2101	Mechanicsville
Brant	Druhot	4501 Commonwealth Centre Parkway	Midlothian
George & Rebecca	Nicholson	15521 Westchester Commons Way	Midlothian
John & Hyang	Boyd	12551 Jefferson Ave, Suite 211	Newport News
Ernest & Slyvia	Jones	4191 William Styron Square	Newport News
Vimal	Patel	12368 Warwick Blvd A 109	Newport News
Vimal	Patel	12300 Jefferson Ave , Ste 738	Newport News
Parmjit & Pardeep	Kaur	265 Granby Street	Norfolk
Nayna	Modi	1153 N Military Hwy	Norfolk

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FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Roy & Debbie	Perez	742 West 21st Street, Unit #B	Norfolk
Richard	Studebaker	3841 East Little Creek Rd Ste A	Norfolk
Warren	Thompson	700 Park Avenue	Norfolk
Jatin & Shrey	Trivedi	4316 Monarch Way	Norfolk
Jatin & Shreyansh	Trivedi	7862 Tidewater Drive, Suite 111	Norfolk
Addisu Tessema, Geru Beyene &	Getu Mekonnen	TBD***	Northern Virginia
Fardin	Golzar	2918 Chain Bridge Road	Oakton
Rajesh	Kaushal	475 A Wythe Creek Road	Poquoson
Bhavin	Patel	4032 Unit B Victory Blvd	Portsmouth
Jigneshbhai	Patel	609 E Main St Suite BB	Purcellville
Marcus Barnett	Manish & Sunil Singh	11684 Plaza America Drive	Reston
Marion & Anna Lynn	Cabbel	929 W Broad St	Richmond
Brant	Druhot	11513 Busy St	Richmond
Brant	Druhot	1601 Willow Lawn Dr	Richmond
George & Rebecca	Nicholson	11736 W Broad St , Ste 101	Richmond
Gemini & Urvashi	Patel	8207 West Broad Street	Richmond
Reena	Patel	45001 So ith Laburnum Ave , Suite 150	Richmond
Daniel	Hester	24995 Riding Plaza	South Riding
Mohammed & Katherine	Hasan	1465 Stafford Marketplace, Ste 115	Stafford
Abraham	Razeq	TBD***	Stafford
Stuart & Linda	McDaniel	850 Statler Boulevard Unit 107	Staunton
Sanjay & Ruma	Patel	5860 Harbour View Blvd, Ste A1 A	Suffolk
Vimal	Patel	1201 N Main St , Suite 300	Suffolk
Leonardo & Mary	Agagas	4312 Holland Rd, Ste 105	Virginia Beach
Leonardo & Mary	Agagas	2476 Nimmo Parkway Ste 117	Virginia Beach
Harsha	Amin	4001 Virginia Beach Blvd Suite 115	Virginia Beach
Baldev	Gill	4701 Shore Drive, Suite 101	Virginia Beach
Robyn	Lyon	2865 Lynnhaven Drive, Suite B 1	Virginia Beach
Scott & Linda	Menkes	1255 Fordham Dr, Suite 107	Virginia Beach
Joshua & Jennifer	Moore	3813 Princess Anne Road, Suite 125	Virginia Beach
Krishna & Ritaben	Patel	211 25th Street	Virginia Beach
Patrick Finn	Roy Perez	401 North Great Neck Rd Suite 101	Virginia Beach
Herb	Schriefer	2165 General Booth Blvd Suite 158	Virginia Beach
Tony	Torres	4515 Haygood Road	Virginia Beach
Jatin	Trivedi	2728 N Mall Drive #113	Virginia Beach

FIRST NAME	LAST NAME	STORE ADDRESS	CITY
Abraham	Razeq	251 West Lee Hwy	Warrenton
Bipin Vyas, Jignesh Patel	Tarun & Rupal Shah	4920 / 8 A Monticello Ave	Williamsburg
Bipin Vyas, Jignesh Patel	Tarun & Rupal Shah	6618/C Mooretown Road	Williamsburg
Stephen & Jessica	Seminaro	152 Market St	Winchester
Stephen & Jessica	Seminaro	TBD***	Winchester
Nuatu Tseggai	Joseph Carroll	2966 Prince William Pkwy	Woodbridge
Abraham	Razeq	TBD***	Woodbridge
Heayoung	Yi	2643 George Washington Memorial Hwy, Ste 1	Yorktown
Tai Lam	Mong Kieu Nguyen	10445 NE 4th St, Unit M	Bellevue
Tyler & Natalie	Dewey	1905 SE 192nd Ave Ste 113	Vancouver
Stephen & Jessica	Seminaro	171 Retail Commons Pkwy, Suite 9	Martinsburg
Dalton & Joseph	Ruesch	10 College Avenue	Appleton
Shane & Michaela	Ruesch	503 East Ives Street Suite 401	Marshfield
Shane & Michaela	Ruesch	1951 8th Street S	Wisconsin Rapids

** These franchisees have signed a Mutli-Unit Development Agreement

LIST OF 33 FRANCHISEES WHO HAD AN OUTLET TERMINATED, CANCELLED, NOT RENEWE TO DO BUSINESS DURING THE YEAR ENDED DECEMBER 27, 2015 OR WHO HAVE NOT COMMU 10 WEEKS OF THE DATE OF THIS DISCLOSURE DOCUMENT

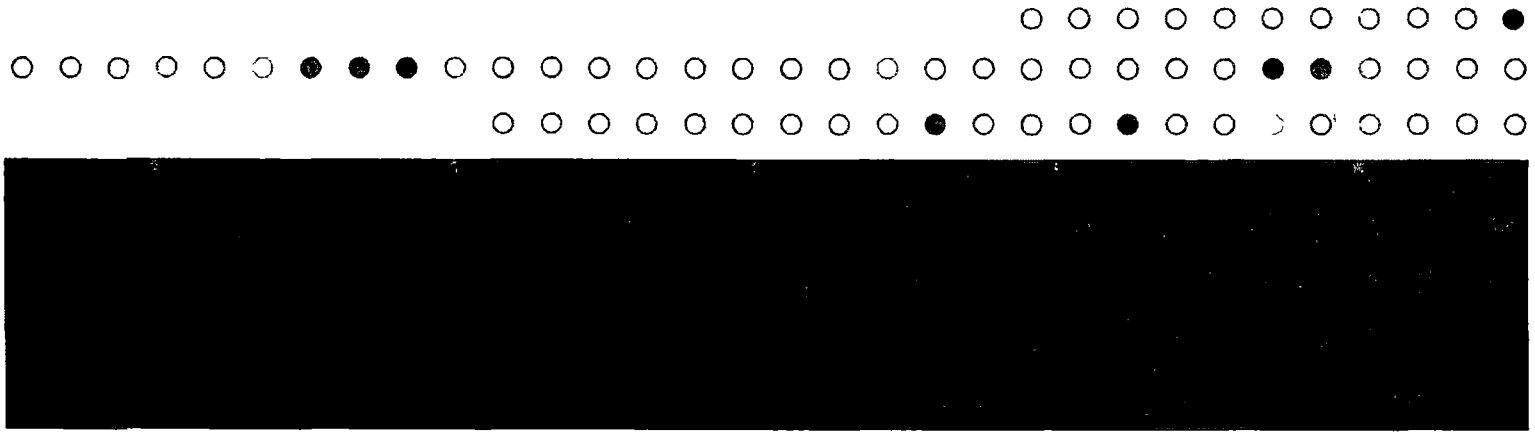
STATE	NAME(S)		CITY	TELEPHONE NO	TRANSFER
Alabama	Gordon Saunders	Mike Tate	Tuscaloosa	205 365 3177	1
Arizona	Karleen	Gardner	Tempe	480-276-2478	1
Arizona	Eric Persson	Scott Palmatter	Phoenix	702-461 6055	
Colorado	Kriss & Michelle	Shriver	Greenwood	702 617 3703	
Connecticut	Mark	Lukachko	Greenwich	212 228 8726	
Florida	Benny & Christa	Chastain	Tallahassee	850 869-0302	
Florida	Barry & Vickie	Curran	Orlando	407 679 8008	1
Florida	Magda Boff	Rhainery Chaves	Tampa	209-229 0242	1
Florida	Linda Morgan	Russell Rissman	Destin	334-462 8850	
Florida	Irwin	Witt	Jacksonville	904-527-3114	1
Florida	Irwin & Josh	Witt	Orange Park	907 827 3114	1
Illinois	Mike Ward	Brian Guinter	Crystal Lake	847 840-9527	1
Illinois	Mike	Ward	Huntley	847 840-9527	1
Iowa	Chandra	Wojno	Iowa City	319-348 3427	
Louisiana	Michael	Kowal	Baton Rouge	225 279-1616	
Minnesota	Thomas	Tran	Savage	952 457 0978	1
Mississippi	Brent	Waters	Hattiesburg	601 325 5989	
Nevada	Jason	Horowitz	Las Vegas	702 358 4125	1
Nevada	Jason	Horowitz	Las Vegas	702 358 4125	1
Nevada	Eric	Persson	Las Vegas	702 461 6055	
Nevada	Eric	Persson	Las Vegas	702 461 6055	
New York	Jeffrey	Hartman	Huntington Station	516-241 9166	
North Carolina	John Kablik	Lori Gezelman	Southport	910-470 3473	1
Pennsylvania	Cindy Macha	Matthew & Cody Shaffer	Litliz	713 371 6731	1
Texas	Michael & Fualelagi	Wynn	Austin	512 506-0838	
Virginia	Jannifer	Boyd	Chesapeake	757 472 2917	
Virginia	Jae Ji	Donna & Marshall Trudell	Carrollton	757 238 9545	1
Virginia	Sohail Afridi	Jawad & Nida Ahmad	Reston	304-389-3236	1
Virginia	David	Kite	Herndon	703 380-9138	1
Virginia	Roy & Debbie	Perez	Norfolk	757 438 1427	1
Washington	Fangming & Helen	Yu	Bellevue	425 301 2680	1

If you buy this franchise, your contact information may be disclosed to other buyers when you leav

EXHIBIT L TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Tropical Smoothie Café, LLC and Subsidiary



Consolidated Financial Statements

December 27, 2015

BENNETT B|T THRASHER

Tropical Smoothie Cafe, LLC and Subsidiary

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BENNETT B|T THRASHER

Independent Auditor's Report

To the Board of Directors of
Tropical Smoothie Cafe, LLC and Subsidiary

We have audited the accompanying consolidated financial statements of Tropical Smoothie Cafe, LLC and Subsidiary (collectively, the Company), which comprise the consolidated balance sheet as of December 27 2015 and the related consolidated statement of operations, members' deficit, and cash flows for the fiscal year then ended and the related notes to the consolidated financial statements

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tropical Smoothie Cafe, LLC and Subsidiary as of December 27, 2015 and the results of their operations and their cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America

Bennett Thrasher LLP

March 23, 2016

Tropical Smoothie Cafe, LLC and Subsidiary

Consolidated Balance Sheet
December 27, 2015

Assets	
Current assets	
Cash	$ 3 692 420
Restricted cash	2,523,712
Accounts receivable	1 510,484
Inventory	139 581
Prepaid expenses	149,482
Current portion of deferred commission expense	449,750
Current portion of notes receivable	138 752
Total current assets	8 604 181
Property and equipment, net	413 950
Other assets	
Intangible assets, net	6 399 649
Investment in Tin Drum Holding Company Inc	2 197,236
Related party receivable	274,802
Notes receivable, related party	500,000
Notes receivable, net of current portion	463,476
Deferred commission expense, net of current portion	567,376
Other net	355 104
Total other assets	10,757,643
Total assets	$ 19 775,774
Liabilities and Members' Deficit	
Current liabilities	
Accounts payable and accrued liabilities	$ 2 958,886
Local advertising program	2 211,441
Current portion of senior credit facility (Note 4)	250 000
Current portion of notes payable	411,778
Current portion of deferred franchise fees	1,261,006
Total current liabilities	7,093,111
Senior credit facility, net of current portion (Note 4)	17,750,000
Notes payable net of current portion	1 150,571
Deferred franchise fees net of current portion	1,262,754
Total liabilities	27,256,436
Commitments and contingencies (Note 5)	
Members' deficit	(7 480 662)
Total liabilities and members' deficit	$ 19 775 774

See accompanying notes to the consolidated financial statements

Tropical Smoothie Café, LLC and Subsidiary

Consolidated Statement of Operations
For the Fiscal Year Ended December 27, 2015

Revenues	
Royalties	$ 15,605,872
National advertising	5,233,124
Rebates	2,099 946
Franchise fees	1 541,078
Food and beverage sales, net	867 408
Miscellaneous	535 680
Total revenues	25,883,108
Costs of revenues	4,587,576
Gross profit	21 295 532
Operating expenses	
Operating expenses	15,606,364
Depreciation and amortization	706,425
Total operating expenses	16,312,789
Income from operations	4 982 743
Other expense	
Interest expense (Note 4)	(1,649,059)
Equity in losses of Tin Drum Holding Company Inc	(286,292)
Total other expense	(1 935,351)
Net income	$ 3,047,392

See accompanying notes to the consolidated financial statements

Tropical Smoothie Café, LLC and Subsidiary

Consolidated Statement of Members' Deficit
For the Fiscal Year Ended December 27, 2015

Balance at December 28, 2014 (as adjusted Note 11)	$ (3,987,460)
Exercise of options	651,779
Distributions	(7,273 367)
Equity-based compensation expense	80 994
Net income	3 047 392
Balance at December 27 2015	$ (7 480,662)

See accompanying notes to the consolidated financial statements

Tropical Smoothie Cafe, LLC and Subsidiary

Consolidated Statement of Cash Flows
For the Fiscal Year Ended December 27, 2015

Cash flows from operating activities		
Net income	$	3 047 392
Adjustments to reconcile net income to net cash		
provided by operating activities		
Depreciation and amortization		706 425
Non cash interest expense		139 002
Equity based compensation expense		80 994
Equity in losses of Tin Drum Holding Company Inc		286 292
Change in operating assets and liabilities		
Deposits into restricted cash		(437 496)
Accounts receivable		(217 686)
Inventory		(131 701)
Prepaid expenses		(14 246)
Deferred commission expense		(665 374)
Related party receivable		(274 802)
Other assets net		30 014
Accounts payable and accrued expenses		228 001
Local advertising program		537,920
Deferred franchise fees		1 414 756
Cash provided by operating activities		4 729 491
Cash flows from investing activities		
Acquisition of property and equipment		(154 528)
Issuance of notes receivable related party		(500,000)
Issuance of notes receivable		(561 682)
Principal payments on notes receivable		10 954
Re acquired area development rights		(128 218)
Cash used in investing activities		(1 333 474)
Cash flows from financing activities		
Proceeds from senior credit facility (Note 4)		5 200 000
Principal payments on notes payable		(376 839)
Deferred loan costs (Note 4)		(315 800)
Proceeds from exercise of options		651,779
Distributions		(7 273 367)
Cash used in financing activities		(2 114 227)
Net increase in cash		1 281 790
Cash and cash equivalents at beginning of year		2 410 630
Cash and cash equivalents at end of year	$	3 692 420
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	1 445 853

See accompanying notes to the consolidated financial statements

Tropical Smoothie Café, LLC and Subsidiary

Notes to Consolidated Financial Statements
December 27, 2015

Note 1 Description of Business and Summary of Significant Accounting Policies

Nature of Operations

Tropical Smoothie Cafe, LLC develops and franchises a system of both traditional and non-traditional fast casual restaurant units primarily under the trade name 'Tropical Smoothie Cafe' Traditional restaurants feature dine-in and carry-out service Non-traditional units include express units, which have a more limited menu and operate in non-traditional locations such as college campuses The system features proprietary menu items and emphasizes the preparation of food and drinks (smoothies) with high quality ingredients

Tropical Smoothie Cafe LLC's wholly owned subsidiary, TSC-GA LLC, operates one store of the type being franchised, which opened in December 2013

As of December 27, 2015, there were 465 stores in operation by franchisees throughout the United States and the one corporate owned location, with a concentration in the southeastern region

Basis of Accounting

The consolidated financial statements include the accounts of Tropical Smoothie Cafe, LLC and its wholly owned subsidiary (collectively the Company) All intercompany accounts and transactions have been eliminated in consolidation

Fiscal Year

The Company reports on a 52-53 week year basis which ends on the last Sunday in December The fiscal year ended December 27 2015 contained 52 weeks

Use of Estimates

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

Franchise Operations

The Company enters into Franchise Agreements with franchisees who build and operate restaurants using the Tropical Smoothie brand within a defined geographical area The Company believes that franchising is an effective and efficient means to expand the Tropical Smoothie brand The franchisee is required to operate its restaurants in compliance with a Franchise Agreement that includes adherence to operating and quality control procedures established by the Company If a franchisee becomes financially distressed, the Company generally does not provide any financial assistance If financial distress leads to a franchisee's noncompliance with the Franchise Agreement and the Company elects to terminate the Franchise Agreement the Company has the right but not the obligation to acquire the assets of the franchisee at fair value as determined by an independent appraiser The Company has financial exposure for the collection of the royalty payments Franchisees generally remit royalty payments weekly for the prior week s sales which substantially minimizes the Company's financial exposure or at least enables the Company to quickly identify any troubled franchisees

The Company sells certain territories (areas) within the United States to area developers The area developers are required to meet mandatory development schedules for their specified territory The Company splits franchise fees transfer fees and continuing royalty fees with area developers for stores opened in their territories

Revenue Recognition

The principal sources of revenue for the Company are franchise fees territory sales and weekly royalty payments The franchise agreements require the franchisee to pay an initial non-refundable fee Initial franchise fees are typically $25 000 for the franchisee s first franchise location and $15,000 for each additional location Territory sales are based on the territory purchased, the territory's size and population and other factors and are included in franchise fees in the accompanying consolidated statement of operations

After opening of a franchised restaurant franchisee royalty fees of 6% of gross revenues, net of discounts are due to the Company on a weekly basis for each restaurant operated by a franchisee In area developer territories, 3% of the Company's royalty is paid to the area developer In addition to weekly royalties franchisees are required to participate in both national and local advertising (co-ops) programs The national advertising fee is 2% of gross sales, net of discounts and is recognized as revenue by the Company and deposited in an account to be used in connection with national advertising for the Tropical Smoothie brand The local advertising (co-op) fee is 2% and these amounts are recorded as liabilities and are deposited in an account to be used in connection with local area advertising

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee Generally these services include restaurant design and assistance with site location confidential operating manuals and initial training Franchise fee revenue is recognized in the accompanying consolidated financial statements once substantial performance of these services is completed which is generally upon the opening of a store At December 27, 2015 there was $2,523,760 in unearned revenue relating to franchises sold for which the Company must provide future services The Company recognizes continuing royalty fees as earned

Territory sales are recognized when the territory is sold through contractual agreement The Company considers substantial performance of their obligation under this agreement satisfied at the designation of a geographical area, which serves as the exclusive designated territory of the area developer Area developers receive 50% of the initial franchise fee for the first franchisee store 50% for each additional franchisee store and 50% of the weekly royalty fees of franchises in their territories Area developer fees are initially deferred and recognized with the related revenue

The Company recognizes a transfer fee of the greater of 5% of the total sales price of a franchised store or $10 000 when the franchised store is sold or otherwise transferred to an unrelated third-party Area developers receive one-half of the transfer fee for transfers occurring within their territory

The Company sells gift cards with no expiration dates The franchisees recognize income on gift cards when they are redeemed by the customer The gift card proceeds are pooled and administered by the Company Funds are transferred to or withdrawn from franchisee bank accounts on a monthly basis by the third-party gift card processor The Company s third party gift card processor provides the Company with a handling and license fee related to their administration of the program which totaled $529 274 for the fiscal year ended December 27, 2015 and is included as a component of miscellaneous revenue in the accompanying statement of operations

The Company negotiates with suppliers and manufacturers to receive discounts or rebates on certain items franchisees must purchase The rebate programs vary depending on the supplier and the nature of the product The Company recognizes rebate revenue in the period in which it is earned

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased These investments are carried at cost which approximates fair value At times, cash and cash equivalent balances may exceed federally insured amounts The Company mitigates its risks by depositing cash and investing in cash equivalents with major financial institutions The Company had no cash equivalents at December 27, 2015

Restricted Cash

Restricted cash consists primarily of cash held on behalf of franchisees for local advertising and for escrow franchise fee deposits as required by certain states

Accounts Receivable

Accounts receivable consist primarily of amounts due from vendors for rebates and from franchisees for royalty sales pursuant to franchise agreements The Company regularly analyzes its accounts receivable to determine whether any allowance is necessary based on the Company s collection history The Company considers accounts receivable to be fully collectible accordingly, no allowance for doubtful accounts has been recorded If amounts become uncollectible they will be charged to operations at that time

Inventory

Inventory is stated at the lower of cost or market Cost is determined by the first-in first-out (FIFO) method

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets Expenditures for maintenance and repairs are charged against operations when incurred Estimated useful lives of property and equipment for purposes of computing depreciation are as follows

Computers and software	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of estimated useful life or life of the lease
Machinery and equipment	5-7 years

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable When indicators of impairment are present, the Company evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying businesses If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved In the opinion of management, no long-lived assets were impaired as of December 27, 2015

Intangible Assets

Intangible assets are recorded at cost and consist of trademarks and other marketing-related property and reacquired franchise rights Trademarks and marketing-related property are amortized over the legal life of the trademark, 15 years Reacquired franchise rights are amortized over the remaining life of the related franchise agreement

Other Assets

Deferred loan costs are included as a component of other assets in the accompanying consolidated balance sheet and totaled $299,498 at December 27, 2015 Deferred loan costs relate to the financing of the notes payable and are being amortized on a straight-line basis over the life of the notes In May 2015 the Company refinanced its related party debt As a result amortization of the existing deferred costs associated with the related party debt was accelerated to fully amortize the remaining balance in 2015 Amortization of deferred loan costs, which is included as a component of interest expense, totaled $139 002 for the fiscal year ended December 27 2015

Notes Receivable

The Company has various notes receivables due from employees and franchisees with varying interest rates ranging from 1 72% to 5 0% which totaled $602 228 at December 27 2015 Interest income is recognized when paid and was nominal for the fiscal year ended December 27 2015 Aggregate future principal payments on the notes are as follows

Fiscal year	
2016	$ 138 752
2017	39,440
2018	7 786
Thereafter	416,250
	$ 602 228

The Company regularly analyzes its notes receivable to determine whether any allowance is necessary based on the Company s collection history The Company considers notes receivable to be fully collectible, accordingly, no allowance for doubtful accounts has been recorded If amounts become uncollectible, they will be charged to operations at that time

Deferred Revenue and Costs

Deferred revenue consists primarily of initial franchise fees received for which the Company has not substantially performed or satisfied all material services or conditions related to the sale of the franchise Commission payments associated with initial franchise agreements are deferred and amortized to operating expenses upon recognition of the related franchise fee revenue At December 27 2015, deferred commission expense totaled $1,017,126

Advertising

In accordance with the franchise agreement and as noted in the revenue recognition policy above franchisees must pay a national advertising fee of 2% of net sales The national advertising fee is used for developing and conducting marketing and advertising for the Tropical Smoothie Cafe system The Company incurred expenses of $4,706,275 for national advertising during the fiscal year ended December 27 2015

The Company s total advertising expenses, including national advertising expenses, totaled $5 470 918 for the fiscal year ended December 27, 2015 Advertising costs are expensed as incurred

Purchase Commitments

From time to time, the Company may enter into purchase commitments with food vendors on behalf of its franchisees During 2015, the Company incurred losses of $234,997 related to certain purchase commitments which is included in operating expenses in the accompanying consolidated statement of operations At December 27, 2015 the Company recorded an accrual of $119,455 related to such commitments which is included as a component of accounts payable and accrued liabilities on the accompanying consolidated balance sheet

Equity-Based Compensation

The Company accounts for the issuance of equity instruments to employees in accordance with accounting standards for share-based payments which require companies to recognize in the statement of operations the fair value of stock awards issued over the requisite service period Management estimates the fair value of the equity issued on the date of grant

The fair value of the stock awards is determined on the grant date using the Black-Scholes option pricing model Expected volatility is based on the average historical volatility of similarly structured restaurant companies The expected term of the options granted represents the period of time that the options are expected to be outstanding The Company used the simplified method to estimate the expected term of the options The risk-free rate is based on U S Treasury yields in effect at the time of the grant for the expected term of the options

Assumptions for the grants issued in 2015 are as follows

Risk-free interest rate	1 72%
Volatility factor	37%
Dividend yield	0%
Expected life (years)	7

Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws the Company is not directly subject to income taxes since the Company's profits and losses are allocated to, and are reported on, the individual members tax returns Therefore no provision or liability for income taxes has been included in the accompanying consolidated financial statements

The Company applies the provisions of accounting standards for income taxes These standards require that a tax position be recognized or derecognized based on a more-likely-than-not threshold This applies to positions taken or expected to be taken in a tax return The Company does not believe its consolidated financial statements include any material uncertain tax positions There have been no penalties or interest incurred by the Company during the fiscal years ended December 27, 2015 The Company is no longer subject to Federal and state income tax examinations by tax authorities for years prior to 2012

Note 2 Property and Equipment

Property and equipment consist of the following as of December 27, 2015

Leasehold improvements	$ 162,300
Machinery and equipment	161,308
Furniture and fixtures	128,232
Computers and software	206,640
	658 480
Accumulated depreciation	(244,530)
	$ 413,950

Depreciation expense for the fiscal year ended December 27, 2015 totaled $113,418

Note 3 Intangible Assets

Intangible assets consist of the following as of December 27 2015

	Estimated life	
Trademarks and other marketing-related property	15 years	$ 135 000
Reacquired franchise rights	Various	8,366,926
Accumulated amortization		(2,102,277)
		$ 6,399,649

Amortization expense related to intangible assets was $593,007 for the fiscal year ended December 27, 2015

Estimated future amortization expense is as follows

Fiscal year	
2016	$ 650,236
2017	650,236
2018	650,074
2019	648,293
2020	648,293
Thereafter	3,152,517
	$ 6,399 649

Note 4 Debt

Notes Payable

A summary of notes payable as of December 27 2015 is as follows

Note payable to former area developer The note provides for monthly principal and interest payments of $23 318 and bears a fixed rate of interest of 8% The note matures on July 1, 2019 and is unsecured	$ 869,255
Note payable to former area developer The note provides for monthly principal and interest payments of $13 092 and bears a fixed rate of interest of 8% The note matures on October 1, 2019 and is unsecured	517 191
Note payable to former area developer The note provides for monthly principal and interest payments of $7,068 and bears a fixed rate of interest of 8% The note matures on March 15 2018 and is unsecured	175 903
Total notes payable	1,562,349
Less current portion	(411,778)
Notes payable, net of current portion	$ 1,150 571

Aggregate future principal payments are as follows at December 27 2015

Fiscal year	
2016	$ 411,778
2017	445,955
2018	417 632
2019	286 984
	$ 1,562,349

Senior Credit Facility

At December 27, 2015, the Company had a senior credit facility totaling $18,000,000 which was outstanding with a related party member The senior credit facility was executed in May 2015 which refinanced existing notes payable from the member totaling $12,800,000 The senior credit facility bears interest at the rate of 7 5% per annum and requires quarterly interest-only payments until October 2016, at which time the Company is required to make quarterly principal payments ranging from $250,000 to $1,000 000 with a final balloon payment of $8,000,000 in September 2020 The senior credit facility is collateralized by substantially all assets of the Company Interest expense associated with both the senior credit facility and member notes payable totaled $1 497,906 for the fiscal year ended December 27 2015

Aggregate future principal payments are as follows at December 27 2015

Fiscal year	
2016	$ 250,000
2017	1,250 000
2018	2,250,000
2019	3,250 000
2020	11 000,000
	$ 18,000,000

The Company is required to adhere to certain financial and non-financial covenants As of December 27, 2015, the Company was in compliance with certain covenants

Note 5 Commitments and Contingencies

Litigation

The Company from time to time may be involved in various legal claims actions, and complaints, generally arising out of the normal course of business Although it is difficult to predict the ultimate outcome of any potential or threatened litigation management believes that any ultimate liability will not materially affect the financial position or results of operations of the Company

Operating Leases

The Company leases office and restaurant space under non-cancelable agreements accounted for as operating leases The leases generally require the Company pay taxes maintenance and insurance

Future minimum rental payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) were as follows as of December 27, 2015

Fiscal year	
2016	$ 265,162
2017	273 115
2018	266,252
2019	244 826
2020	188,497
	$ 1,237,852

The Company recognizes rent expense on a straight-line basis over the expected lease term Differences between amounts paid and amounts expensed are recorded as deferred rent Deferred rent totaled $87,091 at December 27, 2015

Rent expense was $295,085 for the fiscal year ended December 27, 2015

Guarantees of Indebtedness

During 2013 the related party lender began offering a Franchise Finance Program to area developers and franchisees for which the Company provides a conditional guarantee The contingent obligations are 'last loss guarantees requiring the related party lender to exhaust all remedies against (i) the applicable borrower, (ii) all collateral securing the loan and (iii) any other guarantor of the loan including the applicable area developer At December 27, 2015, the Company had pledged conditional guarantees totaling $2 565 886 and determined the fair value of the contingent obligation was nominal

Note 6 Members' Equity

At December 27, 2015, the authorized equity capital of the Company consisted of 12,000,000 Common A Units and 1,000,000 Common B Units of which 10 000 000 Common A Units and 352 313 Common B Units are issued and outstanding The units have a stated value equal to the amount originally contributed Common A Unit members shall be entitled to a number of votes equal to their respective percentage interest with respect to all matters on which members are entitled to vote as defined Common B Unit members do not have voting rights The units have transfer restrictions limiting their sale or transfer Profit and losses are allocated in accordance with respective unit ownership percentages Cash distributions are allocated in accordance with the requirements for the allocation of profits subject to certain limitations as defined

Note 7 Equity Method Investment in Tin Drum Holding Company, Inc

In December 2014, the Company acquired an approximate 20% ownership in Tin Drum Holding Company Inc (TDHC) The Company is related to TDHC through common ownership In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 323, *Investments – Equity Method and Joint Ventures*, the Company accounts for the investment under the equity method of accounting due to the Company having significant influence but not control, of TDHC For the fiscal year ended December 27 2015 the Company s proportionate share of TDHC's net losses totaled $286 292 and is included in the accompanying consolidated statement of operations At December 27 2015, the Company's equity in TDHC totaled $2,197,236 and is included in the accompanying consolidated balance sheet

Summarized financial information for TDHC as of and for the fiscal year ended December 27, 2015 is as follows

Assets	$ 6,884 542
Liabilities	1,929 620
Net assets	$ 4,954,922
Revenues	$ 5,794,737
Cost of sales	1 747,286
Operating expenses, net	5 478,913
Net loss	$ (1 431,462)

Note 8 Equity-Based Compensation

In May 2013 the Company established an incentive compensation plan (the 2013 Equity Incentive Plan or the Plan) The Plan provides for the grant of options to certain employees Board members, advisors and other service providers of the Company who are selected by the Committee to be the recipient of such grants The Board authorized 1 000,000 Series B Common Unit options for issuance under the Plan The terms of any such grant of an equity incentive shall be determined on a case by case basis by the Board pursuant to any plan adopted by the Board

The following table summarizes equity-based compensation activity for the fiscal year ended December 27, 2015

	Options	Weighted Average Exercise Price per Share
Oustanding, December 28, 2014	632,500	$ 1 85
Granted	120,000	3 82
Exercised	(352,313)	1 85
Forfeited/canceled	(93,750)	1 85
Outstanding, December 27 2015	306,437	$ 2 62

	Nonvested Options	Weighted Average Fair Value
Nonvested options December 28, 2014	350 938	$ 1 34
Granted	120,000	1 53
Vested	(158,126)	1 34
Forfeited/canceled	(46 875)	1 34
Outstanding, December 27 2015	265 937	$ 1 43

The fair value of options granted during the fiscal year ended December 27 2015 was $184,157 The Company recorded equity-based compensation expense of $80,994 related to the granted options for the fiscal year ended December 27 2015 As of December 27, 2015, there was $236,401 of total unrecognized compensation costs related to such options and the costs are expected to be recognized over a weighted average period of 1 47 years At December 27, 2015 there were 40,500 of vested options pursuant to the Company's compensation arrangement and have a remaining life of 7 54 years Options outstanding at December 27, 2015 have a weighted average remaining contractual life of 7 94 years

Note 9 Related Party Transactions

On May 20, 2015, the Company entered into a management and various consulting agreements with certain related parties which continue through December 31, 2021 and automatically renew thereafter for one year terms until terminated by the Company or the related parties For the fiscal year ended December 27, 2015 fees related to such arrangements totaled $433 896 and are included as a component of interest and operating expenses in the accompanying statement of operations

Prior to May 20, 2015 the Company was subject to a management and various consulting agreements with certain related parties which were terminated as part of the refinancing of the Company s senior credit facility For the fiscal year ended December 27 2015, fees related to such arrangements totaled $209 216 and are included as a component of interest and operating expenses in the accompanying statement of operations

On August 16 2012 the Company assumed an annual consulting agreement with a related party with a fee of approximately $10 000 per month The agreement is renewable annually For the fiscal year ended December 27, 2015, consulting fees related to this agreement were $125,145 and included as a component of operating expenses in the accompanying statement of operations

As discussed in Note 7 the Company is related to TDHC through common ownership The Company pays certain costs on behalf of TDHC and has a receivable due from TDHC of $274,802 at December 27, 2015 Receivables from TDHC are settled from time to time and do not bear interest

In December 2015, the Company entered into a senior credit agreement with TDHC which provides for aggregate borrowings up to $1,167,000 to be funded by the Company through two tranches of $200,000 and $300,000 and an optional third tranche as defined in the agreement of which $500,000 was outstanding at December 27, 2015 Outstanding borrowings for this note receivable bear interest at 10% and require quarterly interest-only payments with the principal to be paid in full in December 2020 In October 2015, the Company provided a note receivable to TDHC in the amount of $200,000 which did not accrue interest and was refinanced in December 2015 as a part of the senior credit note agreement Borrowings on the senior credit agreement are secured by substantially all assets of TDHC Interest income on the note receivable was nominal for the fiscal year ended December 27, 2015

Note 10 Employee Benefit Plan

The Company has a defined contribution plan which covers all employees who are 21 years of age or older and have completed three months of service The plan also provides for employer discretionary contributions The Company made discretionary contributions of $108,675 for the fiscal year ended December 27, 2015

Note 11 Change in Accounting Principle

During 2015, the Company changed its application of accounting for customer acquisition costs Previously the Company expensed customer acquisition costs, which primarily related to commission expense, as incurred The Company currently defers these costs and expenses upon recognition of the related franchise fee Deferred costs do not exceed anticipated revenue less estimated additional costs Members deficit of the prior year has been adjusted to apply the new method retrospectively as shown in the following table

	Previously Reported	Adjustment	As Adjusted
Members' deficit	$ (4,339,212)	$ 351,752	$ (3,987,460)

Note 12 Subsequent Events

The Company has evaluated for subsequent events between the consolidated balance sheet date of December 27 2015 and the report date, the date the consolidated financial statements were issued, and has concluded that all subsequent events requiring recognition or disclosure have been incorporated into these consolidated financial statements

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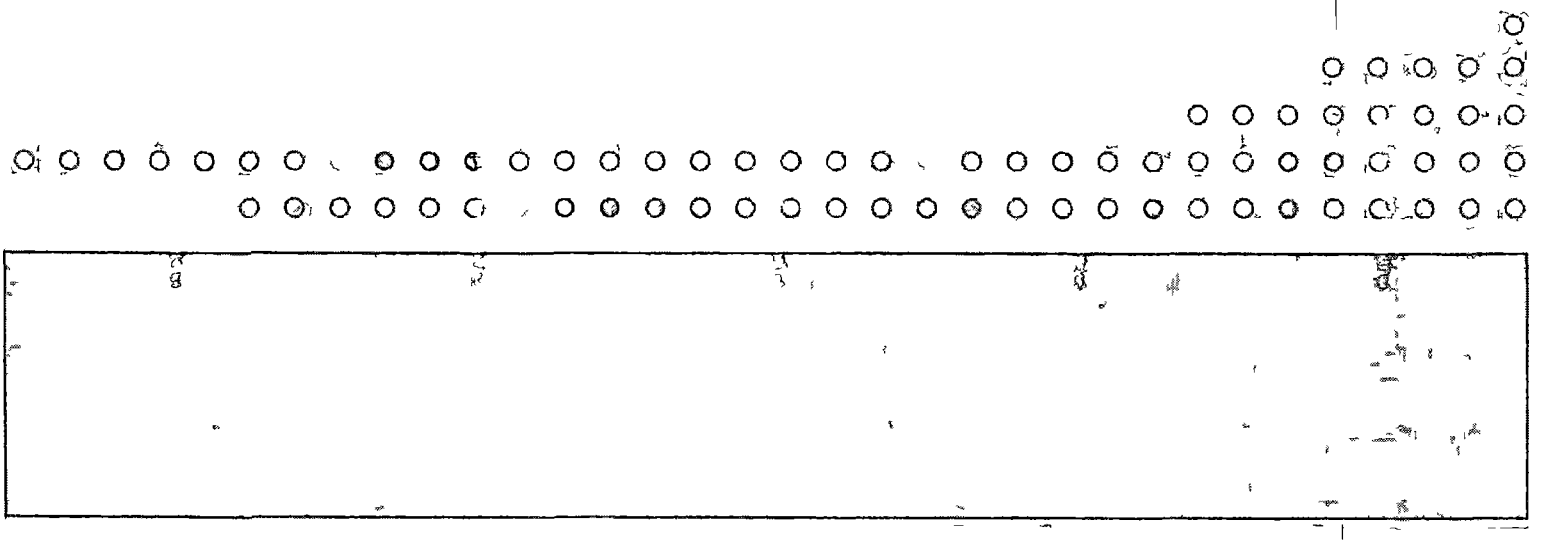
Tropical Smoothie Café, LLC and Subsidiary



Consolidated Financial Statements

December 28, 2014 and December 29, 2013

BENNETT THRASHER

BETTER TOGETHER™

Tropical Smoothie Café, LLC and Subsidiary

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BENNETT B|T THRASHER

Independent Auditor's Report

To the Board of Directors of
Tropical Smoothie Café, LLC and Subsidiary

We have audited the accompanying consolidated financial statements of Tropical Smoothie Café, LLC and Subsidiary (collectively, the Company), which comprise the consolidated balance sheets as of December 28, 2014 and December 29, 2013 and the related consolidated statements of operations, members' deficit, and cash flows for the fiscal years then ended and the related notes to the consolidated financial statements

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tropical Smoothie Café, LLC and Subsidiary as of December 28, 2014 and December 29, 2013 and the results of their operations and their cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Bennett Thrasher LLP

March 30, 2015

Tropical Smoothie Café, LLC and Subsidiary

Consolidated Balance Sheets
December 28, 2014 and December 29, 2013

	2014	2013
Assets		
Current assets		
Cash	$ 2,410 630	$ 1,352 201
Restricted cash	2,086 216	1,164,203
Accounts receivable	1,292 798	919 598
Inventory	7,880	24 156
Prepaid expenses	135 236	167 854
Total current assets	5,932 760	3 628,012
Property and equipment, net	372 840	335,033
Other assets		
Intangible assets, net	6,864 438	3,239,716
Investment in Tin Drum Holding Company, Inc	2,483,528	-
Other, net	259,820	205,260
Total other assets	9,607,786	3,444,976
Total assets	$ 15,913,386	$ 7,408,021
Liabilities and Members' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,730,885	$ 2,037,911
Local advertising program	1,673,521	1,292,961
Notes payable related party	3,966,667	800,000
Current portion of notes payable	372,145	146,217
Current portion of deferred franchise fees	955,504	559,878
Total current liabilities	9 698,722	4,836,967
Notes payable, related party, net of current portion	8,833,333	9 000,000
Notes payable, net of current portion	1,567,043	242,037
Deferred franchise fees, net of current portion	153,500	211,500
Total liabilities	20 252,598	14,290,504
Commitments and contingencies (Note 5)		
Members deficit	(4,339,212)	(6,882,483)
Total liabilities and members' deficit	$ 15,913,386	$ 7,408,021

See accompanying notes to the consolidated financial statements

Tropical Smoothie Café, LLC and Subsidiary

Consolidated Statements of Operations
For the Fiscal Years Ended December 28, 2014 and December 29, 2013

	2014	2013
Revenues		
Royalties	$ 12 444 096	$ 10,309,962
National advertising	4,127 486	1,719,363
Rebates	1,740,522	1,433 404
Franchise fees	1,013,517	1 402,092
Food and beverage sales, net	539,291	6 259
Miscellaneous	193,238	398,452
Total revenues	20,058,150	15,269,532
Costs of revenues	4,070,270	3,382 514
Gross profit	15,987,880	11 887 018
Operating expenses		
Operating expenses	11,270 755	8,143,936
Depreciation and amortization	540,737	293,197
Total operating expenses	11 811 492	8,437,133
Income from operations	4,176,388	3 449 885
Other expense		
Interest expense, related party	(1,070 375)	(2,113,204)
Interest expense	(87 691)	(41 673)
Equity in losses of Tin Drum Holding Company, Inc	(16,477)	-
Total other expense	(1,174,543)	(2 154,877)
Net income	$ 3,001 845	$ 1,295,008

See accompanying notes to the consolidated financial statements

Tropical Smoothie Cafe, LLC and Subsidiary

Consolidated Statements of Members' Deficit
For the Fiscal Years Ended December 28, 2014 and December 29, 2013

Balance at December 30 2012	$ (6,978 450)
Capital contributions	4 000 000
Redemption of member units	(4 800,000)
Distributions	(446,586)
Equity-based compensation expense	47 545
Net income	1,295 008
Balance at December 29 2013	(6,882,483)
Distributions	(562,309)
Equity-based compensation expense	103,735
Net income	3,001,845
Balance at December 28 2014	$ (4,339 212)

See accompanying notes to the consolidated financial statements

Tropical Smoothie Cafe, LLC and Subsidiary

Consolidated Statements of Cash Flows
For the Fiscal Years Ended December 28, 2014 and December 29, 2013

	2014	2013
Cash flows from operating activities		
Net income	$ 3 001 845	$ 1 295 008
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	540 737	293 197
Non cash interest expense related party	24 900	740 911
Non cash interest expense	2 750	
Equity based compensation expense	105 735	47 545
Equity in losses of Tin Drum Holding Company Inc	16 477	
Change in operating assets and liabilities		
Deposits into restricted cash	(922 013)	(603 987)
Accounts receivable	(373 200)	(573 863)
Inventory	16 276	(24 156)
Prepaid expenses	32 618	(167 854)
Other assets	(52 210)	(81 106)
Accounts payable and accrued expenses	692 974	336 803
Local advertising program	380 560	323 115
Deferred franchise fees	237 626	309 877
Cash provided by operating activities	3 803 075	1 895 490
Cash flows from investing activities		
Acquisition of property and equipment	(128 266)	(322 228)
Investment in Tin Drum Holding Company, Inc	(2 500 005)	
Re acquired area development rights	(4 075 000)	(450 000)
Cash used in investing activities	(6 703 271)	(772 228)
Cash flows from financing activities		
Principal payments on notes payable related party	(800 000)	
Principal payments on notes payable	(249 066)	(356 599)
Proceeds from note payable related party	3 800 000	500 000
Proceeds from note payable	1 800 000	
Deferred loan costs related party	-	(124 500)
Deferred loan costs	(30 000)	
Redemption of member units		(4 000 000)
Capital contributions		4 000 000
Distributions	(562 309)	(446 586)
Cash provided by (used in) financing activities	3 958 625	(427 685)
Net increase in cash	1 058 429	695 577
Cash and cash equivalents at beginning of year	1 352 201	656 624
Cash and cash equivalents at end of year	$ 2 410 630	$ 1 352 201
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest related party	$ 1 074 625	$ 1 371 390
Interest	84 941	41 673
Total interest paid	$ 1 159 566	$ 1 413 063
Non cash redemption of member units	$	$ 800 000

See accompanying notes to the consolidated financial statements

Tropical Smoothie Café, LLC and Subsidiary

Notes to Consolidated Financial Statements
December 28, 2014 and December 29, 2013

Note 1 Description of Business and Summary of Significant Accounting Policies

Nature of Operations

Tropical Smoothie Cafe, LLC develops and franchises a system of both traditional and non-traditional fast casual restaurant units primarily under the trade name 'Tropical Smoothie Cafe" Traditional restaurants feature dine-in and carry-out service Non-traditional units include express units which have a more limited menu and operate in non-traditional locations, such as college campuses The system features proprietary menu items and emphasizes the preparation of food and drinks (smoothies) with high quality ingredients

In 2013, Tropical Smoothie Cafe LLC formed a wholly owned subsidiary TSC-GA, LLC, to operate a unit of the type being franchised, which opened in December 2013

As of December 28, 2014 and December 29, 2013, there were approximately 407 and 360 stores, respectively in operation by franchisees throughout the United States and one corporate owned location with a concentration in the southeastern region

Basis of Accounting

The consolidated financial statements include the accounts of Tropical Smoothie Cafe, LLC and its wholly owned subsidiary (collectively, the Company) All intercompany accounts and transactions have been eliminated in consolidation

Fiscal Year

The Company reports on a 52-53 week year basis which ends on the last Sunday in December The fiscal years ended December 28, 2014 and December 29, 2013 each contained 52 weeks

Use of Estimates

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

Franchise Operations

The Company enters into Franchise Agreements with franchisees who build and operate restaurants using the Tropical Smoothie brand within a defined geographical area The Company believes that franchising is an effective and efficient means to expand the Tropical Smoothie brand The franchisee is required to operate its restaurants in compliance with a Franchise Agreement that includes adherence to operating and quality control procedures established by the Company If a franchisee becomes financially distressed, the Company generally does not provide any financial assistance If financial distress leads to a franchisee's noncompliance with the Franchise Agreement and the Company elects to terminate the Franchise Agreement, the Company has the right but not the obligation to acquire the assets of the franchisee at fair value as determined by an independent appraiser The Company has financial exposure for the collection of the royalty payments Franchisees generally remit royalty payments weekly for the prior week's sales, which substantially minimizes the Company s financial exposure or at least enables the Company to quickly identify any troubled franchisees

The Company sells certain territories (areas) within the United States to area developers The area developers are required to meet mandatory development schedules for their specified territory The Company splits franchise fees, transfer fees, and continuing royalty fees with area developers for stores opened in their territories

Revenue Recognition

The principal sources of revenue for the Company are franchise fees, territory sales and weekly royalty payments The franchise agreements require the franchisee to pay an initial, non-refundable fee Initial franchise fees are $25,000 for the franchisee s first franchise location and $15,000 for each additional location Territory sales are based on the territory purchased the territory's size and population and other factors and are included in franchise fees in the accompanying consolidated statement of operations

In 2014, royalties are 10% of net sales and are collected on a weekly basis In corporate territories, the 10% draw is split as follows royalty revenue 6% - recognized by the Company in accordance with the franchise agreements, national advertising 2% - these amounts are recognized as revenue by the Company and are deposited in an account to be used in connection with national advertising for the Tropical Smoothie brand, local advertising (co-ops) 2% - these amounts are recorded as liabilities and are deposited in an account to be used in connection with local area advertising In area developer territories, 3% of the Company s royalty is paid to the area developer

In 2013, royalties were 9% of net sales In corporate territories, the 9% draw was split as follows royalty revenue 6%, national advertising 1% and local advertising (co-ops) 2% In area developer territories, 3% of the Company's royalty was paid to the area developer

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee Generally, these services include restaurant design and assistance with site location, confidential operating manuals and initial training Franchise fee revenue is recognized in the accompanying consolidated financial statements once substantial performance of these services is completed which is generally upon the opening of a store At December 28, 2014 and December 29, 2013, there was $1 109,004 and $771,378, respectively, in unearned revenue relating to franchises sold, for which the Company must provide future services The Company recognizes continuing royalty fees as earned

Territory sales are recognized when the territory is sold through contractual agreement The Company considers substantial performance of their obligation under this agreement satisfied at the designation of a geographical area, which serves as the exclusive designated territory of the area developer Area developers receive 50% of the initial franchise fee for the first franchisee store 50% for each additional franchisee store, and 50% of the weekly royalty fees of franchises in their territories Area developer fees are initially deferred and recognized with the related revenue Deferred developer fees totaled $75,253 and $84,503 at December 28, 2014 and December 29, 2013, respectively and are recognized as a component of prepaid expenses in the accompanying consolidated balance sheets

The Company recognizes a transfer fee of the greater of 5% of the total sales price of a franchised store or $10,000 when the franchised store is sold or otherwise transferred to an unrelated third-party Area developers receive one-half of the transfer fee for transfers occurring within their territory

The Company sells gift cards with no expiration dates The franchisees recognize income on gift cards when they are redeemed by the customer The gift card proceeds are pooled and administered by the Company Funds are transferred to or withdrawn from franchisee bank accounts on a monthly basis by the third-party gift card processor

The Company negotiates with suppliers and manufacturers to receive discounts or rebates on certain items franchisees must purchase The rebate programs vary depending on the supplier and the nature of the product The Company recognizes rebate revenue in the period in which it is earned

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased These investments are carried at cost, which approximates fair value At times, cash and cash equivalent balances may exceed federally insured amounts The Company mitigates its risks by depositing cash and investing in cash equivalents with major financial institutions The Company had no cash equivalents at December 28, 2014 and December 29 2013

Restricted Cash

Restricted cash consists primarily of cash held on behalf of franchisees for local advertising and for escrow franchise fee deposits as required by certain states

Accounts Receivable

Accounts receivable consist primarily of amounts due from vendors for rebates and from franchisees for royalty sales pursuant to franchise agreements The Company regularly analyzes its accounts receivable to determine whether any allowance is necessary based on the Company's collection history The Company considers accounts receivable to be fully collectible, accordingly no allowance for doubtful accounts has been recorded If amounts become uncollectible, they will be charged to operations at that time

Inventory

Inventory is stated at the lower of cost or market Cost is determined by the first-in first-out (FIFO) method

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets Expenditures for maintenance and repairs are charged against operations when incurred Estimated useful lives of property and equipment for purposes of computing depreciation are as follows

Computers and software	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of estimated useful life or life of the lease
Machinery and equipment	5 years

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable When indicators of impairment are present, the Company evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying businesses If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved In the opinion of management, no long-lived assets were impaired as of December 28, 2014 or December 29, 2013

Intangible Assets

Intangible assets are recorded at cost and consist of trademarks and other marketing-related property and reacquired franchise rights Trademarks and marketing-related property are amortized over the legal life of the trademark, 15 years Reacquired franchise rights are amortized over the remaining life of the related franchise agreement

Other Assets

Deferred loan costs are included as a component of other assets in the accompanying consolidated balance sheets and totaled $125 339 and $120,279 at December 28, 2014 and December 29, 2013, respectively Deferred loan costs relate to the financing of the notes payable and are being amortized on a straight-line basis over the life of the notes In October 2013 the Company refinanced its related party debt As a result, amortization of the existing deferred costs was accelerated to fully amortize the remaining balance in 2013 Amortization expense of deferred loan costs totaled $27 650 and $740,911 for the fiscal years ended December 28 2014 and December 29, 2013, respectively

Deferred Revenue

Deferred revenue consists primarily of initial franchise fees received for which the Company has not substantially performed or satisfied all material services or conditions related to the sale of the franchise

Advertising

In accordance with the franchise agreement and as noted in the revenue recognition policy above, franchisees must pay a national advertising fee of 2% of net sales (1% in 2013) The national advertising fee is used for developing and conducting marketing and advertising for the Tropical Smoothie Cafe system The Company incurred expenses of $4 002,149 and $1,740 678 for national advertising during the fiscal years ending December 28 2014 and December 29 2013, respectively

The Company's total advertising expenses, including national advertising expenses, totaled $4,338,676 and $2,038,132 for the fiscal years ended December 28, 2014 and December 29, 2013, respectively Advertising costs are expensed as incurred

Equity-Based Compensation

The Company accounts for the issuance of equity instruments to employees in accordance with accounting standards for share-based payments which require companies to recognize in the statement of operations the fair value of stock awards issued over the requisite service period Management estimates the fair value of the equity issued on the date of grant

The fair value of the stock awards is determined on the grant date using the Black-Scholes option pricing model Expected volatility is based on the average historical volatility of similarly structured restaurant companies The expected term of the options granted represents the period of time that the options are expected to be outstanding The Company used the simplified method to estimate the expected term of the options The risk-free rate is based on U S Treasury yields in effect at the time of the grant for the expected term of the options

Assumptions for the grants issued in 2013 are as follows

Risk-free interest rate	1 66%
Volatility factor	50%
Dividend yield	0%
Expected life (years)	6

Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, the Company is not directly subject to income taxes since the Company's profits and losses are allocated to, and are reported on, the individual members tax returns Therefore no provision or liability for income taxes has been included in the accompanying consolidated financial statements

The Company applies the provisions of accounting standards for income taxes These standards require that a tax position be recognized or derecognized based on a more-likely-than-not' threshold This applies to positions taken or expected to be taken in a tax return The Company does not believe its financial statements include any material uncertain tax positions There have been no penalties or interest incurred by the Company during the fiscal years ended December 28, 2014 or December 29, 2013 The Company is no longer subject to Federal and state income tax examinations by tax authorities for years prior to 2011

Note 2 Property and Equipment

Property and equipment consist of the following as of December 28, 2014 and December 29, 2013

	2014	2013
Leasehold improvements	$ 135 717	$ 107,682
Machinery and equipment	110,196	98 847
Furniture and fixtures	109,196	88 550
Computers and software	148 842	80,607
	503 951	375,686
Accumulated depreciation	(131,111)	(40,653)
	$ 372,840	$ 335,033

Depreciation expense for the fiscal years ended December 28, 2014 and December 29, 2013 totaled $90 458 and $33,587 respectively

Note 3 Intangible Assets

Intangible assets consist of the following as of December 28, 2014 and December 29, 2013

	Estimated life	2014	2013
Trademarks and other marketing- related property	15 years	$ 135 000	$ 135,000
Reacquired franchise rights	Various	8,241,926	4,166 925
Accumulated amortization		(1 512 488)	(1,062,209)
		$ 6 864 438	$ 3,239 716

Amortization expense related to intangible assets was $450 279 and $259,610 for the fiscal years ended December 28, 2014 and December 29, 2013, respectively

Estimated future amortization expense is as follows

Fiscal year	
2015	$ 631 909
2016	629,659
2017	629,659
2018	629,659
2019	629,659
Thereafter	3,713,893
	$ 6 864 438

Note 4 Debt

Notes Payable

A summary of notes payable as of December 28 2014 and December 29, 2013 is as follows

	2014	2013
Note payable to former area developer The note provides for monthly principal and interest payments of $23,318 and bears a fixed rate of interest of 8% The note matures on July 1 2019 and is unsecured	$ 1,070 694	$ -
Note payable to former area developer The note provides for monthly principal and interest payments of $13,092 and bears a fixed rate of interest of 8% The note matures on October 1 2019 and is unsecured	628,061	-
Note payable to former area developer The note provides for monthly principal and interest payments of $7 068 and bears a fixed rate of interest of 8% The note matures on March 15, 2018 and is unsecured	240,433	304,744
Note payable to former area developer The note provides for monthly principal and interest payments of $7,918 and bears a fixed rate of interest of 8 25% The note matured on November 10, 2014 and is unsecured	-	83 510
Total notes payable	1,939,188	388,254
Less current maturities	(372,145)	(146,217)
Notes payable, net of current portion	$ 1,567 043	$ 242,037

Aggregate future principal payments are as follows at December 28 2014

Fiscal year	
2015	$ 372,145
2016	411,778
2017	445,955
2018	417,632
2019	291,678
	$ 1,939 188

Related Party Notes Payable

At December 28, 2014, included in related party notes payable are three separate member notes totaling $9,000,000, $2,000,000, and $1,800 000, respectively and at December 29 2013, included in related party notes payable are two separate member notes totaling $9,000,000 and $800,000, respectively

As of December 30, 2012, the Company had a senior note payable due to a related party totaling $8,500,000 The senior note bore interest at 12% per annum and had a maturity date of October 31 2016 On October 28, 2013 the Company refinanced the senior note payable, extending the aggregate principal amount to $9,000 000 The note bears interest at 8 5% per annum and has a maturity date of October 28 2018 The Company is required to make interest-only payments until December 2015 at which time the Company is required to make monthly principal payments ranging from $166 667 to $333 333 Additionally, the Company is required to pay a monthly agent fee and monthly consulting fee, which are both equal to 1% of the outstanding balance of the senior note payable The monthly agent fee and monthly consulting fee totaled $91 250 and $91,000 respectively, for the fiscal year ended December 28, 2014 The senior note payable is collateralized by substantially all assets of the Company

Effective July 1 2014 and December 15 2014, the Company entered into two unsecured note payable agreements with a related party for $2,000,000 and $1,800,000 respectively, both of which bear interest at 4 5% per annum, and have maturity dates of July 1, 2015 and April 25, 2015 respectively The Company is required to make monthly interest-only payments on these notes until the stated maturity dates at which time the principal balance, and any interest accrued thereon, is due in full The two notes are subordinate to the Company s senior note payable

The $800 000 note payable to a related party resulted from the Company s purchase of Series A Common Units in January 2013 (Note 6) The note bore interest at 6% and was subordinate to the Company's senior note payable The note matured in November 2014 at which time the note was paid in full

Aggregate future principal payments are as follows at December 28, 2014

Fiscal year	
2015	$ 3,966,667
2016	2 083 333
2017	3 083 333
2018	3 666 667
	$ 12,800,000

The Company is required to adhere to certain financial and non-financial covenants As of December 28, 2014, the Company was not in compliance with certain covenants relating to its leverage ratio and fixed charge coverage ratio, however, the related party waived such noncompliance during March 2015

Note 5 Commitments and Contingencies

Litigation

The Company from time to time may be involved in various legal claims, actions and complaints generally arising out of the normal course of business Although it is difficult to predict the ultimate outcome of any potential or threatened litigation, management believes that any ultimate liability will not materially affect the financial positions or results of operations of the Company

Operating Leases

The Company leases office and restaurant space under non-cancelable agreements accounted for as operating leases The leases generally require the Company pay taxes, maintenance and insurance

Future minimum rental payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) were as follows as of December 28, 2014

Fiscal year	
2015	$ 210,743
2016	217,082
2017	223,592
2018	213,422
	$ 864,839

The Company recognizes rent expense on a straight-line basis over the expected lease term Differences between amounts paid and amounts expensed are recorded as deferred rent Deferred rent totaled $58,349 and $23 449 at December 28, 2014 and December 29, 2013, respectively

Rent expense totaled $388 756 and $380 751 for the fiscal years ended December 28, 2014 and December 29, 2013, respectively

Guarantees of Indebtedness

During 2013 the related party lender began offering a Franchise Finance Program to area developers and franchisees for which the Company provides a conditional guarantee The contingent obligations are ' last loss" guarantees requiring the related party lender to exhaust all remedies against (i) the applicable borrower (ii) all collateral securing the loan and (iii) any other guarantor of the loan, including the applicable area developer At December 28, 2014 and December 29 2013, the Company had pledged conditional guarantees totaling $1,549,499 and $0, respectively, and at December 28 2014 and December 29, 2013 the Company determined the fair value of the contingent obligation was nominal

Note 6 Members' Equity

At December 28, 2014, the authorized equity capital of the Company consisted of 12,000,000 Common A Units and 2,000,000 Common B Units of which 10,000,000 Common A Units are issued and outstanding The units have a stated value equal to the amount originally contributed Common A Unit members shall be entitled to a number of votes equal to their respective percentage interest with respect to all matters on which members are entitled to vote, as defined The units have transfer restrictions limiting their sale or transfer Profit and losses are allocated in accordance with respective unit ownership percentages Cash distributions are allocated in accordance with the requirements for the allocation of profits subject to certain limitations, as defined

In January 2013, the Company issued 2,000,000 Common A Units for $4,000,000 and simultaneously redeemed 2 000,000 Common A Units for $4 000,000 and a $800,000 promissory note payable (Note 4)

Note 7 Equity Method Investment in Tin Drum Holding Company, Inc

In December 2014, the Company purchased 2,360 499 shares of Tin Drum Holding Company, Inc (TDHC) Series C Preferred Stock at a purchase price of $1 0591 per share resulting in a total cost of $2,500,005 and an approximate 20% ownership interest in TDHC The Company is related to TDHC through common ownership In accordance with Accounting Standards Codification (ASC) 323 the Company accounts for the investment under the equity method of accounting due to the Company having significant influence, but not control, of TDHC For the fiscal year ended December 28, 2014 the Company s proportionate share of TDHC's net losses totaled $16,477 and is included in the accompanying consolidated statements of operations At December 28 2014 the Company s equity in TDHC totaled $2 483 528 and is included in the accompanying consolidated balance sheets

Summarized financial information for TDHC as of and for the fiscal year ended December 28 2014 is as follows

Assets	$ 6 306,136
Liabilities	996 958
Net assets	$ 5,309,178
Revenues	$ 5 369,907
Cost of sales	1 537 829
Operating expenses, net	5 139 462
Net loss	$ (1,307,384)

Note 8 Equity-Based Compensation

In May 2013, the Company established an incentive compensation plan (the 2013 Equity Incentive Plan or the Plan) The Plan provides for the grant of options to certain employees, Board members advisors and other service providers of the Company who are selected by the Committee to be the recipient of such grants The Board authorized 1 000,000 Series B Common Unit options for issuance under the Plan The terms of any such grant of an equity incentive shall be determined on a case by case basis by the Board pursuant to any plan adopted by the Board

The following table summarizes equity-based compensation activity for the fiscal year ended December 28, 2014

	Options	Weighted Average Exercise Price per Share
Oustanding December 29, 2013	632,500	$ 1 85
Granted	-	-
Exercised	-	-
Forfeited/canceled	-	-
Outstanding, December 28 2014	632 500	$ 1 85

Options outstanding at December 28, 2014 and December 29, 2013 have a weighted average remaining contractual life of 8 54 years and 9 54 years, respectively

The fair value of options granted during the fiscal year ended December 29 2013 was $334 970 No options were granted during the fiscal year ended December 28 2014 The Company recorded equity-based compensation expense of $103 735 and $47,545 related to the granted options for the fiscal years ended December 28, 2014 and December 29, 2013 respectively As of December 28, 2014 there was $183 690 of total unrecognized compensation costs related to such options and the costs are expected to be recognized over a weighted average period of 1 79 years At December 28 2014 and December 29 2013, there were 281 562 and 123,438, respectively, of vested options pursuant to the Company s equity based compensation arrangement

Note 9 Related Party Transactions

On August 16, 2012 the Company entered into a five year management agreement with a related party with an initial fee of $200,000 a fee of $250 000 for years 1 to 3 and a fee of $150,000 for years 4 to 5 The agreement will renew on an annual basis after the expiration of the initial term at $150,000 per year For the fiscal years ended December 28 2014 and December 29, 2013, management fees related to this agreement were $250,000

On August 16 2012 the Company entered into an annual consulting agreement with a related party with a fee of $350,000 for years 1 to 2 and a fee of $50,000 per year for each year following The agreement is renewable annually For the fiscal years ended December 28, 2014 and December 29, 2013, consulting fees related to this agreement were $250,000 and $350,000, respectively

On August 16 2012, the Company entered into an annual consulting agreement with a related party with a fee of $50,000 per year The agreement is renewable annually For the fiscal years ended December 28, 2014 and December 29, 2013, consulting fees related to this agreement were $50,000

On August 16, 2012, the Company assumed an annual consulting agreement with a related party with a fee of $10 000 per month The agreement is renewable annually For the fiscal years ended December 28, 2014 and December 29, 2013, consulting fees related to this agreement were $120,000

Included in the Company s operating leases is the lease of office space from a related party that expired in August 2014 with monthly payments of $15,979 The Company also pays sales tax estimated CAM, janitorial services and utility costs for this office space Rent expense under this agreement totaled $140,266 and $244,532 for the fiscal years ended December 28 2014 and December 29, 2013, respectively

As discussed in Note 7, the Company is related to TDHC through common ownership

Note 10 Subsequent Events

The Company has evaluated for subsequent events between the consolidated balance sheet date of December 28 2014 and the report date, the date the consolidated financial statements were issued, and has concluded that all subsequent events requiring recognition or disclosure have been incorporated into these consolidated financial statements

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TROPICAL SMOOTHIE CAFE LLC

For the Nine Months Ending Sunday September 25 2016

	September	YTD
Current Assets		
10000 Checking Accounts		
10005 Hancock Bank General Operating	810 938 53	7 102 153 19
10010 Hancock Bank Grand Opening Mktg Funds	82 500 00	330 000 00
10015 Hancock Bank Gift Card Account	(42 077 20)	546 750 16
10025 Hancock Bank New Local Ad JME	54 305 74	2 980 100 11
10000 Total Checking Accounts	**905 667 07**	**10 959 003 46**
11000 Petty cash Atlanta office		600 64
12010 US Bank Escrow Account		253 019 45
12015 Eagle Bank Escrow / MD		120 400 00
Total12000 Escrow Accounts	**0 00**	**373 419 45**
Accounts Receivable		
20010 Rebates receivable	192 192 90	1 131 517 86
20020 Accounts Receivable misc	9 743 46	153 968 89
20040 AR Roadshow	(10 000 00)	117 250 00
Total 20000 Accounts Receivable	**191 936 36**	**1 402 736 75**
Other Current Assets		
20601 Allowance for Uncollectables		(93 500 00)
20700 Due from Tin Drum	28 094 47	1 588 169 55
20717 Due from TSC GA	2 207 84	155 495 02
20725 Due from UMI	14 471 69	83 139 58
20800 Inventory	(5 074 00)	134 887 15
Notes Receivable		
21000 Notes Receivable Current	(2 543 65)	467 411 56
21030 Note Rec Laura Janksowski		40 981 08
Total Notes Receivable Current	**(2 543 65)**	**508 392 64**
21025 R Lyons Note Receivable	(1 419 69)	27 978 34
Prepaid Expenses		
22000 Prepaid Expenses		1 110 23
22015 Prepaid Rent Atlanta	18 044 08	
22090 Prepaid Insurance	56 776 33	56 776 33
22100 Prepaid Promo	(3 722 18)	57 213 76
22105 Prepaid Commissions Short Term	(33 000 00)	329 625 50
22110 Prepaid Misc	(1 466 75)	32 147 43
Total Prepaid Expenses	**36 631 48**	**476 873 25**
Total Current Assets	**1 169 971 57**	**15 617 195 83**
Fixed Assets		
24010 Computers	2 618 34	87 173 36
24020 Equipment		88 592 82
24030 Leasehold improvements		29 630 40
24040 Furniture & Fixtures		137 749 22
24050 Software		123 519 90
24900 Accumulated depreciation	(6 514 39)	(219 284 64)
Total Fixed Assets	**(3 896 05)**	**247 381 06**
Other Assets		

28000 Intangible Assets		
28010 Intangible Franchise Developme		29 144 35
28015 Intangible Trademarks & Othe		135 000 00
28020 Intangible Loan closing costs	5 000 00	350 800 00
28025 Intangible AD 05/AL & FL terri		482 780 63
28030 Intangible AD 07/Lawrence JAX		590 000 00
28035 Intangible AD 25/Gonsior VA te		2 000 000 00
28040 Intangible AD 26/Greeder terri		150 000 00
28045 Intangible AD 22/Marcotte FL t		125 000 00
28050 Intangible AD 20/Golden FL ter		340 000 00
28055 Intangible David Walker Territ		25 000 00
28060 Intangible New Jersey Territor		25 000 00
28065 Intangible AD 58/Guiler KY ter		25 000 00
28075 Intangible AD 14/Mitchell NV t		3 150 000 00
28080 Intangible AD 15 Thompson buyb		900 000 00
28081 Intangible AD 55 Brian		125 000 00
28500 Intangible Accumulated amortiz	(60 032 99)	(2 688 209 35)
28505 Intangible AD35 Burger Busters		400 000 00
Total 28000 Intangible Assets	**(55 032 99)**	**6 164 515 63**
29000 Refundable Security Deposits		55 606 25
29250 Prepaid Commissions Long Term	47 000 00	748 629 50
29500 Investment in TSC GA LLC		537 148 17
29520 Investment in Tin Drum		2 197 236 38
Total Other Assets	**(8 032 99)**	**9 703 135 93**
Total Assets	**1 158 042 53**	**25 567 712 82**
Liabilities		
Current Liabilities		
30000 Accounts Payable	741 357 71	983 803 11
Accounts Payable	**741 357 71**	**983,803 11**
Other Current Liabilities		
32050 Due to TSC GA	15 52	25 918 37
32100 Current Portion of LT Debt	(6 230 02)	607 170 06
32200 Deferred Rent Liability	6 042 08	113 877 96
33000 Accrued Expenses	(58 791 06)	48 708 39
33020 Accrued Area Developer fees	(59 274 20)	693 931 68
33045 Accrued Benefits		3 046 90
33055 Accrued Consulting		68 917 82
33060 Accrued Interest	(4 941 46)	150 000 53
33080 Accrued National Ad	(150 000 00)	
33090 Accrued Expenses Other	3 905 50	210 115 74
33900 Camp Sunshine Donation Funds		(774 00)
34005 Grand Opening Funds Held	82 500 00	337 500 00
34040 Franchisee MyMicros Funds Held	24 050 00	373 480 46
34045 Franchisee Trustwave Funds Hel	58 191 74	(25 445 14)
34530 A/P Cardco	(76 948 20)	355 788 63
Total Other Current Liabilities	**(181 480 10)**	**2 962 237 40**
40000 Local Advertising Funds Held		
40015 Local Ad Funds Held	53 944 52	2 986 648 06
Total 40000 Local Ad Funds	**53 944 52**	**2 986 648 06**
45000 Payroll Liabilities		
45005 Social Security/Medicare	5 361 68	5 361 68
45025 Accrued Salaries & Wages	78 576 59	78 576 59
45050 Accrued Bonus	39 583 34	286 250 06

45052 Accrued Fran Dev Bonus	54 000 00	121 000 00
45057 Accrued Health Insurance	1 074 18	1 074 18
45059 Accrued Dental Insurance	48 53	48 53
45061 Accrued Vision	34 46	34 46
45063 Accrued 401(k)	4 638 70	4 638 70
Total 45000 Payroll Liabilities	**183 317 48**	**496 984 20**
46500 Deferred Revenue ST	(84 500 50)	1 061 007 00
46560 Unearned Rev Retention Bonus	(8 333 33)	25 000 03
Total Current Liabilities	**704 305 78**	**8 515 679 80**
Long Term Liabilities		
47000 Notes Payable		
47005 Note pay SMS Lender Agent LL		17 750 000 00
47010 Note pay Smoothie Adv Jax rep		100 577 75
47050 Note pay Mitchell (NV deal)	(18 479 46)	489 120 36
47055 Thompson Loan	(10 238 77)	307 373 09
Total 47000 Notes Payable	**(28 718 23)**	**18 647 071 20**
47500 Deferred Revenue LT	238 750 00	2 268 007 50
Total Long Term Liabilities	**210 031 77**	**20 915 078 70**
Total Liabilities	**914 337 55**	**29 430 758 50**
50000 Owners Equity		
50110 BIP TSC Equity Distributions		(1 771 356 00)
50120 BIP TSC Equity Contributions		6 900 000 00
50165 BIP TSC Equity II Distribution		(595 094 00)
50172 BIP Capital TSC Equity III		(83 801 00)
50200 TSFDC Capital		(800 000 00)
50210 TSFDC Capital Contribution		(6 929 709 99)
50220 TSFDC Capital Distributions		(13 877 606 50)
50310 David Walker Distributions		(506 095 50)
50340 Employee Distributions		(71 579 00)
50350 Employee Contributions		651 779 05
50410 BIP Opp Fund I LP Distribution		(333 720 00)
50420 BIP Opp Fund I LP Contribution		1 300 000 00
50510 BIP Opp Fund II QP LP Dist		(446 225 00)
50520 BIP Opp Fund II QP LP Cont		3 106 978 00
50610 BIP Opp Fund II LP Dist		(424 158 00)
50620 BIP Opp Fund II LP Cont		2 893 022 00
50700 Additional paid in capital		232 274 00
Total 50000 Owners Equity	**0 00**	**(10,755 291 94)**
50900 Retained Earnings		7 201 198 91
50975 Dividends Declared		(4 969 110 24)
51000 Current Year Net Income	243 704 98	4 660 157 59
Total Equity	**243 704 98**	**(3 863 045 68)**
Total Liabilities & Equity	**1 158 042 53**	**25 567 712 82**

EXHIBIT M TO THE DISCLOSURE DOCUMENT

NETSURION AGREEMENT

VendorSafe

Work Order

CUSTOMER INFORMATION

Legal Name of Customer
Mailing Address
City, State, Zip
Attn (Name)
E-mail Address
Telephone Number

SERVICE LOCATION

☐ Service Location physical address is the same address as the Customer address

Business Name: Tropical Smoothie Cafe
Store #
Physical Address
City, State, Zip
Store Phone Number
Visa Merchant ID

BILL TO

The BILL TO ADDRESS is the same address as the (select one of the options below)

☐ Same as Customer ☐ Same as Service Location ☐ Address provided below

Bill To Name
Billing Address
City, State, Zip
Attn (Name)
E-mail Address
Telephone Number

INSTALL CONTACT

VendorSafe® will contact this person to schedule the appointment to remotely configure the firewall and confirm the shipping address.

Full Name _____ Title _____
Telephone- Office _____ Best Time to Call _____
Telephone- Cell _____ Best Time to Call _____
E-mail Address

SHIPPING INSTRUCTIONS

Shipping & Handling ☐ UPS Ground $20 00

Ship to ☐ Customer ☐ Service Location ☐ Bill To ☐ Address provided below
☐ Not applicable (VendorSafe® firewall has already been ordered or installed)

Company Name
Attn (Name)
Address
City, State, Zip
Telephone Number

VendorSafe

Work Order

SERVICES The service term is 36 months

Service Package	Quantity	Onetime Setup Fee	Monthly Service Fee	Total Setup Fee	Total Recurring Fee
Titanium Secure	1	$275 00	$0 00	$275 00	$0 00
On-Site Firewall Installation		$0 00	$0 00	$0 00	$0 00
These fees do not include applicable sales tax or regulatory charges. TOTAL FEES				$275 00	$0 00

* Fee includes trip charge and two (2) hours of on site labor Should additional time or trip be needed fee is $150 00 per hour

INTERNET SERVICE PROVIDER ("ISP") INFORMATION FOR SERVICE LOCATION

Type ☐DSL ☐Cable ☐T-1 ☐Other _____

List websites the service location will need to access for business purposes (i g. Your bank at www mybank.com) No need to list payment processors, microsoft or antivirus updates

1 _____ 5 _____

2 _____ 6 _____

3 _____ 7 _____

4 _____ 8 _____

List other types of systems you need remote access to or that require access to the internet (i e DVR time clock monitoring system, etc.)

1 _____ 3 _____

2 _____ 4 _____

ADDITIONAL INFORMATION

List POS provider _____

Please provide any additional information that would be useful to deploy services

VendorSafe

Work Order

ACCOUNT PERMISSIONS (Click on Permissions to see definitions)

CONTACT 1

Full Name			Title	
Employed by	☐ Owner	☐ Third Party	Office Telephone #	
E-mail 1			Send security code to E-mail 1	☐ Yes ☐ No
E-mail 2			Send security code to E mail 2	☐ Yes ☐ No
Cell Telephone #		Carrier	Send security code to Cell?	☐ Yes ☐ No
Permissions	☐ Support	☐ PCI Compliance	☐ VST Remote Access	☐ LANScribe™

CONTACT 2

Full Name			Title	
Employed by	☐ Owner	☐ Third Party	Office Telephone #	
E-mail 1			Send security code to E mail 1	☐ Yes ☐ No
E-mail 2			Send security code to E-mail 2	☐ Yes ☐ No
Cell Telephone #		Carrier	Send security code to Cell?	☐ Yes ☐ No
Permissions	☐ Support	☐ PCI Compliance	☐ VST Remote Access	☐ LANScribe™

CONTACT 3

Full Name	Zwayne Sealy		Title IT Manager	
Employed by	☒ Owner	☐ Third Party	Office Telephone #	
E-mail 1	zsealy@tropicalsmoothie.com		Send security code to E-mail 1	☒ Yes ☐ No
E-mail 2			Send security code to E-mail 2	☐ Yes ☐ No
Cell Telephone #		Carrier	Send security code to Cell?	☐ Yes ☒ No
Permissions	☒ Admin ☐ Support	☒ PCI Compliance	☒ VST Remote Access	☒ LANScribe™

The services to be provided under this Work Order are subject to the terms and conditions stated in the executed Computer Network Services Agreement dated _____ between Vendor Safe Technologies LLC and Customer

VENDOR SAFE TECHNOLOGIES LLC.		CUSTOMER	
Signature		Signature	Zwayne Sealy
Printed Name		Printed Name	
Date		Date	

04/06/16, as amended 10/31/16
SC/v87

COMPUTER NETWORK SERVICES AGREEMENT

1 Description and Nature of Parties This agreement (Agreement" , effective on the latest date at the end of this Agreement, is by and between Vendor Safe Technologies LLC Two Arena Place 7324 Southwest Freeway Suite 1700 Houston, TX 77074 ("VST") and

_____ located at

_____ (Customer") Customer is in the business of accepting

payment for goods and/or services via payment card VST is in the business of providing technological services to payment-card-accepting businesses Customer is desirous of VST providing certain computer-related technological services to Customer and VST is desirous of providing such services to Customer therefore the parties agree as follows

2. Definitions Definitions concerning all terms of art contained in this Agreement are as stated (or to be stated) at http// www vendorsafe com/definitions-91312/ The parties agree to be bound by these definitions. Should any changes be made by VST to these definitions and thereby imposed on Customer Customer will be notified by email at the email address listed below

3 Work Order and Contract Documents Services will be provided as indicated on each work order ("Work Order") submitted to VST by Customer By submitting a Work Order Customer agrees that the Work Order immediately becomes a part of and is governed by this Agreement. This Agreement does not obligate Customer to order services from VST nor does it obligate VST to accept Work Orders for services from Customer but it, together with any applicable Work Order governs the services provided by VST to Customer

4 Installation Customer will install all hardware equipment and/or software necessary to carry into effect the Work Order in relation to network data and security technological services at each of Customer's locations, including where necessary operating-system patches or new or different operating system versions Installation of the Equipment by VST shall take place Monday through Friday 8:00 a.m. through 6.00 p.m CST additional costs may be assessed to Customer for evening and weekend installations Once functioning post-installation VST will transition each location to the VendorSafe® service model as detailed on the applicable Work Order

5 Costs at Location. Customer is responsible for all costs at its Location(s), including without limitation personnel wiring computer equipment, internet access, electrical power and the like necessary for the use of the VST services and equipment.

6 Firewalls If any Work Order includes the installation of a firewall(s) then VST warrants the firewalls installed at Customer's location(s) for the initial Term of this Agreement or for 36 (thirty-six) months whichever is lesser During the initial Term, any firewall(s) having failed through regular usage will be replaced by VST Any firewall(s) having failed through the fault of Customer or a third party will be replaced by VST after payment to VST by Customer of the replacement cost of $1,000 00 (One thousand dollars) per firewall. Concerning any renewal Terms an additional warranty period is available for a reasonable fee. Title to the firewall(s) passes to Customer upon shipment.

7 Term and Termination

7 1 The initial term ("Term") of this Agreement is 36 (thirty-six) months plus any partial first month beginning on the date of shipment of any equipment listed in the Work Order(s).

7.2. Termination Either party may terminate this Agreement for any reason or for no reason at the end of a Term by giving written notice to the other party not less than ninety (90) days prior to the end of the then current Term. Customer may terminate this Agreement only in accordance with the termination conditions set forth in this Agreement.

7.3 Early Termination If Customer desires to terminate this Agreement prior to the end of a Term (an "Early Termination"), Customer shall give VST notice (the "Early Termination Notice") pursuant to Section 17 of its intent to terminate early ninety (90) days prior to the desired termination date Customer shall be responsible for payment of the Monthly Service Fee for all installed locations the month in which it delivers to VST the Early Termination Notice (the Early Termination Notice Month") Customer shall also be responsible for paying an early termination charge (the "Early Termination Charge") equal to $750.00 (Seven Hundred Fifty Dollars) for any customer location installed less than (12) twelve months prior to the Early Termination Notice Month

7.4. Termination for Breach. Either party may terminate this Agreement at any time by giving thirty (30) days written notice (the Breach Notice) of termination to the other party in the event that the other party (i) breaches the terms or conditions of this Agreement including but not limited to, payment of the Monthly Service Fee and fails to remedy such breach within thirty (30) days of the date of the Breach Notice; or (ii) becomes insolvent, makes an assignment for the benefit of creditors, is adjudged bankrupt, or if a receiver is appointed over such party's assets VST may require an activation fee to change or resume a terminated or suspended Account.

7.5 Breach Payment of Fees In the event of Customer's breach of the terms of this Agreement, including without limitation, failure to pay any sum due hereunder in addition to other remedies and recoveries provided for hereunder (e.g. for early termination) Customer shall reimburse VST for all attorneys, court, collection and other costs incurred by VST in the enforcement of VST's rights hereunder and VST may keep any deposits or other payments made by Customer

7 6 Scope of Termination. Any termination of the Agreement between VST and Franchisor shall have no effect on this Agreement and this Agreement will remain in full force and effect. Customer agrees in the event the Agreement between VST and Franchisor is terminated Customer will pay the set up fees for any new installation as indicated in Exhibit A attached hereto

8 Fees and Payment. Client agrees to pay all monthly recurring charges and non-recurring charges, (collectively the "Fees) as indicated in Exhibit A" attached hereto. Client agrees that Fees commence upon delivery of the firewall The pricing is confidential and may not be disclosed to third parties. Any partial month at the beginning of the Term will be invoiced to Customer on a pro-rated basis. Invoicing which will occur one month in advance begins upon shipment.

9 Billing Disputes If Customer disputes any portion of its Invoice Customer must pay the undisputed portion in full by the Due Date. To dispute an Invoice, or a portion thereof Customer must, within ten (10) days of the date on the Invoice ("Dispute Due Date"), submit a written claim fully documenting the reasons for the dispute (the Claim) via certified or overnight mail return receipt requested to the address below After receipt of the Claim, VST shall undertake an investigation of the Claim so long as Customer has not waived its rights pursuant to this paragraph to make the Claim. At the conclusion of the investigation VST will notify Customer of any amount determined by VST to be correctly charged and such amount will become immediately due and owing Amounts determined by VST to have been correctly charged will be subject to the Late Payment Fee (as defined below). If the Claim is not sent by the Dispute Due Date Customer waives all rights to dispute the applicable Charges unless otherwise provided by law All billing disputes must be sent to

Billing Department
Vendor Safe Technologies, LLC
7324 Southwest Freeway Suite 170
Houston, TX 77074
Billing@vendorsafe com

10 Taxes Federal state local, county municipal and other governmental or regulatory agencies may assess taxes including without limitation excise, franchise, sales, value-added use, personal and real property taxes, surcharges tariffs or fees (collectively "Taxes") on Customer's purchase or use of the Services or Equipment. These Taxes may change from time-to-time with or without notice to Customer Customer is responsible for the payment of all applicable Taxes now in force or enacted in the future. The Taxes are in addition to the amounts paid for the Services and Equipment. If Customer is exempt from any or all Taxes it must provide VST with an original certificate that satisfies applicable legal requirements attesting to its tax-exempt status Tax exemption shall only apply from and after the date that VST receives such valid certificate If any amounts paid by Customer for the Services are refunded by VST to the Customer applicable Taxes may not be refundable.

11 Privacy and Confidentiality In the course of providing the deliverables VST may be given access to or be provided with, confidential information about Customer's business and/or Customer's website ("Business Information") and personal information about Customer Customer's employees Customer's account and/or card holders and/or Customer's website ("Personal Information"). Customer authorizes such access and disclosure of Customer's Business Information to VST VST will use all reasonable efforts to keep Customer's Business Information confidential and will not disclose Customer's Business Information to any third party To the extent that access to Personal Information by VST occurs, Customer authorizes such access and authorizes VST to use such Personal Information for the sole purpose of providing the services contemplated by this Agreement. VST will not use any such Personal Information for any other purposes than those specifically related to providing the services contemplated by this Agreement.

12. Intellectual Property The intellectual property associated with any equipment installed at Customer's location(s) is and remains VST's property By its possession and use, Customer acquires no rights or interests of any kind in the intellectual property and hereby expressly covenants that it will not disclose anything about VST's intellectual property or allow any physical access to VST's intellectual property

13 Publicity Should VST desire to use Customer's name and identity in its marketing efforts relative to the subject matter of this Agreement, VST must request and receive Customer's express written consent which consent shall not be unreasonably denied conditioned or delayed and which may be sought and received via email at the email addresses listed below

14 Limitation on Liability IN NO EVENT IS VST'S LIABILITY UNDER THIS AGREEMENT MORE THAN THE TOTAL AMOUNT PAID BY CUSTOMER TO VST DURING THE INITIAL TERM OF THIS AGREEMENT This paragraph in no way limits the TrustVault Certificate® described in paragraph 15 of this Agreement.

15 Assignment. This Agreement may be assigned by VST at the sole discretion of VST Customer may assign this Agreement only after Notice to VST and with VST's express written permission which permission VST shall not unreasonably deny condition, or delay

16 Integration Amendment; Severability Waiver Headings Construction Counterparts This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement, oral or written This Agreement supersedes any prior written or oral agreements between the parties. This Agreement may be amended only if the amendment is in writing and is signed by both parties. If any provision of this Agreement is held to be invalid or unenforceable for any reason, the remaining provisions continue to be valid and enforceable If a court finds that any provision of this Agreement is invalid or unenforceable but that by limiting such provision it would become valid and enforceable then such provision is deemed to be written construed, and enforced as so limited The failure of either party to enforce any provision of this Agreement is not a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. The headings used in this Agreement are for convenience of reference only and form no part of this Agreement. This Agreement was negotiated by the parties, and, therefore, it shall not be strictly construed against either party as the drafter This Agreement may be executed in one or more counterparts, if so all counterparts constitute one agreement.

17 Notices. With the exception of numbered paragraphs 02. and 09 of this Agreement, all notices required or permitted under this Agreement will be in writing and will be deemed delivered when delivered in person or deposited in the United States mail, certified postage prepaid, and addressed as follows. Such address may be changed by either party by providing Notice to the other in the manner set forth in this paragraph.

VST	Customer
Legal Department	_____
President	_____
Vendor Safe Technologies LLC	_____
7324 Southwest Freeway Suite 1700	_____
Houston, TX 77074	_____
legal@vendorsafe.com	_____

VendorSafe

Protect Data. Secure Business.

Exhibit A
Fees and Payments

Fees

Service Package	Quantity	One-time Setup Fee	Monthly Service Fee (a)	Total Setup Fee	Total Monthly Fee
Titanium Secure	1	$275 00	$0 00	$275 00	$0 00
On-Site Firewall Installation (b)		$0 00	$0 00	$0 00	$0 00
These fee do not include applicable sales tax or regulatory charges.			Total	$275 00	$0 00

(a) Monthly Service Fee to be paid by Franchisor Tropical Smoothie Cafe LLC for so long as the Computer Network Franchisors Agreement dated _____ between VST and Franchisor is in effect.

(b) Fee includes trip charge and two (2) hours of on-site labor Should additional time or trip be needed fee is $150 00 per hour

I understand that this Authorization is separate from my Agreement for VST Services with VST and that I must provide VST 30 Days Advance Notice of any Billing Change Request.

Signature Zwayne Sealy _____ Date _____

Full Name _____

For ACH Debit

Financial Institution Name _____

Routing Transit Number for ACH Transactions (9 digits) _____

Financial Institution Account Number _____

Name as it Appears on the Account _____

For Credit Card

Card Number _____

Expiration Date _____ CVID _____ (3- or 4-digit # on the back of your card)

Name as it Appears on the Card _____

Credit Card Billing Address _____

City, State,Zip Code _____

14-1218

EXHIBIT N-1 TO THE DISCLOSURE DOCUMENT

FINANCING PROGRAM DOCUMENTS

FORM OF LOAN AGREEMENT

04/06/16, as amended 10/31/16
SC/v87

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement"), dated as of _____, 20_____, is entered into by and between ***[Franchisee]*** a _____ ("Borrower") and BIP Franchise Finance LLC, a Delaware limited liability company and its successors and assigns ('Lender")

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement agree as follows

1 Loan Terms

(a) Amount of Loan Subject to (i) the terms and conditions set forth in this Agreement, (ii) the execution and delivery of a Franchise Agreement between Borrower and Franchisor in connection with the Tropical Smoothie franchise located at the Property, a true and correct copy of which has been delivered to Lender, and (iii) approval by Franchisor and Area Developer (if applicable) of the Loan to be made by Lender to Borrower hereunder, Lender shall make a loan to Borrower in the maximum principal amount of _____ and ___/100 Dollars ($_____) (the Loan"), the proceeds of which shall be disbursed by Lender to Borrower as set forth in Section 1(b) below Borrower's obligation to repay the Loan shall be evidenced by a promissory note substantially in the form attached hereto as Exhibit A (the 'Note") with a maturity date of sixty (60) months after the date of the first required payment in accordance with Section 1(c) below (the "Maturity Date")

(b) Disbursements The proceeds of the Loan shall be advanced by Lender to Borrower in a maximum of three (3) disbursements (each a "Disbursement"), with the first Disbursement to be advanced on the Closing Date and the final Disbursement to be advanced no later than one hundred eighty (180) days after the Closing Date

(c) Payments Borrower shall pay to Lender by means of an automated clearing house ('ACH") system monthly principal and interest payments in the amount of _____ and ___/100 Dollars ($_____), based upon a _____ (____) month amortization of the Loan, payable on or before the first day of the second calendar month following the month during which the Tropical Smoothie franchise located at the Property opens for business, and continuing on the first day of each month thereafter, with the outstanding principal sum and all accrued and unpaid interest on the Loan to be paid in full on or before the Maturity Date, provided that from the date that the first Disbursement is made on the Closing Date until such time as the first payment of principal and interest is due and payable in accordance with this Section 1(c), Borrower shall pay to Lender, on the first day of each calendar month, an amount equal to all interest accrued on the outstanding principal amount of all Disbursements at the Interest Rate set forth herein

At all times, any payment on a promissory note between Borrower and Guarantor or any Affiliate shall be subordinate to Borrower's payment in full of the Loan

(d) Interest

(i) The principal sum outstanding on the Loan shall bear interest at a rate of nine and three-quarters percent (9 75%) per annum, compounded annually (the "Interest

Rate") All computations of interest shall be computed upon the basis of the actual number of days elapsed in a year consisting of 360 days

(ii) Upon the occurrence of an Event of Default and while such Event of Default is continuing the Interest Rate on the Loan shall increase by two percent (2 0%) per annum over the existing Interest Rate, compounded annually (the Default Rate"), except that the Default Rate will not exceed the maximum rate of interest allowed by law

(iii) Notwithstanding any provision to the contrary in this Agreement, in no event shall the Interest Rate charged on the Loan exceed the maximum rate of interest permitted under applicable state and/or federal usury law Any payment of interest that would be deemed unlawful under applicable law for any reason shall be deemed received on account of, and will automatically be applied to reduce, the principal sum outstanding on the Loan and any other sums (other than interest) due and payable to Lender under this Agreement, and the provisions of this Agreement shall be deemed amended to provide for the highest rate of interest permitted under applicable law

(e) Security The payment of the Loan and any other amounts advanced under this Agreement is secured by, among other things (a) a Security Agreement of even date herewith executed by Borrower in favor of Lender, (b) a Guaranty of even date herewith executed by Guarantor in favor of Lender ('Guaranty"), and (c) the Collateral In addition, at the option of Lender, Borrower shall obtain and deliver to Lender executed deposit account control agreements from all financial institutions in which Borrower maintains deposit accounts as additional security for the Loan All of the terms, agreements, conditions, covenants, warranties, representations, provisions and stipulations made by or imposed upon Borrower in any of the foregoing instruments are hereby made a part of this Agreement to the same extent, and with the same force and effect, as if they were fully recited herein

(f) Use of Proceeds Borrower shall use the proceeds of the Loan to finance the development of a Tropical Smoothie franchise located at the Property, provided that the principal amount of the Loan shall not exceed an amount equal to eighty percent (80%) of all development costs approved by Lender in its sole discretion and Borrower shall provide Lender with written evidence, approved by Lender in its sole discretion, that the remaining twenty percent (20%) of all development costs has been contributed as Borrower equity on or prior to the Closing Date No portion of the Loan may be used for (i) the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C F R 221 and 224, or (ii) primarily personal, family or household purposes

(g) Transaction Costs On the Closing Date, Borrower shall pay Lender (i) an amount equal to all of Lender's transaction related expenses, including usual and customary legal fees, transaction related travel and evaluation costs and any and all other due diligence costs, and (ii) an origination fee equal to one and one-half percent (1 5%) of the Loan ('Origination Fee") At Borrower's option, the Origination Fee can be deducted from the proceeds of the Loan to be disbursed by Lender to Borrower on the Closing Date In addition, Borrower shall pay all reasonable expenses, including reasonable legal fees and expenses incurred by Lender in collecting any sum due under this Agreement and all other Loan Documents

2 **Prepayment** Borrower may prepay the Note in whole or in part at any time, without penalty Mandatory prepayments will be made from one hundred percent (100%) of the net proceeds of permitted asset sales and from casualty loss insurance recoveries to the extent the affected assets are not replaced

3 **Representations and Warranties** Each of Borrower and Guarantor hereby warrants and represents to Lender the following

(a) Organization and Qualification Borrower is duly organized, validly existing and in good standing under the laws of the State in which it was organized, has the power and authority to carry on its business and to enter into and perform all documents relating to this transaction, and is qualified and licensed to do business in each jurisdiction in which such qualification or licensing is required All information provided to Lender with respect to Borrower and its operations is true and correct The Organizational Documents of Borrower, as certified by the Governing Authority of the state in which Borrower was organized or by an authorized officer of Borrower, have not been amended or modified since the date copies were provided to Lender, and are in full force and effect, and no proceedings for the amendment, modification or rescission of any such Organizational Documents are pending or contemplated

(b) Due Authorization The execution, delivery and performance by Borrower and Guarantor of the Loan Documents (i) has been duly authorized by all necessary company action, (ii) does not contravene any law or any governmental rule or order binding on Borrower (iii) does not contravene any provision of the Organizational Documents of Borrower, (iv) does not violate any agreement or instrument by which Borrower is bound, and (v) will not result in the creation of a Lien on any assets of Borrower except the Lien granted to Lender pursuant to this Agreement and the Security Agreement Borrower and Guarantor have duly executed and delivered to Lender the Loan Documents to which they are a party and they are valid and binding obligations of Borrower and Guarantor enforceable according to their respective terms, except as limited by equitable principles and by bankruptcy, insolvency or similar laws affecting the rights of creditors generally No notice to, or consent by any governmental body is needed in connection with this transaction

(c) Litigation Except as set forth on Schedule 3(c), there is no claim, litigation, proceeding, investigation or inquiry, administrative or judicial, pending or threatened against or affecting Borrower or its members, shareholders, officers properties or assets that is an uninsured claim

(d) Business Borrower is not a party to or subject to any agreement or restriction that may have a Material Adverse Effect on the financial condition or the prospects of Borrower, or the Business

(e) Licenses, etc Borrower has obtained any and all licenses, permits, franchises, governmental authorizations, patents, trademarks, copyrights or other rights necessary for the ownership of its property and the conduct of its Business Borrower possesses adequate licenses, patents, patent applications, copyrights, trademarks trademark applications, and trade names to continue to conduct its business as heretofore conducted by it, without any conflict with the rights of any other person or entity All of the foregoing is in full force and effect and none of the foregoing are in known conflict with the rights of others

(f) Laws and Taxes Borrower is in material compliance with all laws regulations rulings, orders injunctions, decrees conditions or other requirements applicable to or imposed upon Borrower by any law or by any Governmental Authority court or agency Borrower has filed all required tax returns and reports that are now required to be filed by it in connection with any federal, state and local tax, duty or charge levied assessed or imposed upon Borrower or its assets, including unemployment, social security, and real estate taxes Borrower has paid all taxes which are now due and payable No taxing authority has asserted or assessed any additional tax liabilities against Borrower which are outstanding on this date, and Borrower has not filed for any extension of time for the payment of any tax or the filing of any tax return or report

(g) Title Borrower has good and marketable title to the assets reflected on the most recent balance sheet submitted to Lender prior to the Closing Date and to the Collateral, free and clear from all liens and encumbrances of any kind except for (collectively, the "Permitted Liens') (a) current taxes and assessments not yet due and payable, (b) liens and encumbrances if any reflected or noted on such balance sheet submitted to Lender prior to the Closing Date or notes thereto, (c) assets disposed of in the ordinary course of business (d) any security interests pledges, assignments or mortgages granted to Lender to secure the repayment or performance of the Obligations, (e) purchase money Liens relating to the acquisition of machinery and equipment of Borrower, (f) pledges and deposits of money securing statutory obligations under workmen's compensation, unemployment insurance, social security or public liability laws or similar legislation (excluding liens under ERISA) (g) pledges or deposits of money securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which Borrower is a party as lessee made in the ordinary course of business, (h) inchoate and unperfected workers, mechanics' or similar Liens arising in the ordinary course of business (i) any other liens of Borrower in favor of Lender, and (j) the liens and encumbrances listed on Schedule 3(g)

(h) Subsidiaries and Partnerships Borrower has no Subsidiaries and is not a party to any partnership agreement or joint venture agreement

(i) Defaults Borrower is in compliance with all material agreements applicable to it and there does not now exist any default or violation of or under any of the terms conditions or obligations of (a) its Organizational Documents, or (b) any indenture, mortgage, deed of trust, franchise, lease, permit, contract, agreement or other instrument to which Borrower is a party or by which it is bound and the consummation of the transactions contemplated hereunder will not result in such default or violation

(j) ERISA Borrower and all individuals or entities who along with Borrower would be treated as a single employer under ERISA or the Internal Revenue Code of 1986, as amended (an "ERISA Affiliate"), are in compliance with all of their obligations to contribute to any "employee benefit plan" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, and any regulations promulgated thereunder from time to time ("ERISA") Borrower and each of its ERISA Affiliates are in full compliance with ERISA, and there exists no event described in Section 4043(b) thereof (Reportable Event")

(k) Insurance Borrower has obtained and shall maintain or cause to be maintained at all times, insurance for Borrower, the Property, the Business and the Collateral as set forth in Section 4(b) of this Agreement

(l) Environmental Laws To the best of Borrower's knowledge Borrower, its business operations (including, but not limited to, the Business and franchises) and its assets (including, but not limited to the Collateral, the Business and the Property) are and shall be in compliance with all laws concerning environmental protection and hazardous substances

(m) Financial Statements Borrower represents that all financial statements provided to Lender, either prior to or contemporaneously herewith are true, correct and complete in all material respects, and that there has been no material adverse change in the financial condition or prospects of Borrower, Guarantor or the Business since the date of such financial statements Borrower shall provide to Lender any and all additional financial information and materials as Lender may request concerning Borrower Guarantor, the Collateral, the Property or the Business, all of which shall be in form and substance reasonably satisfactory to Lender in all respects All of the financial statements and other information and materials delivered or caused to be delivered by Borrower to Lender have been and shall be prepared in accordance with GAAP and shall be accurate and complete in all respects

(n) Persons with Disabilities Accessibility The Collateral and the Property presently do, and the Collateral and the Property at all times shall, strictly comply to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, as amended, all state and local laws and ordinances related to accessibility for persons with disabilities and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively, "Access Laws") Notwithstanding any provisions set forth herein or in any other document regarding Lender's approval of alterations of the Property, Borrower shall not alter the Property in any manner which would increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender The foregoing shall apply to tenant improvements constructed by Borrower or by any of its tenants Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer or other person acceptable to Lender Further, Borrower agrees to give prompt written notice to Lender of the receipt by Borrower of any complaints related to violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws

(o) Lease Agreements and Franchise Agreements Each Lease Agreement and Franchise Agreement have an initial term, without exercised options, greater than or equal to the term of the Loan Borrower agrees to seek the prior consent of Lender prior to choosing not to exercise an available option to extend a Lease Agreement or Franchise Agreement

The representations and warranties contained in this Section 3 are, to the best of Borrower's knowledge, true, correct and complete in all material respects, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such representation or warranty not misleading

4 Affirmative Covenants Borrower covenants with, and represents and warrants to, Lender that, from and after the execution date of this Agreement until the Obligations are paid and satisfied in full

(a) Financial Statements

(i) Borrower will maintain a standard and modern system for accounting in accordance with GAAP or in accordance with other methods acceptable to Lender in its sole discretion and will furnish to Lender

(1) within ninety (90) days after each fiscal year end, consolidated and consolidating, reviewed year-end financial statements (which shall include a balance sheet, statement of income and retained earnings, and a statement of cash flow) for Borrower and any Affiliates prepared by an independent certified public accountant in accordance with GAAP (subject to standard exceptions) in the United States, consistently applied, in form and substance reasonably satisfactory to Lender together with unit-level operating statements and a schedule setting forth in reasonable detail all debt (including all capital lease obligations) of Borrower as of such fiscal year end,

(2) within forty-five (45) days after each quarter end, financial statements which shall include (i) a consolidated statement of income and retained earnings and statement of cash flow (current quarter and year-to-date) on both an entity and unit-level basis, (ii) a consolidated balance sheet as of the end of such fiscal quarter, and (iii) a schedule setting forth in reasonable detail all debt (including all capital lease obligations) of Borrower as of such quarter end, all prepared in accordance with GAAP (subject to standard exceptions) in the United States, consistently applied, together with a compliance statement, the form of which is attached hereto as Exhibit B,

(3) within fifteen (15) days after filing, copies of federal tax returns for Borrower and Guarantor, together with all schedules and any requests for filing extensions,

(4) within fifteen (15) days after the filing of Guarantor's tax return, a personal financial statement of Guarantor which has been certified by Guarantor and

(5) such other financial information regarding Borrower, Guarantor or any of their Affiliates as Lender may reasonably request

(ii) Borrower shall give representatives of Lender access to its books and records at all reasonable times, including permission to examine, copy and make abstracts from any such books and records and such other information which might be helpful to Lender in evaluating the status of the Loan as it may reasonably request from time to time

(iii) If at any time Borrower has any subsidiaries which have financial statements that could be consolidated with those of Borrower under GAAP, the financial statements required above shall be the financial statements of Borrower and all such subsidiaries prepared on a consolidated and consolidating basis

(b) Insurance At its own expense, Borrower shall obtain and maintain

(i) insurance against (a) loss, destruction or damage to its property and Business of the kinds included within the classification "All Risks of Physical Loss" and such insurance shall be maintained in an amount which, after the application of any

deductible shall be equal to the full insurable value of such property and the tangible Collateral The term "full insurable value" shall mean the actual replacement cost of the property and the Collateral (without taking into account any depreciation and exclusive of excavations footings and foundations, landscaping and paving) determined annually by an insurer, a recognized independent insurance broker or an independent appraiser selected by Lender and paid by Borrower Such All Risks of Physical Loss insurance shall also include business interruption coverage for a minimum twelve (12) months' loss of income, including coverage for all amounts due under the Note with Lender named as a loss payee with respect to those payments, (b) Commercial General Liability insurance covering bodily injury, death, property damage, products liability and liability from the sale of liquor, beer or wine (if applicable) in such amounts as are generally available at commercially reasonable premiums and are generally required by institutional lenders for businesses and assets comparable to the Business and Collateral but in any event for a combined single limit of at least $1 000,000 00 per occurrence and $3,000 000 00 in the aggregate (c) statutory workers' compensation insurance with respect to any work in connection with the Business or on or about the Collateral and the Property, (d) if any property is in an area identified by the Federal Emergency Management Agency as having special flood hazards, flood insurance in an amount equal to the full insurable value or the maximum limit of coverage available for the Collateral and the Property under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994, as each may be amended from time to time, and (e) if any property is in an area subject to earthquakes earthquake insurance equal to the full insurable value of such property All such policies shall (i) be issued by financially sound and reputable insurers with a rating of at least "A" or better by both Standard & Poor's Ratings Service and Moody's Investors Service (or such other credit rating agencies as may be designated by Lender) or a general policy rating of 'A" or better and a financial class of VIII or better by A M Best Company, Inc , (ii) if required, name Lender as a "lender loss payee", "additional insured" or "mortgagee", as applicable, and (iii) shall provide for thirty (30) days prior written notice to Lender before such policy is altered, canceled or terminated All of the insurance policies required hereby shall be evidenced by one or more Certificates of Insurance delivered to Lender by Borrower on or before the Closing Date and at such other times as Lender may request from time to time

(ii) any and all other insurance required under any of Borrower's Franchise Agreements or Lease Agreements

(c) Taxes Borrower shall pay when due all taxes, assessments and other governmental charges imposed upon it or its assets, franchises, business income or profits before any penalty or interest accrues thereon, and all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which by law might be a Lien or charge upon any of its assets, provided that (unless any material item or property would be lost, forfeited or materially damaged as a result thereof) no such charge or claim need be paid if it is being diligently contested in good faith, if Lender is notified in advance of such contest and if Borrower establishes an adequate reserve or other appropriate provision required by GAAP and deposits with Lender cash or bond in an amount acceptable to Lender

(d) Compliance with Laws Borrower shall comply with all federal state and local laws, regulations and orders applicable to Borrower, the Business or Borrower's assets including but not limited to all environmental laws, in all respects material to Borrower's Business, assets or

prospects and shall immediately notify Lender of any violation of any rule, regulation, statute, ordinance, order or law relating to the public health or the environment and of any complaint or notifications received by Borrower regarding any environmental or safety and health rule, regulation, statute, ordinance or law Borrower shall obtain and maintain any and all licenses, permits, franchises governmental authorizations patents, trademarks copyrights or other rights necessary for the ownership of its property and the conduct of its Business and as may be required from time to time by applicable law

(e) Other Amounts Deemed Loans If Borrower fails to pay any tax, assessment, governmental charge or levy or to maintain insurance within the time permitted or required by this Agreement, or to discharge any Lien prohibited hereby, or to comply with any other obligation, Lender may, but shall not be obligated to, pay satisfy, discharge or bond the same for the account of Borrower To the extent permitted by law and at the option of Lender, all monies so paid by Lender on behalf of Borrower shall be deemed Obligations and Borrower's payments under this Agreement may be increased to provide for payment of such Obligations plus interest thereon

(f) Inspection Rights Upon reasonable notice during customary business hours, Lender or its duly authorized representative shall have the right to visit all the facilities of Borrower, meet with managers and inspect all records and files relevant to the operation of the Business, and the costs of such inspection shall be borne equally between Borrower and Lender

(g) Death or Permanent Disability of Operator Upon the death or permanent disability of Guarantor Lender shall have the option to require Borrower to accelerate the Note and Obligations due Lender under this Agreement

(h) Further Assurances Borrower shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all such further assurances and other agreements or instruments, and take or cause to be taken all such other action, as shall be reasonably necessary from time to time to give full effect to the Loan Documents and the transactions contemplated thereby In connection with any assignment or transfer of all or any portion of the Obligations or Collateral by Lender to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect of such Obligations or Collateral, Borrower agrees to execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all other agreements, documents or instruments requested by Lender and/or its assignee or transferee

5 Negative Covenants Borrower covenants with, and represents and warrants to, Lender that, from and after the execution date of this Agreement until the Obligations are paid and satisfied in full

(a) Limitation on Liens Borrower will not create or suffer to exist any Lien in respect of any property of any character of Borrower (whether owned on the date hereof or hereafter acquired) except for Permitted Liens

(b) Limitation on Transactions with Affiliates Except with respect to any such existing loans which have been disclosed to Lender, Borrower will not enter into any transaction with any of Borrower's members, shareholders, officers, or management employees or any Affiliate of any such person, unless and until Lender has consented to the repayment terms associated therewith

(c) Limitation on Borrower's Consolidation, Merger and Sales Borrower will not sell, lease, assign or transfer all, substantially all or any material portion of the assets of Borrower, or enter into or approve any liquidation, dissolution combination, consolidation or merger involving Borrower, or any reclassification or recapitalization of Borrower

(d) Limitation on Disposition of Assets Borrower will not sell or otherwise dispose of any assets (other than the sale of inventory in the ordinary course of business and the disposition of obsolete or inoperable equipment) of Borrower unless the following conditions are satisfied (i) the assets are sold at fair value, (ii) the assets are obsolete or are not necessary to operate the Business, (iii) the proceeds from the sale or disposition are one hundred percent (100%) in cash, and (iv) the proceeds are, within ten (10) days of receipt, applied, with Lender's written approval, to permanently reduce the amount outstanding on the Note or are reinvested in assets used in the Business

(e) Change in the Business Except for store-wide changes mandated by Franchisor under Borrower's Franchise Agreements of which Lender is provided notice, Borrower will not authorize, approve or otherwise change in any substantive way the Business of Borrower, change the brand or business name under which it markets or is known to the public, change the size or location of Borrower's property, materially change the products offered by Borrower, or materially change Borrower's method of marketing and selling products to customers

(f) Limitation on Distributions Borrower shall not distribute any Excess Cash to the members or shareholders of Borrower, as members or shareholders, if

(i) any Event of Default has occurred and is continuing,

(ii) any due and payable payment required to be made by Borrower to Lender under this Agreement is outstanding,

(iii) there were two (2) or more overdue payments required to be made by Borrower to Lender within the twelve (12) month period immediately preceding the proposed date of distribution,

(iv) Borrower is not in material compliance with all obligations and covenants contained in this Agreement,

(v) Borrower is not in material compliance with all Franchise Agreements, Lease Agreements and other material agreements affecting Borrower, the Business and/or the Property, or

(vi) the distribution would reduce Borrower's liquidity to an extent that could be reasonably expected to materially damage the day-to-day operations of Borrower

(g) Limitations on Development Neither Borrower, Guarantor nor any Affiliate of Borrower or Guarantor shall develop any other franchise location (signing a lease or acquiring the property on which a Tropical Smoothie will be operated) if

(i) any Event of Default has occurred and is continuing,

(ii) any due and payable payment required to be made by Borrower to Lender under this Agreement has not been paid,

(iii) there were two (2) or more overdue payments required to be made by Borrower to Lender within the twelve (12) month period immediately preceding the proposed date of distribution,

(iv) Borrower is not in material compliance with all obligations and covenants contained in this Agreement, or

(v) Borrower is not in material compliance with all Franchise Agreements Lease Agreements and other material agreements affecting Borrower, the Business and/or the Property

(h) Limitation on Payment of Management Expenses Borrower shall not pay any Management Expenses in connection with the Business located at the Property unless (a) the Business located at the Property is open for business to the general public and (b) Borrower is current on all Obligations due to Lender

(i) Limitation on Indebtedness Borrower will not create, assume incur, or suffer to exist any Indebtedness other than

(i) the Loan, and

(ii) customary operating accounts and liabilities incurred by Borrower with respect to the Business or Property in the ordinary course of its business which are not unpaid more than ninety (90) days beyond the date incurred

(j) Change in Ownership Without Lender's prior written consent, Borrower shall not either issue any additional equity units or any options or other convertible security, or modify the rights or preferences of the units, or repurchase or redeem any of the units of Borrower

(k) Margin Securities No amount advanced to Borrower under the Note shall be used for the purpose of purchasing or carrying any 'margin stock" or "margin security,' as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 CFR 221 and 224

6 **Events of Default** The occurrence of any one of the following events shall be deemed an "Event of Default" under this Agreement and each other Loan Document, whether or not such Event of Default has been cured by the Franchisor or any other guarantor

(a) Any failure to make any payment when due of principal or accrued interest under this Agreement, the Note or any other Obligation and such nonpayment remains uncured for a period of five (5) days thereafter,

(b) Any representation or warranty of Borrower or Guarantor set forth in this Agreement, the Loan Documents or in any agreement, instrument, document, certificate or financial statement evidencing guarantying, securing or otherwise related to, this Agreement or any other Obligation is materially inaccurate or misleading,

(c) Borrower fails to observe or perform any other term or condition of this Agreement, the Loan Documents or any other term or condition set forth in any agreement, instrument, document, certificate or financial statement evidencing, guarantying or otherwise related to this Agreement the Loan Documents or any other Obligation or Borrower otherwise defaults in the observance or performance of any covenant or agreement set forth in any of the foregoing and such failure or default remains uncured for a period of thirty (30) days thereafter,

(d) An Event of Default occurs under the Security Agreement, the Guaranty or any other Loan Document,

(e) The occurrence of a default or an event of default under any Franchise Agreement or Lease Agreement or any other material agreement to which Borrower is a party,

(f) The death, permanent disability legal incompetence or dissolution of Borrower or Guarantor, or the lease sale or other conveyance of a material part of the assets or business of Borrower to a third party outside the ordinary course of its business, or the lease, purchase or other acquisition of a material part of the assets or business of a third party by Borrower

(g) The creation of any Lien (except a lien to Lender and the Permitted Liens) on, the institution of any garnishment proceedings by attachment, levy or otherwise against, the entry of a judgment against, or the seizure of, any of the property of Borrower or Guarantor including, without limitation, any property deposited with Lender,

(h) A commencement by Borrower of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the entry of a decree or order for relief in respect of Borrower in a case under any such law or appointing a receiver, liquidator, assignee custodian trustee, sequestrator (or other similar official) of Borrower or for any substantial part of the property of Borrower, or ordering the wind-up or liquidation of the affairs of Borrower, or the filing of a petition initiating an involuntary case in which Borrower is the debtor under any such bankruptcy, insolvency or similar law, or the making by Borrower of any general assignment for the benefit of creditors or the failure of Borrower generally to pay its debts as such debts become due, or the taking of action by Borrower in furtherance of any of the foregoing,

(i) Any sale, conveyance or transfer of any rights in the Collateral securing the Obligations, or any destruction, loss or damage of or to any material portion of the Collateral unless such loss or damage is covered by insurance, the proceeds of which shall be used to replace or restore such Collateral

(j) The occurrence of any Event of Default beyond any applicable grace or cure period under any loan documents evidencing and/or securing any other obligation owed by Borrower, Guarantor, or an Affiliate of Borrower or Guarantor to Lender

(k) The entry of any judgment in an amount greater than Twenty-Five Thousand and 00/100 Dollars ($25,000 00) or any other material order or decree against Borrower which remains unsatisfied or undischarged and in effect for five (5) Business Days after such entry without a stay of enforcement or execution

(l) Any fact, event or circumstance that, alone or when taken with other events or conditions occurring or existing concurrently with such event or condition (i) has or is reasonably expected to have a material adverse effect on the Business, assets, operations, condition

(financial or otherwise), or prospects of Borrower or Guarantor, (ii) materially impairs or is reasonably expected to materially impair the ability of Borrower or Guarantor to pay and perform their Obligations under the Loan Documents to which they are a party (iii) materially impairs or is reasonably expected to materially impair the ability of Lender to enforce its rights and remedies under any Loan Document, or (iv) has or is reasonably expected to have any material adverse effect on the Collateral, the Lien of Lender in such Collateral or the priority of such Lien

7 **Remedies** In addition to any other remedy permitted by law, Lender may at any time after the occurrence and during the continuance of an Event of Default, apply the Collateral to the Note or such other Obligations, whether due or not and Lender may, at its option, proceed to enforce and protect its rights by an action at law or in equity or by any other appropriate proceedings provided that the Note and the Obligations shall be accelerated automatically and immediately if the Event of Default arises under Section 6(h) above Borrower shall pay all costs of collection incurred by Lender, including its reasonable attorney's fees, if this Agreement is referred to an attorney for collection, whether or not payment is obtained before entry of judgment, which costs and fees are Obligations secured by the Collateral

Without limiting the generality of the foregoing, Borrower acknowledges and agrees that Lender may at any time after the occurrence and during the continuance of an Event of Default, take any and all actions that Lender deems necessary or appropriate to maintain or continue the operation of the Tropical Smoothie franchise located at the Property, including but not limited to, (i) operating the franchise itself or through Franchisor or any affiliate, area developer, franchisee or other operator approved by Franchisor (each, a "Designee"), and/or (ii) transferring all assets, including the Franchise Agreement, used in connection with such franchise located at the Property to Franchisor or any Designee of Franchisor, and Borrower hereby consents to any such actions taken by Lender Upon the occurrence of an Event of Default, Lender will consult with Franchisor and Area Developer (if applicable) to determine what actions are deemed necessary or appropriate to maintain or continue the operation of the Tropical Smoothie franchise located at the Property

Lender's rights and remedies hereunder are cumulative, and may be exercised together, separately, and in any order No delay on the part of Lender in the exercise of any such right or remedy shall operate as a waiver No single or partial exercise by Lender of any right or remedy shall preclude any other further exercise of it or the exercise of any other right or remedy No waiver or indulgence by Lender of any Event of Default is effective unless in writing and signed by Lender, nor shall a waiver on one occasion be construed as a waiver of any other occurrence in the future

8 **Miscellaneous**

(a) Entire Agreement This Agreement constitutes the entire agreement and understanding between Lender and Borrower, and supersedes all prior agreements and understandings relating to the subject matter hereof

(b) Severability The declaration of invalidity of any provision of this Agreement shall not affect any part of the remainder of the provisions

(c) Assignment Lender may assign some or all of its rights and remedies described in this Agreement and may act as agent for any such assignee without notice to, or prior consent

from, Borrower Borrower may not assign any of its rights, remedies or obligations described in this Agreement unless

(i) Borrower has obtained the prior written consent of Lender to such assignment which consent may be withheld in Lender s sole discretion,

(ii) Borrower has obtained the prior written consent of Franchisor to such assignment, which consent may be withheld in Franchisor's sole discretion,

(iii) Borrower has executed and delivered all documents and taken all other actions required by Lender and Franchisor in connection with such assignment, including without limitation the execution and delivery of a Reaffirmation of Master Guaranty agreeing to continue to guarantee payment and performance of all obligations of the assignee under this Agreement, the Note and all other Loan Documents,

(iv) The assignee has executed and delivered all documents and taken all other actions required by Lender and Franchisor in connection with such assignment, and

(v) Borrower has paid to Lender an assignment fee in an amount equal to three percent (3%) of the then outstanding principal balance of the Loan

(d) Waiver of Borrower Borrower and Guarantor hereby (i) waive demand, presentment protest and notice of dishonor notice of protest and notice of default except as otherwise specified in this Agreement, and (ii) waive all suretyship defenses, including but not limited to, all defenses based upon impairment of collateral and all suretyship defenses described in Section 3-605 of the Uniform Commercial Code (the 'UCC") Such waiver is entered to the full extent permitted by Section 3-605 (i) of the UCC

(e) Waiver, Amendments

(i) No failure or delay by Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power The rights and remedies of Lender under the Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have No waiver of any provision of this Agreement or any Loan Document or consent to any departure by Borrower or Guarantor therefrom shall in any event be effective unless the same shall be permitted by Section 8(e)(ii) of this Agreement, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given

(ii) No Loan Document, this Agreement or provision thereof may be waived amended or modified except, in the case of this Agreement, by an agreement or agreements in writing entered into by Borrower and Lender or, in the case of any other Loan Document, by an agreement or agreements in writing entered into by the parties thereto with the consent of Lender

(f) Jury Waiver BORROWER AND GUARANTOR WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS AGREEMENT ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY

(g) Governing Law, Consent to Jurisdiction THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS AND SHALL BE DEEMED TO HAVE BEEN EXECUTED IN THE STATE OF GEORGIA BORROWER AND GUARANTOR HEREBY AGREE TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN FULTON COUNTY, GEORGIA BORROWER AND GUARANTOR CONSENT THAT ALL SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL OR HAND DELIVERY DIRECTED TO BORROWER OR GUARANTOR AND LENDER AT THEIR ADDRESSES SET FORTH IN SECTION 8(h) HEREOF AND ON THE SIGNATURE PAGES TO THE LOAN DOCUMENTS, RESPECTIVELY, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED THREE (3) BUSINESS DAYS AFTER THE SAME SHALL HAVE BEEN DEPOSITED IN THE U S CERTIFIED MAIL, POSTAGE PREPAID BORROWER AND GUARANTOR WAIVE ANY OBJECTION TO JURISDICTION OVER THE PERSON OR, TO THE EXTENT OF COMPLIANCE WITH THE IMMEDIATELY PRECEDING SENTENCE, SUFFICIENCY OF PROCESS OR SERVICE UPON BORROWER OR GUARANTOR

(h) Notices Except as otherwise specifically provided herein, all notices, requests, consents, and other communications hereunder must be in writing and delivered (i) if to Lender _____, Attn _____ and (ii) if to Borrower to the address set forth on the signature page of this Agreement All communications hereunder shall be in writing and shall be deemed given upon the earlier of receipt, one (1) Business Day after being sent by facsimile transmission or by reputable overnight courier, or three (3) Business Days after being sent by certified mail Each party, by notice so given, may specify a different notice address Any notice of change of address shall be effective only upon receipt

(i) Successors and Assigns This Agreement shall inure to the benefit of and shall bind the parties hereto, their heirs, legal representatives, successors and permitted assigns

(j) Counterparts, Facsimile or Scanned Signatures This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same Agreement The parties hereto agree that the delivery of this Agreement by facsimile or emailed pdf files of scanned copies bearing their respective signatures shall be sufficient and binding upon them as if this Agreement were delivered with original signatures

(k) Lender Discussions with Franchisor Borrower hereby authorizes Lender to discuss with Franchisor Borrower's financial condition operations and any other matters relating to Borrower, the Business or the Property Borrower further (i) consents to the release to Lender by Franchisor of any information relating to the foregoing matters, and (ii) instructs Franchisor to release any information relating to the foregoing matters upon the request of Lender

(l) Grammatical Interpretation, Construction The headings of sections and subsections and divisions in this Agreement and the other Loan Documents are only for convenience of reference and will not govern the interpretation of any of the provisions of this Agreement or the other Loan Documents All grammatical changes shall be made to this

Agreement and the other Loan Documents to maximize the rights and benefits belonging to Lender including, without limitation, so that the singular shall include the plural and the masculine the feminine and vice versa

(m) Time is of the Essence Time is of the essence with respect to this Agreement and the other Loan Documents

(n) Joint and Several Liability In the event that Borrower consists of more than one Person or if more than one Person is liable for any Indebtedness and Obligations to Lender described in this Loan Agreement or the other Loan Documents or grants Lender a Lien against their assets (x) their liability shall be joint and several in nature and affect their jointly and/or severally-owned assets, and (y) except as prohibited by applicable state law, each Person waives (a) any right to require Lender to (i) proceed against any other Person (ii) proceed against or exhaust any security received from any other Person, or (iii) pursue any other remedy whatsoever, (b) any defense arising by reason of the application by any other Person of the proceeds of any borrowing, (c) any defense resulting from the absence, impairment or loss of any right of reimbursement, subrogation, contribution or other right or remedy of any Person against any other Person, or any security, whether resulting from an election by Lender to foreclose upon security by non-judicial sale, or otherwise, (d) any setoff or counterclaim of any other Person or any defense which results from any disability or other defense of any other Person or the cessation or stay of enforcement from any cause whatsoever of the liability of any other Person (including, without limitation, the lack of validity or enforceability of any Loan Document), (e) any right to exoneration of sureties which would otherwise be applicable, (f) any right of subrogation or reimbursement and, if there are any guarantors of the Obligations, any right of contribution, and right to enforce any remedy which Lender now has or may hereafter have against any other Person and any benefit of, and any right to participate in, any security now or hereafter received by Lender, (g) all presentments, diligence, demands for performance, notices of non-performance, notices delivered under this Agreement or any other Loan Document, protests, notice of dishonor, and notices of acceptance of the Note and of the existence, creation or incurring of new or additional Liabilities and notices of any public or private foreclosure sale, (h) the benefit of any statute of limitations to the extent permitted by law, (i) any appraisement, valuation, stay, extension, moratorium, redemption or similar law or similar rights for marshaling, (j) any right to be informed by Lender of the financial condition of any other Person or any change therein or any other circumstances bearing upon the risk of nonpayment or nonperformance of the Obligations, and (k) the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Agreement or any other Loan Document, and agrees that the Obligations of each Person shall not be affected by any circumstances, whether or not referred to in this Agreement or any other Loan Document, which might otherwise constitute a legal or equitable discharge of any Person Each Person has the ability and assumes the responsibility for keeping informed of the financial condition of any other Person and of other circumstances affecting such nonpayment and nonperformance risks

(o) Lost Note Borrower shall, if the Note is mutilated, destroyed, lost or stolen (a "**Lost Note**"), promptly deliver to Lender, upon receipt from Lender of an affidavit in a form reasonably acceptable to Lender and Borrower stipulating that such Note has been mutilated, destroyed, lost or stolen, in substitution therefor, a new promissory note containing the same terms and conditions as such Lost Note with a notation thereon of the unpaid principal and accrued and unpaid interest Borrower shall provide fifteen (15) days' prior notice to Lender before making any payments to third parties in connection with a Lost Note

(p) Cross-Collateral All Loans and advances by Lender to Borrower or an Affiliate under this Agreement or any other loan agreement between such parties constitute one transaction, and all Indebtedness and the Obligations of Borrower or an Affiliate to Lender under this Agreement or any other loan agreement, present and future, constitute one obligation secured by the Collateral of the Loan or the Collateral of an Affiliate loan and security held and to be held by Lender hereunder and by virtue of all other assignments and security agreements between Borrower and Lender now and hereafter existing, as may be amended, restated, supplemented, extended or renewed

(q) Costs and Expenses Whether or not the Loan is closed, all costs and expenses incurred by Lender in connection with the Loan, including but not limited to attorneys' fees, appraisals, legal due diligence and any and all other expenses, shall be paid by Borrower upon demand by Lender Such costs and expenses shall be in addition to, and shall not be offset against, the Origination Fee or any other fee due and owing to Lender

(r) Indemnification Borrower shall indemnify, defend and hold Lender, Franchisor, Area Developer and any of their respective affiliates and their directors, officers employees, agents and attorneys (each an "Indemnitee') harmless of and from any claim brought or threatened against any Indemnitee by Borrower or Guarantor, or any other person (as well as from reasonable attorneys' fees and expenses in connection therewith) on account of Lender's relationship with Borrower or Guarantor (each of which may be defended compromised, settled or pursued by Lender with counsel of Lender's election, but at the expense of Borrower), except for any claim arising out of the gross negligence or willful misconduct of Lender This indemnification shall survive payment of the Obligations, and/or any termination, release or discharge executed by Lender in favor of Borrower Franchisor and Area Developer are intended third party beneficiaries of this Section

9 **Definitions** All financial terms used herein but not defined on the exhibits, in the Security Agreement or in any other Loan Document have the meanings given to them by GAAP All other undefined terms have the meanings given to them in the Uniform Commercial Code as adopted in the state whose law governs this instrument The following definitions are used herein

'Access Laws" has the meaning set forth in Section 3(n) of this Agreement

"Affiliate" means, as to Borrower, (a) any Subsidiary, (b) any person or entity which, directly or indirectly, is in control of, is controlled by or is under common control with, Borrower, or (c) any person who is a director, officer or employee (i) of Borrower or (ii) of any person described in the preceding clause (a)

"Area Developer" means _____ and its legal successor and assigns

"Borrower" has the meaning given to such term in the Introduction to this Agreement

"Business" shall mean the ownership, acquisition sale or operation of Tropical Smoothie franchise locations

"Business Day" means any day which is neither a Saturday or Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in Atlanta, Georgia

"Closing Date" means the date of this Agreement

'Collateral means all property of Borrower or an Affiliate in which Lender has a first priority Lien, security interest or collateral assignment pursuant to the terms of this Agreement or any other Loan Document

'Default Rate" has the meaning set forth in Section 1(d) of this Agreement

"Disbursement" has the meaning set forth in Section 1(b) of this Agreement

"ERISA" has the meaning set forth in Section 3(j) of this Agreement

'ERISA Affiliate" has the meaning set forth in Section 3(j) of this Agreement

'Event of Default" has the meaning set forth in Section 6 of this Agreement

"Excess Cash" means Borrower's net income under GAAP less (a) all payments to lenders, (b) reserves for capital improvements, replacements and contingencies and (c) any other amounts reasonably necessary to be retained by Borrower for the effective maintenance of the Business as determined in good faith by Operator

"Franchise Agreement" means those certain Franchise Agreements by and between Borrower and Franchisor

'Franchisor" means Tropical Smoothie Cafe, LLC and its legal successors and assigns

'GAAP" means generally accepted accounting principles as in effect from time to time

"Governmental Authority" means any nation sovereign or government, any state or other political subdivision thereof any agency, authority or instrumentality thereof or of any such state or political subdivision, and any entity or authority exercising executive, legislative, taxing, judicial, regulatory or administrative functions of or pertaining to government including any central bank, stock exchange, regulatory body, arbitrator, public sector entity, supra-national entity and any self-regulatory organization

'Guarantor" means, jointly and severally, _____ and _____

'Guaranty" has the meaning set forth in Section 1(e) of this Agreement

'Indebtedness" means the total of all Obligations, whether current or long-term which in accordance with GAAP would be included as liabilities upon Borrower's balance sheet at the date as of which Indebtedness is to be determined, and shall also include guaranties, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others

"Indemnitee" has the meaning set forth in Section 8(r) of this Agreement

'Interest Rate" has the meaning set forth in Section 1(d) of this Agreement

'Lease Agreements" means the Lease Agreement dated _____, 20___, by and between _____, as landlord ("Landlord"), and Borrower, as Tenant, with respect to the Property together with the Addendum to Lease Agreement Conditional Assignment of Lease dated _____, 20___ by and among Landlord, Borrower and Franchisor, and all other lease agreements entered into by Borrower in connection with the Business

"Lender" has the meaning given to such term in the Introduction to this Agreement

'Lien" means any security interest, mortgage, pledge, assignment, lien or other encumbrance of any kind, including interests of vendors or lessors under conditional sale contracts or capital leases

'Loan" has the meaning set forth in Section 1(a) of this Agreement and includes all amounts outstanding under the Note and/or advanced pursuant to this Agreement

'Loan Documents" means each and every document or agreement executed by any party evidencing, guarantying or securing any of the Obligations, including, but not limited to, this Agreement, the Note the Security Agreement and the Guaranty, "Loan Document" means any one of the Loan Documents

'Lost Note" has the meaning set forth in Section 8(o) of this Agreement

'Management Expenses" means any and all expenses not directly attributable to a particular franchised store, including salaries, bonuses or other compensation to non-store level personnel

"Material Adverse Effect" means a change which (a) materially impairs or is reasonably expected to impair the ability of Borrower or Guarantor to pay and perform its obligations under the Loan Documents to which it is a party, or (b) materially impairs or is reasonably expected to materially impair the ability of Lender to enforce its rights and remedies under any Loan Document, or (c) has or is reasonably expected to have any material adverse effect on the Collateral, the lien of Lender in such Collateral or the priority of such lien, or (d) is prejudicial to any business, operations or financial condition of Borrower or Guarantor

"Maturity Date" has the meaning set forth in Section 1(a) of this Agreement

'Note" has the meaning set forth in Section 1(a) of this Agreement

"Obligation(s)" means all loans, advances, indebtedness and each and every other obligation or liability of Borrower owed to Lender, however created, of every kind and description whether now existing or hereafter arising and whether direct or indirect, primary or as guarantor or surety, absolute or contingent, liquidated or unliquidated, matured or unmatured, participated in whole or in part, whether or not secured by additional collateral, whether originated with Lender or owed to others and acquired by Lender by purchase, assignment or otherwise, and including, without limitation, all loans, advances, indebtedness and each and every obligation or liability arising under this Agreement or any other Loan Documents, all obligations to perform or forbear from performing acts, and agreements, instruments and documents evidencing, guarantying, securing or otherwise executed in connection with any of the foregoing, together with any amendments, modifications and restatements thereof, and all expenses and attorneys' fees

incurred by Lender hereunder or any other document, instrument or agreement related to any of the foregoing

'Organizational Documents" means any articles, bylaws, certificates, operating agreements, limited liability company agreements or similar organizational documents of Borrower

"Origination Fee" has the meaning set forth in Section 1(g) of this Agreement

'Permitted Liens' has the meaning set forth in Section 3(g) of this Agreement

"Person" means any individual, partnership, corporation, joint stock company, estate, association, firm, enterprise, trust, limited liability company, unincorporated association joint venture and any other entity

"Property" means the Tropical Smoothie franchised location located at _____

"Reportable Event" has the meaning set forth in Section 3(j) of this Agreement

"Security Agreement" means that certain Security Agreement executed by Borrower in favor of Lender of even date herewith, as the same may be amended or restated from time to time

"Subsidiary" means any corporation, limited liability company or other entity in which Borrower owns a majority of the voting equity interests or has the ability to control or direct management of the business of such entity

UCC" has the meaning set forth in Section 8(d) of this Agreement

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Loan Agreement on the date first written above

LENDER

BIP FRANCHISE FINANCE, LLC,
a Delaware limited liability company

By _____
Name _____
Title _____

BORROWER

_____,
a _____

By _____
Name _____
Title _____

04/06/16, as amended 10/31/16
SC/v87

ADDRESS FOR NOTICE

_____

Attn _____

_____

_____

GUARANTOR

_____

ADDRESS FOR NOTICE

_____

_____

_____

Exhibit A
FORM OF NOTE

$_____ _____, 20___

FOR VALUE RECEIVED, _____, a _____ ("Borrower"), promises to pay to the order of BIP Franchise Finance, LLC, a Delaware limited liability company, and its successors and assigns (Lender'), the principal sum of _____ and ___/100 Dollars ($_____) pursuant to the terms and conditions set forth in the Loan Agreement (as hereinafter defined), in immediately available funds at the office of Lender, _____, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Loan Agreement

Lender is hereby authorized to record based on the loan payment schedule to be provided by Lender on the Closing Date, or to otherwise record in accordance with its usual practice (including, without limitation in Lender's electronic data processing system), the date and amount of each interest and principal payment hereunder

This Note is issued pursuant to and is entitled to the benefits of, the Loan Agreement dated of even date herewith (which, as it may be amended or modified and in effect from time to time, is herein called the 'Loan Agreement"), between Borrower and Lender, to which Loan Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Loan Agreement

_____,
a(n)_____

By _____
Name _____
Title _____

Exhibit B
FORM OF COVENANT COMPLIANCE CERTIFICATE

I, _____ of _____, pursuant to the Loan Agreement dated _____ 20___ (as may be amended from time to time) by and between _____ ('Borrower') and BIP Franchise Finance, LLC ('Lender") (the Agreement') certify that, as of the last day of the fiscal quarter of Borrower for the quarter ended _____

(a) All representations and warranties of Borrower in the Loan Documents are true and correct in all material respects

(b) Borrower is in compliance in all material respects with all of its obligations, duties and covenants under the Loan Documents

(c) No event has occurred which, with the passage of time and/or the giving of notice, would constitute an Event of Default under the Loan Documents

(d) Since the Closing Date, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect on Borrower, the Collateral or the Property

_____,
a(n) _____

By _____
Name _____
Title _____

SCHEDULE 3(c)
Litigation

SCHEDULE 3(g)
Permitted Liens

EXHIBIT N-2 TO THE DISCLOSURE DOCUMENT

FINANCING PROGRAM DOCUMENTS

FORM OF SECURITY AGREEMENT

04/06/16, as amended 10/31/16
SC/v87

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement"), dated as of _____, 20___, is entered into by and between ***[Franchisee]*** a _____ (the 'Debtor") and BIP Franchise Finance, LLC, a Delaware limited liability company (the Secured Party")

Recitals

A This Agreement is made pursuant to that certain Loan Agreement, of even date herewith, by and between the Secured Party and the Debtor (the "Loan Agreement")

B The Debtor has executed and delivered to the Secured Party that certain Note of even date herewith in the face amount of _____ and ___/100 Dollars ($_____) (the 'Note")

C The Note evidences the Debtor's indebtedness to the Secured Party for a loan in the original principal amount of _____ and ___/100 Dollars ($_____) (the "Loan")

D In connection with the Note, and as a condition to the Secured Party's advance of the Loan, the Debtor has agreed to execute and deliver this Agreement

Agreements

NOW THEREFORE in order to induce the Secured Party to advance the Loan, and in consideration of the benefits expected to accrue to the Debtor by reason thereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby represents and warrants to, and agrees with the Secured Party as follows

1 Defined Terms Unless otherwise defined herein, capitalized terms used in this Agreement have the meanings given to such terms in the UCC, the Note or the Loan Agreement

2 Grant of Security Interest

(a) The Debtor hereby grants to the Secured Party a first priority continuing security interest in and to, and a pledge of, all assets of the Debtor (the "Collateral"), whether now owned or existing or hereafter acquired or arising and wheresoever located (including but not limited to the locations described on Schedule 6 attached hereto), including, without limitation (i) all Accounts, (ii) all Chattel Paper, (iii) all Commercial Tort Claims (iv) all Deposit Accounts, (v) all Equipment, (vi) all General Intangibles, (vii) all Instruments, (viii) all Inventory (ix) all Investment Property, (x) all Letter-of-Credit Rights, (xi) all Payment Intangibles (xii) all leases on the Properties, and (xiii) all accessions to, all substitutions for, and all replacements of, and to the extent not otherwise included in the foregoing, all cash and non-cash Proceeds and products of the above-described property of the Debtor described in this Section 2(a), including, but not limited to, proceeds of insurance policies constituting or insuring such property

(b) As used in this Agreement, the following terms have the following meanings

'Accounts' means 'accounts" (as defined in the UCC) including, without limitation all present and future rights to payment for goods sold or leased or for services rendered or for policies of insurance issued or to be issued, and whether or not they have been earned by performance and shall include all security pledged or granted to the Debtor all of the Debtor's rights and interest in goods which gave rise to same, all indemnities in respect thereof and all guaranties thereof

"Account Debtor" means "account debtor" (as defined in the UCC), including, without limitation, any Person who is or becomes obligated to the Debtor under, with respect to, or on account of an Account Chattel Paper or General Intangible

'Chattel Paper" means "chattel paper" (as defined in the UCC), including, without limitation, a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods

'Commercial Tort Claims" means "commercial tort claims" (as defined in the UCC), including, without limitation, a claim arising in tort with respect to which (a) the claimant is an organization or (b) the claimant is an individual and the claim (i) arose in the course of the claimant's business or profession and (ii) does not include damages arising out of personal injury to or the death of an individual

"Deposit Accounts" means each and every 'deposit account" (as defined in the UCC), including, without limitation, demand deposit, checking, savings, money market and other deposit accounts owned or maintained by the Borrower at a financial institution

"Equipment" means "equipment" (as defined in the UCC) and fixtures (as defined in the UCC), including, without limitation, all machinery, equipment, furniture, furnishings, fixtures, and parts, supplies, and motor vehicles (titled and untitled) of every kind and description, now or hereafter owned by the Debtor, or in which the Debtor may have or may hereafter acquire any interest, wheresoever located

"General Intangibles" means all 'general intangibles" (as defined in the UCC) including, without limitation, contract rights, choses in action, causes of action and all other personal property of every kind and nature, now or hereafter arising, all Company or other business records (including, without limitation, all information, reports and other records relating to the Collateral), all intellectual property, trade secrets, good will, registrations, licenses permits, customer lists, tax refunds, tax refund claims, rights and claims against carriers and shippers, and rights to indemnification

'Instruments" means "instruments" (as defined in the UCC) including, without limitation, negotiable instruments or any other writing that evidences a right to the payment

of a monetary obligation, and is of a type that in the ordinary course of business is transferred by delivery with any necessary indorsement or assignment

"Inventory" means all 'inventory (as defined in the UCC), including without limitation all goods merchandise, work-in-process, raw materials finished goods, and inventory held for sale or lease to other Persons, all other materials, supplies, and tangible personal property of any kind, nature, or description held for sale or lease or for display or demonstration, or furnished or to be furnished under contracts of service, or which are or which might be used or consumed in connection with the manufacturing, packing, shipping, advertising, selling leasing, or furnishing of such goods, merchandise or other personal property, all documents of title or other documents pertaining thereto, and all Proceeds of the foregoing

"Investment Property" means "investment property' (as defined in the UCC), including, without limitation, all securities, whether certificated or uncertificated, all security entitlements, all securities accounts, all commodity contracts and all commodity accounts

"Letter of Credit Rights" means letter of credit rights" (as defined in the UCC), including, without limitation, a right to payment or performance under a letter of credit

"Payment Intangibles" means 'payment intangibles" (as defined in the UCC), including without limitation, a present or future general intangible under which the Account Debtor's principal obligation is a monetary obligation

"Proceeds' means all 'proceeds" (as defined in the UCC), including, without limitation, proceeds from the sale of any franchise rights and proceeds of any and all of the Collateral made or due and payable to the Debtor from time to time including, without limitation, all proceeds in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority) and to the extent not otherwise included all payments under insurance (whether or not the Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the Collateral

'UCC" means the Uniform Commercial Code in effect in the State of _____ and any other state in which the Collateral is located

3 Obligations Secured The security interest herein granted secures any and all of the Indebtedness and other obligations of the Debtor under and pursuant to the Loan Documents and this Agreement of whatsoever nature, fixed or contingent whether now existing or hereafter arising, including without limitation the principal of and interest on the Loan (collectively, the "Secured Obligations")

4 Grant of License, Accounts Except as may be prohibited by any written agreement between the Debtor and Tropical Smoothie Cafe, LLC (the "Franchisor"), the Debtor hereby grants to the Secured Party (and its agents, representatives or assigns), a non-exclusive, fully-paid, royalty-free, worldwide right and license to, upon the occurrence and during the continuance of an Event of Default (unless appropriately waived in writing in accordance with this

Agreement), (a) use, or sell or otherwise transfer, any and all of the Debtor's Inventory which may bear or utilize any of the Debtor's intellectual property, (b) use or sell any such work-in-process or completed or finished products, and (c) accept any and all orders or shipments of products ordered by the Debtor and use or sell any such products bearing or utilizing any of the Debtor s intellectual property With respect to the Debtor's Accounts, the Debtor hereby grants to the Secured Party all of the rights remedies and powers of attorney relating thereto and to collections and other Proceeds as are granted by the Debtor to the Secured Party in this Agreement

5 Perfection, Further Actions

(a) The Debtor authorizes the Secured Party to file such financing statements deemed by the Secured Party to be necessary or appropriate under applicable law, and otherwise take such other action and execute such assignments or other instruments or documents, in each case as the Secured Party may reasonably request, to evidence, perfect, or record the Secured Party's security interest in the Collateral or to enable the Secured Party to exercise and enforce its rights and remedies with respect to any Collateral The Debtor hereby authorizes the Secured Party to file any such financing statements, amendments or continuation statements on the Debtor's behalf which may be reasonably required by the Secured Party The Debtor represents that its exact legal name as shown on its Organizational Documents and state of formation or organization are as set forth in the first paragraph of this Agreement The Debtor agrees that, notwithstanding any provision in the UCC to the contrary, the Debtor shall not file a termination statement on any financing statement filed by the Secured Party in connection with any security interest granted under this Agreement if the Secured Party reasonably objects to the filing of such termination statement The parties acknowledge that any reproduction of this Agreement shall be sufficient as a financing statement to the extent permitted by law The Debtor shall bear all of the cost and expense in connection with its incurrence and receipt of the Loan, the issuance of the Note, the granting of security interests in the Collateral, and the filing of financing statements and other actions in connection with the perfection of the security interests herein granted

(b) If the Debtor owns or acquires any Chattel Paper or Instrument constituting a portion of the Collateral, the Debtor will within ten (10) days notify the Secured Party thereof, and upon request by the Secured Party promptly deliver such Chattel Paper or Instrument to the Secured Party appropriately assigned or endorsed to the order of the Secured Party as further security hereunder

(c) The Debtor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of its Inventory, such warehouse receipt or receipt in the nature thereof shall not be 'negotiable' (as such term is used in the UCC)

(d) The Debtor will, at its own expense, make, execute, endorse acknowledge, file and/or deliver to the Secured Party from time to time such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers invoices, schedules, confirmatory assignments, conveyances, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted,

which the Secured Party reasonably deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral

(e) The Debtor shall from time to time deliver to the Secured Party within fifteen (15) days following the Secured Party's request therefor landlord s or bailee's waivers or agreements, in form and substance reasonably satisfactory to the Secured Party in respect of any location at which Collateral is stored and which is not owned by the Debtor in fee simple, provided that, as to any such location of Collateral on the date hereof, the Debtor's failure to deliver such waiver or agreement shall not constitute a default under this Section 5(e) so long as the Debtor has made diligent and good faith efforts to obtain same

(f) The Debtor shall advise the Secured Party in writing of any 'commodity account" (as such term is defined in the UCC) or other Investment Property now or hereafter owned by the Debtor (other than shares or membership interests in Subsidiaries, if any excluded from Collateral hereunder) and, if so requested by the Secured Party at any time while the Note is outstanding, shall take such steps as the Secured Party may from time to time reasonably request for the purpose of causing the Secured Party to have 'control" (as defined in the UCC) thereof and its security interest hereunder to be first in priority (subject to Liens permitted under the Note and the Loan Agreement)

(g) If, at any time, the Debtor acquires a "commercial tort claim" (as such term is defined in the UCC), the Debtor shall promptly notify the Secured Party thereof in writing (which writing shall describe such commercial tort claim with sufficient specificity to grant to the Secured Party a security interest therein pursuant to the UCC), and upon delivery thereof to the Secured Party the Debtor shall be deemed to thereby grant to the Secured Party (and the Debtor hereby grants to the Secured Party) a security interest and Lien in and to such commercial tort claim and all Proceeds thereof all upon the terms of and governed by this Agreement

6 Representations and Agreements

(a) The Debtor's chief executive office is located at the address set forth on Schedule 6 attached hereto and the Debtor's U S Federal Tax I D Number is as set forth on such Schedule 6 The Debtor will not move its chief executive office except to such new location as the Debtor may establish in accordance with the last sentence of this Section 6(a) The originals of all documents evidencing all or a portion of the Collateral and the only original books of account and records of the Debtor relating thereto are and will continue to be, kept at such chief executive office, or at such new location(s) as the Debtor may establish in accordance with the last sentence of this Section 6(a) All Collateral is, and will continue to be, maintained at and controlled and directed (including, without limitation, for general accounting purposes) from, the locations described in Schedule 6 or at such new location(s) as the Debtor may establish in accordance with the last sentence of this Section 6(a) The Debtor shall not establish any new location for such chief executive office until (i) it has given to the Secured Party at least ten (10) days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Secured Party may reasonably request, and (ii) with respect to such new location, it shall have taken all action,

reasonably satisfactory to the Secured Party to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect

(b) The only locations at which is located any Inventory (other than Inventory sold or leased to the Debtor's customers in the ordinary course of the Debtor s business) or Equipment of the Debtor (including without limitation the location of any warehouse, bailee or consignee at which Collateral is located) are set forth on Schedule 6 hereto, and the Debtor agrees that all Equipment and Inventory shall at all times hereafter be kept at one of such locations set forth on Schedule 6 unless the Debtor complies with the following sentence, or, as to Inventory, is temporarily off-site for work or treatment in the ordinary course of the Debtor's business The Debtor shall not establish any new location for Inventory or Equipment until (i) it has given to the Secured Party at least ten (10) days' prior written notice of its intention to do so clearly describing such new location and providing such other information in connection therewith as the Secured Party may reasonably request, and (ii) with respect to such new location, it shall have taken all action reasonably satisfactory to the Secured Party, to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect

(c) The Debtor has not used or conducted business under any other trade name, assumed name, fictitious name and other name at any time during the five (5) years before the date hereof, except Tropical Smoothie

(d) The Debtor has not merged with, or acquired substantially all of the assets of any other entity at any time during the five (5) years before the date hereof

7 Title to Collateral, Liens, Transfers The Debtor has good and indefeasible title to and ownership of the Collateral, free and clear of all Liens, except as permitted under the Loan Agreement Except as permitted in the Loan Agreement and upon the prior consent of the Secured Party, the Debtor shall not encumber pledge mortgage grant a security interest in assign, sell, lease or otherwise dispose of or transfer whether by sale, merger, consolidation, liquidation, dissolution or otherwise, any of the Collateral

8 Other Changes Affecting Perfection The Debtor shall not, without giving the Secured Party ten (10) days prior written notice thereof and taking such steps, reasonably satisfactory to the Secured Party, as may be necessary or appropriate to maintain the perfection in full force and effect of the Lien in the Collateral (a) add any new places of business or close any of its existing places of business, (b) make any change in the Debtor's name or adopt or operate under any trade name, assumed name or fictitious name or otherwise add any name under which the Debtor does business, or (c) make any other change (other than sales and leases of Inventory in the ordinary course of business) which might affect the perfection or priority of the Secured Party's Lien in the Collateral Notwithstanding the foregoing, the Debtor may from time to time replace furniture, fixtures and equipment at the end of their useful life without the requirement of the Secured Party consent provided that any such replacements be and remain subject to the Lien in the Collateral as set forth herein

9 Maintenance of Insurance The Debtor shall at all times maintain the insurance policies required by the Secured Party and in the amounts described in the Loan Agreement So long as no Event of Default exists, upon the Debtor's request the Secured Party shall disburse to the Debtor insurance Proceeds received by the Secured Party, which shall be used by the Debtor solely for the purpose of repair and restoration of the property giving rise to such Proceeds provided that the Debtor shall deliver to the Secured Party a certificate in form and substance reasonably satisfactory to the Secured Party confirming the absence of any Event of Default at the time of each such disbursement

10 Power of Attorney for Insurance The Debtor shall at all times maintain insurance on the Collateral and shall promptly deliver to the Secured Party true copies of all reports made to insurance companies The Debtor hereby irrevocably makes constitutes, and appoints the Secured Party (and all officers, employees, or agents designated by the Secured Party) upon and during the continuance of an Event of Default, but subject to Section 23, below, as its true and lawful attorney-in-fact and agent with full power of substitution, such that the Secured Party shall have the right and authority to make and adjust claims under such policies of insurance receive and endorse the name of the Debtor on, any check, draft, instrument or other item of payment for the Proceeds of such policies of insurance and make all determinations and decisions with respect to such policies of insurance The Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof This power of attorney is a power coupled with an interest and shall be irrevocable Without waiving or releasing any of the Debtor's obligations under this Agreement, the Secured Party may (but shall not be required to) at any time or times upon and during the continuance of an Event of Default take such actions with respect thereto as the Secured Party deems advisable All sums disbursed by the Secured Party in connection therewith (including, but not limited to, reasonable attorneys and paralegals fees and disbursements court costs expenses and other charges relating thereto) shall be payable on demand, and until paid by the Debtor to the Secured Party, with interest thereon at the rate of interest then accruing under the Note, shall be additional Secured Obligations under this Agreement secured by the Collateral

11 Maintenance of Records and Equipment

(a) The Debtor will keep and maintain at its own cost and expense satisfactory and complete records of its Collateral, including, but not limited to the originals of all documentation (including each contract) with respect thereto records of all payments received, all credits granted thereon, and all other dealings therewith The Debtor shall, if requested by the Secured Party, deliver to the Secured Party copies of all documents evidencing its Collateral and copies of such other documents relating thereto as the Secured Party may reasonably request If the Secured Party so directs after the occurrence and during the continuance of an Event of Default, the Debtor shall legend in form and manner reasonably satisfactory to the Secured Party, any Collateral, as well as books records and documents of the Debtor evidencing or pertaining to the Collateral with an appropriate reference to the fact that the Collateral has been assigned to the Secured Party and that the Secured Party has a security interest therein

(b) The Debtor shall keep and maintain each item of Equipment in good operating condition, ordinary wear and tear excepted, and the Debtor shall provide all maintenance and service and all repairs, necessary for such purpose

12 Limitations on Dispositions of Inventory and Equipment The Debtor shall not sell transfer, lease or otherwise dispose of any of the Inventory or Equipment or attempt offer or contract to do so, except for (a) dispositions of Inventory in the ordinary course of business (b) so long as no Event of Default has occurred, the disposition of obsolete or worn out Equipment in the ordinary course of business, and (c) dispositions otherwise permitted under the Note or the Loan Agreement

13 Protection of Collateral, Reimbursement All insurance expenses and all expenses of protecting, storing, warehousing, insuring, handling maintaining, and shipping any Collateral, any and all excise, property sales use or other taxes imposed by any state, federal or local authority on any of the Collateral, or in respect of the sale thereof or otherwise in respect of the Debtor's business operations which, if unpaid, could result in the imposition of any Lien upon the Collateral, shall be borne and paid by the Debtor If, after notice to the Debtor, the Debtor fails to promptly pay any portion thereof when due, except as may otherwise be permitted under this Agreement or under any of the other Loan Documents, the Secured Party at its option, may, but shall not be required to pay the same All sums so paid or incurred by the Secured Party for any of the foregoing and any and all other sums for which the Debtor may become liable under this Agreement and all costs and expenses (including reasonable attorneys fees legal expenses, and court costs expenses and other charges related thereto) which the Secured Party may incur in enforcing or protecting its Liens on or rights and interests in the Collateral or any of its rights or remedies under this Agreement or the Note or in respect of any of the transactions to be had under this Agreement shall be repayable on demand and, until paid by the Debtor to the Secured Party with interest thereon at the rate of interest then accruing under the Note shall be additional Secured Obligations under this Agreement secured by the Collateral Unless otherwise provided by law, the Secured Party shall not be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency, or other Person whomsoever

14 Inspection, Verification During regular business hours and after reasonable notice to the Debtor, the Secured Party (by any of its officers, employees, agents, representatives, or designees) shall have the right to inspect the Collateral and to inspect all books, records, journals, orders receipts, or other correspondence related thereto (and to make extracts or copies thereof as the Secured Party may desire) and to inspect the premises upon which any of the Collateral is located for the purpose of verifying the amount, quality quantity, value, and condition of or any other matter relating to, the Collateral

15 Status of Collateral The Debtor agrees to advise the Secured Party promptly, in sufficient detail, of any event which could have a Material Adverse Effect on the value of the Collateral or on the security interests granted to the Secured Party herein

16 Secured Party Not Liable, Waivers

(a) The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors,

employees or agents shall be responsible to the Debtor for any act or failure to act, except for its own gross negligence or willful misconduct

(b) Except as otherwise provided in this Agreement, THE DEBTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW

(i) all damages occasioned by such taking of possession except any damages which are the direct result of the Secured Party's gross negligence or willful misconduct,

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Party's rights hereunder, and

(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and the Debtor for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against the Debtor and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Debtor

17 Authority to Execute Transfers Without limitation of any authorization granted to the Secured Party hereunder the Debtor also hereby authorizes the Secured Party, upon the occurrence and continuance of an Event of Default beyond any applicable grace or cure period, to execute, in connection with the exercise by the Secured Party of its remedies hereunder, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral

18 Performance by Secured Party of the Debtor's Obligations If the Debtor fails to perform or comply with any of its agreements contained herein and the Secured Party shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Secured Party and any guarantor incurred in connection with such performance or compliance, together with interest thereon at the rate of interest then accruing under the Note, shall be payable by the Debtor to the Secured Party or the guarantor, as applicable, on demand and shall constitute Secured Obligations secured hereby The Secured Party will notify the Debtor as soon as it is practicable of any action taken by it of the nature referred to herein

19 Reinstatement The provisions of this Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Debtor for liquidation or reorganization, should the Debtor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Debtor's assets or should any other financial impairment occur, and shall continue to be

effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any part thereof, is pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a voidable preference," 'fraudulent conveyance " or otherwise all as though such payment or performance had not been made If any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned

20 Termination of Security Interest, Release of Collateral Upon the payment in full of all Secured Obligations (a) the security interests and licenses granted to the Secured Party under this Agreement shall terminate, (b) all rights to the Collateral shall revert to the Debtor, (c) the Secured Party will, at the Debtor's expense, execute and deliver to the Debtor such documents as the Debtor may reasonably request to evidence the termination of such security interests and the release of such Collateral and (d) this Agreement shall be terminated, and the Debtor shall have no further liabilities or obligations thereunder (except any liabilities and/or obligations which under the terms of this Agreement survive termination of such agreements) Upon the written request of the Debtor, the Secured Party shall also release from the security interest hereof Equipment sold pursuant to the provisions of Section 12 above

21 Events of Default Any of the following is an Event of Default under this Agreement

(a) the occurrence of an Event of Default beyond any applicable cure or grace period under the Loan Agreement or the Loan Documents, or

(b) the occurrence of any Event of Default under any loan documents evidencing and/or securing any other obligation owed by Borrower an Affiliate or any Guarantor to Lender

22 Remedies Upon and during the continuance of an Event of Default, the Secured Party has all the rights and remedies set forth in this Agreement and any additional rights to which a secured party is entitled under the UCC (including, without limitation, foreclosure and secured party sale), at law or in equity Without limiting the generality of the foregoing, upon the occurrence of an Event of Default (unless appropriately waived in writing in accordance with this Agreement), the Secured Party may, in the Debtor's or the Secured Party's name (a) demand payment on any Collateral, (b) enforce payment on any Collateral, by legal proceedings or otherwise, (c) exercise all of the Debtor's rights and remedies with respect to the Collateral and the collection on any Collateral, (d) settle, adjust, compromise, extend or renew any Collateral, (e) settle, adjust, or compromise any legal proceedings brought to collect on any Collateral, (f) if permitted by applicable law, sell or assign any Collateral upon such terms, for such amounts, and at such time or times as the Secured Party deems advisable, (g) discharge and release any Collateral, (h) take control, in any manner of any Collateral and any item of payment or Proceeds relating to any Collateral, (i) prepare file, and sign the Debtor's name on a proof of claim in bankruptcy or similar document against any Account Debtor, or (j) endorse the name of the Debtor upon any Collateral and upon any of the items of payment or Proceeds relating to any Collateral and deposit the same to the account of the Secured Party on account of the Secured Obligations Without limiting the generality of the foregoing, the Secured Party may

(a) personally, or by agents or attorneys, immediately retake possession of the Collateral or any part thereof, from the Debtor or any other person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon the Debtor's premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies aids and other facilities of the Debtor,

(b) instruct the obligor or obligors on any agreement instrument or other obligation (including, without limitation, the Accounts) constituting the Collateral to make any payment required by the terms of such instrument or agreement directly to the Secured Party,

(c) sell, assign or otherwise liquidate, or direct the Debtor to sell, assign or otherwise liquidate, any or all of the Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation,

(d) withdraw any or all monies, securities and/or instruments from any Collateral for application to the Secured Obligations,

(e) instruct (or, as defined and used in the UCC, give instructions to) any issuer, obligor, broker, custodian, depository, securities or other intermediary or bailee in respect of any Collateral to, as determined by the Secured Party, sell, convert, exchange, make any payment on, or otherwise deal with such Collateral and to deliver, disburse, deliver control or otherwise transfer such Collateral or the Proceeds thereof to the Secured Party, and

(f) take possession of the Collateral or any part thereof, by directing the Debtor in writing to deliver the same to the Secured Party at any place or places reasonably designated by the Secured Party, in which event the Debtor shall at its own expense

(i) forthwith cause the same to be moved to the place or places so reasonably designated by the Secured Party and there delivered to the Secured Party,

(ii) store and keep any Collateral so delivered to the Secured Party at such place or places pending further action by the Secured Party, and

(iii) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition,

it being understood that the Debtor's obligation so to deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction the Secured Party shall be entitled to a decree requiring specific performance by the Debtor of said obligation

23 Additional Remedies Upon the occurrence and during the continuance of an Event of Default beyond any applicable grace or cure period, to the extent permitted by applicable

law and in addition to any other right or remedy provided for in this Agreement, the Secured Party shall have each of the following rights and remedies

(a) General Rights and Remedies The Secured Party shall have all of the rights and remedies of a secured party under the UCC or under other applicable law and the Secured Party shall have all other legal and equitable rights to which the Secured Party may be entitled, all of which rights and remedies shall be cumulative and none of which shall be exclusive, to the extent permitted by law, in addition to any other rights or remedies contained in this Agreement or in the Loan Agreement

(b) Possession of Collateral The Secured Party shall have the right to take immediate possession of the Collateral and all Proceeds relating to such Collateral and (i) require the Debtor, at the Debtor's expense, to assemble the Collateral and make it available to the Secured Party at the Debtor's principal place of business or at such other location(s) designated by the Secured Party or (ii) enter any of the premises of the Debtor or wherever any Collateral shall be located and to keep and store the same on such premises until sold If the premises on which the Collateral is located is owned or leased by the Debtor, then the Debtor shall not charge the Secured Party for storage of such Collateral on such premises for a period of at least thirty (30) days after the date on which the Secured Party enters onto such premises and takes possession of the Collateral

(c) Foreclosure of Liens The Secured Party shall have the right to foreclose the Liens created under this Agreement or under any other agreement relating to the Collateral

(d) Disposition of Collateral The Secured Party shall have the right to sell or to otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, wholesale dispositions, or sales pursuant to one or more contracts, with such notice as may be required by law, in lots or in bulk, for cash or on credit all as the Secured Party, in its discretion, may deem advisable The Debtor acknowledges and covenants that ten (10) days' written notice to the Debtor of any public or private sale or other disposition of Collateral shall be reasonable notice thereof, and such sale shall be at the Debtor's premises or at such other locations where the Collateral then is located, or as otherwise determined by the Secured Party The Secured Party shall have the right to conduct such sales on the Debtor's premises, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law without further requirement of notice to the Debtor, and the Debtor shall permit the Secured Party to conduct a sale or sales from such premises at any time and from time to time and permit purchasers and prospective purchasers access to such premises and the Collateral for the purposes of inspecting, bidding, removal of Collateral and other activities incident to such sale The Secured Party shall have the right to bid or credit bid at any such sale on its own behalf

(e) Notification of Account Debtors The Secured Party shall have the right to notify Account Debtors and other Persons indebted to the Debtor of the Secured Party's interest in any such amounts payable to the Debtor, to instruct such Account Debtors and other Persons to remit such amounts directly to the Secured Party, and, upon collection of the same to apply same to the Secured Obligations

Without limiting the generality of any remedies of the Secured Party set forth herein or in the Loan Agreement or in any other agreement between the Debtor and the Secured Party the Debtor acknowledges and agrees that the Secured Party may at any time after the occurrence and during the continuance of an Event of Default take any and all actions that the Secured Party deems necessary or appropriate to maintain or continue the operation of the Tropical Smoothie franchise located at the Property (as defined in the Loan Agreement), including but not limited to (i) operating the franchise itself or through Franchisor or any affiliate, area developer, franchisee or other operator approved by Franchisor (each, a "Designee"), and/or (ii) transferring all assets, including the Franchise Agreement, used in connection with such franchise located at the Property to Franchisor or any Designee of Franchisor, and the Debtor hereby consents to any such actions taken by Lender Upon the occurrence of an Event of Default, the Secured Party will consult with Franchisor and any other guarantor of the Loan to determine what actions are deemed necessary or appropriate to maintain or continue the operation of the Tropical Smoothie franchise located at the Property

24 Cross-Collateral All Loans by the Secured Party to the Debtor or an Affiliate under the Loan Agreement or any other loan agreement between such parties constitute one transaction, and all Indebtedness and the Obligations of the Debtor or an Affiliate to the Secured Party under this Agreement, the Loan Agreement, the Loan Documents or any other loan agreement, present and future, constitute one obligation secured by the Collateral and by any other security held and to be held by the Secured Party hereunder and by virtue of all other assignments and security agreements between the Debtor and the Secured Party now and hereafter existing, as may be amended, restated, supplemented, extended or removed

25 Binding Effect, Assignment This Agreement shall become effective when it has been executed by the Debtor and by the Secured Party and thereafter shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective successors and assigns

26 Governing Law, Consent to Jurisdiction THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS AND SHALL BE DEEMED TO HAVE BEEN EXECUTED IN THE STATE OF GEORGIA, PROVIDED THAT THE LAWS OF ANY OTHER STATE IN WHICH COLLATERAL IS LOCATED SHALL GOVERN THE PERFECTION OF THE SECURITY INTEREST THEREIN CREATED HEREBY DEBTOR HEREBY AGREES TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN FULTON COUNTY, GEORGIA DEBTOR CONSENTS THAT ALL SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL OR HAND DELIVERY DIRECTED TO DEBTOR AND SECURED PARTY AT THEIR ADDRESSES SET FORTH IN THE LOAN AGREEMENT AND ON THE SIGNATURE PAGES TO THE LOAN DOCUMENTS, RESPECTIVELY, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED THREE (3) BUSINESS DAYS AFTER THE SAME SHALL HAVE BEEN DEPOSITED IN THE U S CERTIFIED MAIL, POSTAGE PREPAID DEBTOR WAIVES ANY OBJECTION TO JURISDICTION OVER THE PERSON OR, TO THE EXTENT OF COMPLIANCE WITH THE IMMEDIATELY PRECEDING SENTENCE, SUFFICIENCY OF PROCESS OR SERVICE UPON DEBTOR

27 Severability of Provisions, Captions Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction The several captions to sections and subsections herein are inserted for convenience only and shall be ignored in interpreting the provisions of this Agreement

28 Entire Agreement This Agreement, the Loan Agreement and the Loan Documents referred to in or otherwise contemplated by this Agreement set forth the entire agreement of the parties as to the transactions contemplated by this Agreement

29 JURY TRIAL WAIVER THE DEBTOR AND THE SECURED PARTY HEREBY IRREVOCABLY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE NOTE OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR THE NOTE AND THE RELATIONSHIPS THEREBY ESTABLISHED The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims breach of duty claims, and all other statutory and common law claims THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS RENEWALS SUPPLEMENTS OR MODIFICATIONS OF THIS AGREEMENT In the event of litigation, this provision may be filed as a written consent to a trial by the court

30 Further Assurances In connection with any assignment or transfer of all or any portion of the Obligations or Collateral by the Secured Party to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect of such Obligations or Collateral, the Debtor agrees to execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all other agreements, documents or instruments requested by the Secured Party and/or its assignee or transferee

31 Counterparts, Facsimile or Scanned Signatures This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which together shall be considered one and the same Agreement The parties hereto agree that the delivery of this Agreement by facsimile or emailed pdf files of scanned copies bearing their respective signatures shall be sufficient and binding upon them as if this Agreement were delivered with original signatures

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed by their respective officers and agents thereunto duly authorized, as of the date first above written

SECURED PARTY

BIP FRANCHISE FINANCE, LLC,
a Delaware limited liability company

By _____
Name _____
Title _____

DEBTOR

_____,
a _____

By _____
Name _____
Title _____

SCHEDULE 6

Location of Debtor's Chief Executive Office

Debtor's U S Federal Tax I D Number

Collateral Locations

[chief executive office]

[list stores]

EXHIBIT N-3 TO THE DISCLOSURE DOCUMENT

FINANCING PROGRAM DOCUMENTS

FORM OF GUARANTY

04/06/16, as amended 10/31/16
SC/v87

GUARANTY

THIS GUARANTY ("Guaranty'), dated as of _____, 20__, is made by _____ (the "Guarantor'), in favor of BIP Franchise Finance, LLC, a Delaware limited liability company and its successors and assigns ("Lender")

WHEREAS, Guarantor owns _____ percent (_____%) of the issued and outstanding common membership interests/shares of _____, a _____ ("Borrower"),

WHEREAS, Lender has made a loan to Borrower in the original principal amount of _____ and ___/100 Dollars ($_____) (the Loan'), as evidenced by a Promissory Note issued by Borrower and payable to the order of Lender, dated as of _____, 20___ (the "Note'), and

WHEREAS, in consideration of Lender making the Loan to Borrower, Lender requires that Guarantor guarantee the Obligations (as defined below) of Borrower under the Note in accordance with the terms of this Guaranty

NOW THEREFORE, in consideration of the foregoing promises and in order to induce Lender to make the Loan, Guarantor hereby agrees as follows

SECTION 1 Guaranty Guarantor hereby guarantees the full and prompt payment and performance when due, whether upon the occurrence of an Event of Default or earlier by reason of acceleration or otherwise, and at all times thereafter of (i) all Indebtedness, liabilities and obligations of every kind and nature of Borrower to Lender, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, joint or several, now or hereafter existing, or due or to become due, and howsoever owed, held, or acquired by Lender, (ii) all of Borrower's indebtedness, liabilities and obligations under any of the documents listed in **Exhibit A** (collectively, the 'Agreements"), and (iii) all expenses (including reasonable attorneys' fees) incurred by Lender in enforcing any rights under this Guaranty (all such indebtedness, liabilities, obligations and expenses collectively referred to herein as the "Obligations")

SECTION 2 Guaranty Absolute Guarantor guarantees that the Obligations will be paid and performed strictly in accordance with the terms of the Agreements, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any such terms or the rights of Lender with respect thereto The liability of Guarantor under this Guaranty shall be absolute and unconditional irrespective of

(i) Any lack of validity or enforceability of any of the Agreements or any other agreement or instrument evidencing all or any part of the Obligations,

(ii) the absence of any attempt to collect the Obligations from Borrower or Guarantor or other action to enforce the same

(iii) the waiver or consent by Lender with respect to any provision of any document evidencing the Obligations, or any part thereof, or any other agreement now or

hereafter executed by Borrower and delivered to Lender and any modification thereof,

(iv) failure by Lender to take any steps to perfect and maintain its security interest in, or preserve its rights to, any security or collateral for the Obligations

(v) Lender's election in any proceedings instituted under Chapter 11 of Title 11 of the United States Code (11 U S C § 101 et seq) (the "Bankruptcy Code"), or the application of Section 1111(b)(2) of the Bankruptcy Code, or

(vi) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code

SECTION 3 Waiver, Guaranty of Collection Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of Borrower, protest or notice with respect to the Obligations and all demands whatsoever, and covenants that this Guaranty will not be discharged, except by complete performance of the Obligations contained herein or as otherwise provided herein Lender shall have the exclusive right to determine the application of payments and credits, if any, from the Guarantor, Borrower or from any other person on account of the Obligations or of any other liability of Guarantor to Lender

SECTION 4 Subrogation Until irrevocable payment in full of the Obligations (i) Guarantor shall not have any right of subrogation and hereby waives any right to enforce any remedy which Lender now has or may hereafter have against Borrower or any endorser or any other guarantor of all or any part of the Obligations, and (ii) Guarantor hereby waives any benefit of and any right to participate in, any security or collateral given to Lender to secure payment of the Obligations or any other liability of Borrower to Lender Guarantor further agrees that any and all claims of Guarantor against Borrower or any endorser or any other guarantor of all or any part of the Obligations, or against any of their respective properties, arising by reason of any payment by any of the Guarantors to Lender pursuant to the provisions hereof, shall be subordinate and subject in right of payment to the prior payment, in full of all principal and interest, all costs of collection (including reasonable attorneys' fees) and any other liabilities or obligations owing to Lender by Borrower which may arise either with respect to or on any note, instrument, document, item, agreement or other writing heretofore now or hereafter delivered to Lender Guarantor also waives all setoffs and counterclaims (other than compulsory counterclaims or defenses that have not been waived) and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty Guarantor further waives all notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional equity investments in or loans extended to Borrower or otherwise, and also waives all notices that the principal amount, or any portion thereof, and/or any interest on any instrument or document evidencing all or any part of the Obligations is due, notices of any and all proceedings to collect from the maker, any endorser or any other guarantor of all or any part of the Obligations, or from anyone else, and, to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral given to Lender to secure payment of the Obligations

SECTION 5 Financial Condition of Borrower Guarantor hereby assumes responsibility for keeping informed of the financial condition of Borrower and of all circumstances bearing upon

the risk of nonpayment of the Obligations or any part thereof that diligent inquiry would reveal, and Guarantor hereby agrees that Lender shall not have any duty to advise Guarantor of information known to Lender regarding such condition or any such circumstances If Lender, in its sole discretion, undertakes at any time or from time to time to provide any such information to Guarantor, Lender shall not be under any obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which, pursuant to accepted or reasonable commercial finance practices, Lender wishes to maintain confidential or (iii) to make any other or future disclosures of such information or any other information to Guarantor

SECTION 6 Marshaling of Assets Guarantor consents and agrees that Lender shall not be under any obligation to marshal any assets in favor of Guarantor or against or in payment of any or all of the Obligations Guarantor further agrees that, to the extent that Borrower makes payments to Lender, or Lender receives any proceeds of Collateral, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to Borrower, their estates, trustees, receivers or any other party, including without limitation, Guarantor, under any bankruptcy law state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligations or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred

SECTION 7 Amendments, Etc No amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Lender and Guarantor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given

SECTION 8 Addresses for Notices All notices and other communications provided for hereunder must be in writing and delivered (i) if to Guarantor, to the address set forth on the signature page of this Guaranty, and (ii) if to Lender, _____, Attn _____ All communications hereunder shall be in writing and shall be deemed given upon the earlier of receipt, one (1) Business Day after being sent by facsimile transmission or by reputable overnight courier, or three (3) Business Days after being sent by certified mail Each party, by notice so given, may specify a different notice address Any notice of change of address shall be effective only upon receipt

SECTION 9 No Waiver, Remedies No failure on the part of Lender to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof and no single or partial exercise by Lender of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right, nor shall any modification or, waiver of any of the provisions of this Guaranty be binding upon Lender, except as expressly set forth in a writing duly signed and delivered by an authorized officer or agent of Lender on behalf of Lender Lender s failure at any time or times hereafter to require strict performance by Borrower or Guarantor of any of the provisions, warranties, terms and conditions contained in any promissory note security agreement, agreement, guaranty, instrument or document now or at any time or times hereafter executed by Borrower or Guarantor and delivered to Lender shall not waive, affect or diminish any right of Lender at any time or times hereafter to demand strict performance thereof and such right shall not be deemed to have been waived by any act or knowledge of Lender, its agents, officers or employees, unless such waiver is contained in an instrument in writing signed by an

officer or agent of Lender and directed to Borrower specifying such waiver No waiver by Lender of any default or Event of Default shall operate as a waiver of any other default or the same default or Event of Default on a future occasion and no action by Lender permitted hereunder shall in any way affect or impair Lender's rights or the obligations of Guarantor under this Guaranty Any determination by a court of competent jurisdiction of the amount of any principal and/or interest owing by Borrower to Lender shall be conclusive and binding on Guarantor irrespective of whether the undersigned was a party to the suit or action in which such determination was made The remedies herein provided are cumulative and not exclusive of any remedies provided by law

SECTION 10 Continuing Guaranty This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until payment in full of the Obligations and all other amounts payable under the Agreements and this Guaranty (ii) be binding upon Guarantor his/her respective successors and assigns, and (iii) inure to the benefit of and be enforceable by Lender and its successors, transferees and assigns Without limiting the generality of the foregoing clause (iii), Lender may subject to the provisions of the Agreements, assign or otherwise transfer all or any portion of Borrower's Obligations to Lender held by it to any other person or entity and such other person or entity shall thereupon become vested with all the rights in respect of such Obligations granted to Lender herein or otherwise, whereupon this Guaranty shall continue to guaranty all of the Obligations to both Lender and such transferee

SECTION 11 Financial Statements Each Guarantor shall deliver to Lender within fifteen (15) days after the filing thereof, Guarantor's federal income tax return along with a personal financial statement, in form and detail reasonably satisfactory to Lender

SECTION 12 Governing Law This Guaranty shall be governed by, and construed in accordance with the laws of the State of Georgia without regard to principles of conflict of laws and shall be deemed to have been executed in the State of Georgia

SECTION 13 WAIVER OF JURISDICTION GUARANTOR HEREBY AGREES TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN FULTON COUNTY, GEORGIA GUARANTOR CONSENTS THAT ALL SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL OR HAND DELIVERY DIRECTED TO GUARANTOR AND LENDER AT THEIR ADDRESSES SET FORTH IN SECTION 8 HEREOF AND ON THE SIGNATURE PAGES TO THE AGREEMENTS, RESPECTIVELY, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED THREE (3) BUSINESS DAYS AFTER THE SAME SHALL HAVE BEEN DEPOSITED IN THE U S CERTIFIED MAIL, POSTAGE PREPAID GUARANTOR WAIVES ANY OBJECTION TO JURISDICTION OVER THE PERSON OR TO THE EXTENT OF COMPLIANCE WITH THE IMMEDIATELY PRECEDING SENTENCE, SUFFICIENCY OF PROCESS OR SERVICE UPON GUARANTOR

SECTION 14 Severability If any provision or provisions or if any portion of any provision or provisions, in this Guaranty is found by a court of law to be in violation of any applicable local state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Guaranty to be illegal, invalid, unlawful, void or unenforceable as written, then such portion provision or provisions shall be given force to the fullest possible extent that they are legal valid and enforceable, that the remainder of this Guaranty shall be construed as if such illegal, invalid unlawful, void or unenforceable portion, provision or provisions were not contained therein and that the rights,

obligations and interest of Guarantor and Lender under the remainder of this Guaranty shall continue in full force and effect

SECTION 15 Defined Terms Any capitalized term used in this Guaranty and not specifically defined herein shall have the meaning given to such term in the Agreements

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered as of the date first above written

_____

Printed Name _____

Address for Notice

_____

_____

_____

EXHIBIT A
AGREEMENTS

1 Loan Agreement dated _____ 20___, between Borrower and Lender

2 Promissory Note dated _____, 20___, in the principal amount of _____ and ___/100 Dollars ($_____) from Borrower to Lender

3 Security Agreement dated _____, 20___, from Borrower to Lender

4 All other agreements, instruments and documents now existing or hereafter entered into between Borrower and Lender

EXHIBIT O TO THE DISCLOSURE DOCUMENT

LEVEL UP SERVICES AGREEMENT

04/06/16, as amended 10/31/16
SC/v87

LevelUp

AUTHORIZED OPERATOR AGREEMENT AND LEVELUP MERCHANT TERMS

1 Scope

1 1 This Authorized Operator Agreement (the "Agreement' or Merchant Terms') is entered into and effective as of the [ENTER DATE HERE] ('Effective Date') by and between You ('You' or "Operator' or 'Merchant"), an authorized franchisee of Tropical Smoothie Cafe, LLC, ("Franchisor), and SCVNGR, Inc d/b/a LevelUp, located at 101 Arch Street, Ste 400, Boston, MA, 02110 (LevelUp) (each of Operator and LevelUp individually a 'Party," and collectively, the Parties')

1 2 Franchisor and LevelUp entered into a Master Services Agreement dated September __, 2015 ("MSA') governing the provision of services by LevelUp to Franchisor and its Authorized Operators, as applicable, relating to the design, development, hosting, and support of mobile applications branded in the Franchisor's brand(s) ("Brand Application') and integrated to the LevelUp mobile payment and customer engagement platform ('LevelUp platform'), which MSA may be supplemented from time to time by statements of work ('SOWs) to be agreed upon between Franchisor and LevelUp

1 3 By entering this Agreement with LevelUp, you represent and warrant to LevelUp that Franchisor has authorized You to accept payments and participate in consumer marketing campaigns using the LevelUp platform and the Brand Application You further acknowledge and agree that You are not a third party beneficiary of the MSA

1 4 This is a legal agreement that will govern Operator's use of the LevelUp platform, Operator's LevelUp Merchant Account, and participation in the services to be provided by LevelUp to You, including the support, and hosting of the Brand Application LevelUp authorizes use of the LevelUp platform by Merchant, subject to the terms and conditions set forth in these Merchant Terms, strictly for the purpose of accepting LevelUp as a method of payment at Operator's points of sale (POS), and/or online points of sale, as applicable, and for the implementation, execution, and/or management of promotional and marketing Campaigns (as hereinafter defined), as applicable Unless specified otherwise, this Agreement shall govern the use of the LevelUp service at all franchise branded locations owned and/or operated by Authorized Operator ("Brand Location(s)') By applying for a LevelUp Merchant Account, and by accessing and utilizing the LevelUp platform, and as an express condition of such use and access, you agree to comply with all of the following Merchant Terms These Merchant Terms constitute a complete and binding legal agreement between you and LevelUp **THESE MERCHANT TERMS INCLUDE AN ARBITRATION CLAUSE UNDER WHICH CERTAIN CLAIMS MAY NOT BE BROUGHT IN COURT OR DECIDED BY A JURY**

1 4 This Agreement supersedes the terms and conditions published on LevelUp's website at https //www thelevelup com/merchant terms, which shall have no force or effect as to Operator

1 5 Franchisor is not a party to this Agreement, but is specifically intended as a third-party beneficiary of this Agreement and may enforce this Agreement for the benefit of Franchisor This Agreement shall **NOT** supersede or alter any other agreement between Operator and Franchisor, whether entered into before or after the date of this Agreement, including without limitation any agreement concerning the ownership or use of Franchisor's trademarks or other intellectual property of any kind, other than as the same may pertain to the Brand Application

2 LevelUp Transactions, Payments, No Chargeback Guarantee

2 1 In order for LevelUp to make payments to you for User transactions conducted via the LevelUp platform,

LevelUp requires that you provide complete identifying information, including without limitation a Federal Employer or Tax ID Number of your business, as well as account information for a valid financial account connected to the ACH network LevelUp will maintain the security of your account information using a third party provider LevelUp does not share your personal, business, or bank account information You represent and warrant that all information provided by you to LevelUp in connection with the application for a Merchant Account is complete and accurate You agree to update all such information promptly in the event of any changes The provision of inaccurate information shall be grounds for revocation of this Agreement, without limitation to other available remedies

2 2 Payments For transactions conducted at your point of sale at Brand Locations and online points of sale using the LevelUp platform, LevelUp pays Operator the Net Sales Proceeds as follows

2 2 1 LevelUp pays Operator all Net Sales Proceeds on the next business day following the transaction via direct deposit to your specified bank account via the ACH network Payment cycles begin and end at 5 00 a m Eastern Time LevelUp submits payments shortly after the payment cycle has ended Transfers typically take 24 hours to arrive in your associated bank account Some banks may take longer than 24 hours to process payments, particularly on weekends and holidays

2 2 2 "Net Sales Proceeds' means the sum total of all monies paid by a consumer to LevelUp in connection with a transaction at any Brand Location POS, after subtracting applicable fees and applied Campaign Credit offered by Franchisor or Operator

2 2 3 If, in our determination, you have not provided the goods or services in exchange for the Net Sales Proceeds, or otherwise violated this Agreement in connection with a submitted transaction, including without limitation by committing, or aiding or colluding to commit, fraud against LevelUp, or any credit card holder or issuer, or to the extent you issue a plastic gift card in any LevelUp platform transaction for which LevelUp is unable to charge the User, you agree that LevelUp shall have the right to withhold and not to pay you such Net Sales Proceeds in connection with said transaction, to deduct such amount from future deposits of Net Sales Proceeds, or to debit your associated financial account for the amount of the Net Sales Proceeds associated with the good/or services not delivered You hereby authorize such transfers

2 3 No Charge Backs LevelUp's payments of Net Sales Proceeds to Operator are independent of LevelUp's charges to the LevelUp platform User To the extent that LevelUp receives a chargeback for any transaction approved by LevelUp at your POS, LevelUp will not seek reimbursement from you other than as provided above in Section 2 2 2 To the extent that the Parties have agreed to permit transactions above the individual transaction limit of the LevelUp platform as specified herein ($100 00), LevelUp may charge Operator a fee equal to the amount of any chargeback received by LevelUp in connection with transactions at Brand Locations in excess of said limit

2 4 Taxes You represent that you are registered for sales and use tax collection purposes in all jurisdictions in which your goods and services will be provided pursuant to the use of the LevelUp platform and presentation and redemption of associated Campaigns You will be solely responsible for the payment of all sales tax imposed by any taxing authority on goods and services sold to users via the LevelUp platform LevelUp will pay the applicable sales tax to You as part of the Net Sales Proceeds, as set forth below LevelUp will collect applicable sales tax from Users as part of the total transaction amount charged to the User

3 Fees & Payment to LevelUp The fees to be paid by Operator to LevelUp are as follows, as specified in the applicable Statement of Work between LevelUp and Franchisor

3 1 Transaction Fees For each transaction on the LevelUp platform at Operator's locations, Operator shall pay to LevelUp a Transaction Fee equal to twenty cents ($0 20) plus 1 95% of the total transaction amount

generated by Operator ("Transaction Fee") Transaction Fees are deducted from Net Sales Proceeds pursuant to the Authorized Operator Agreement

3 2 Monthly and One Time Fees

3 2 1 Hosting, Support, and Advertising Fees In exchange for the standard marketing services provided by the LevelUp platform to Operator, including Campaign hosting for the Campaigns identified in the MSA between LevelUp and Franchisor, web hosting services for the Brand Application and Tier 1 customer support for the applications and the LevelUp platform, Operator shall pay to LevelUp a monthly fee equal to as specified in the MSA and any applicable Statement of Work between LevelUp and Franchisor ('HSA Fee), totaling seventy two ($72 00) per Brand Location The HSA shall apply to each Brand Location upon the execution of this Agreement or the Brand Application Launch Date, whichever is later

3 2 2 Hardware Fees Authorized Operator shall pay to LevelUp a fee of fifty ($50 00) dollars per LevelUp scanner delivered to any Operator location pursuant to Section 5, below ('Hardware Fee') LevelUp collects Hardware Fees on the first of each month following delivery of Hardware If more than fifty (50) devices are ordered for delivery in any month, LevelUp may collect the Hardware Fee on the first of the month in which the Hardware is to be delivered

3 2 3 Store Set Up Fee In connection with the installation and launch of the LevelUp hardware and service at each Authorized Operator location, Authorized Operator shall pay a one time store set up fee of one hundred and fifty ($150 00) dollars per location ('Set Up Fee") The Store Set Up fee will be collected by LevelUp on the first of the month following such set up

3 2 4 Gift Card Fees [Reserved]

3 2 5 Payment Terms for Monthly and One-Time Fees LevelUp shall collect HSA Fees, Gift Card Fees, Hardware Fees, Store Setup Fees, and other monthly and one time Fees as specified in any subsequent Agreement between Operator and LevelUp, as applicable, when due to LevelUp via direct ACH debit to a United States bank account designated by each Authorized Operator for the payment of such fees If no account is so designated, LevelUp shall issue an ACH debit to the account specified for the payment of Net Sales Proceeds Authorized operator hereby authorizes these charges Monthly fees for any partial month of service will be calculated on a prorated basis

3 3 Custom Advertising Fees In exchange for custom marketing services and Campaigns outside of the package of included Campaigns set forth in the MSA between LevelUp and Franchisor, enabled at the election of Franchisor, Operator shall pay to LevelUp a fee equal to twenty five percent ($0 25 for every dollar) of Franchisor or Authorized Operator funded Campaign Credit redeemed by users in connection with any LevelUp transaction ('Advertising Fee") Advertising Fees are deducted from Net Sales Proceeds paid to Authorized Operator

3 4 Past Due Fees In the event of non payment by Authorized Operator of any specified Fee, or other fees appropriately invoiced to Authorized Operator, lasting for more than sixty (60) days after the date such fees are due and payable to LevelUp, such fees shall accrue interest on such amounts at a rate of one (1%) percent per month of the then outstanding amount due

3 5 ACH Authorization By entering into this Agreement and providing LevelUp with information one or more financial accounts, you authorize LevelUp to credit your associated financial account directly, including without limitation for the payment of Net Sales Proceeds (as defined above) pursuant to Section 2, and to debit your associated financial account directly for all fees due from you to LevelUp under these Merchant

Terms, including without limitation any HSA Fees, Transaction Fees, Gift Card Fees, Survey Fees, Hardware Fees, or Set Up Fees, if such fees are not withheld at the time of payment to You of Net Sales Proceeds

4 Data Reporting and Analytics

4 1 As used herein, the term "User Data" refers to all data concerning a LevelUp user collected by the LevelUp platform concerning the use of the Brand Application, including user identifying information and transaction information (such as the date, time, location, and amount of individual purchases) User Data shall not include any consumer credit or debit card information, payment source information, or PIN information, which shall not be provided to Operator

4 2 Operator acknowledges and agrees that all User Data shall be the intellectual property of Franchisor and Operator's access to and use of User Data made available to Operator by LevelUp shall be governed by existing agreements between Franchisor and Operator Operator further acknowledges and agrees that User Data will not be provided by LevelUp to Operator without the prior written approval of Franchisor

4 3 Operator represents and warrants to LevelUp that all use of User Data by Operator shall be in accordance with federal, state and local laws and with Franchisor's and/or Operator's published privacy policy

5 POS Hardware, Integrations

5 1 LevelUp will provide to Operator (as authorized by Franchisor) standard, wired scanner hardware (the LevelUp white cube scanner (' LevelUp Scanner)) and other hardware as specified in any Agreement between LevelUp and Franchisor to support customer payments and transactions at all Operator locations LevelUp Scanner hardware may not be obscured, branded, decorated, or altered by Operator in any way without the express written approval of LevelUp and must be placed in a prominent appropriate location to facilitate ease of consumer use

5 2 LevelUp warrants that each LevelUp Scanner will perform according to written specifications for a period of two (2) years from the date of delivery to an Operator location (' Warranty Period') LevelUp will promptly (and in no event later than 5 business days) replace, at no cost to Operator, any LevelUp Scanner that fails to operate in accordance with written specifications within the Warranty Period After the Warranty Period, LevelUp will provide replacement hardware to Operator at standard costs If any item of LevelUp hardware malfunctions or breaks, LevelUp will send you a return shipping label for the return and replacement of the item You agree to package the item appropriately, to use the return shipping label, and to send the damaged hardware back to LevelUp within ten (10) days

5 3 POS Integrations LevelUp agrees to provide the latest software necessary to power Authorized Operator's point of sale (POS) integration as specified in the Agreement between LevelUp and Franchisor at no charge to Authorized Operator To the extent Authorized Operator changes its POS system, LevelUp will provide an appropriate software integration if the POS system is supported by LevelUp (a list of currently available POS integrations is available at http //thelevelup com/pos partners) LevelUp is not responsible for the installation or setup of any POS integration with LevelUp scanners at Authorized Operator's location LevelUp is not responsible for any fees to Authorized Operator imposed by the Authorized Operator's POS provider as a result of such integration, such as license fees, or professional services fees charged by Authorized Operators POS provider or IT contractor to facilitate the initial set up LevelUp does not warrant compatibility of the LevelUp platform or Brand Application with any POS system other than the presently available POS systems

6 Campaigns

6 1 LevelUp offers a series of highly customizable, pre built marketing initiatives, programs, or strategies to attract new or existing LevelUp Users to your location(s), which may include Users earning and/or redeeming Campaign Credit (Campaigns ') The term 'Campaign Credit' shall refer to incentives, rewards, discounts, free items, and/or credits offered to Users by Franchisor and/or Operators, which can be redeemed by Users for goods and/or services, and/or applied as payment, in whole or in part, for goods and/or services, at a Operator s POS via the LevelUp platform

6 2 Campaigns will be designed, selected, and made available to users at your locations as determined and approved by Franchisor Operator shall not have authorization to create or implement Campaigns

6 3 You are required to honor and redeem all Campaign Credit rightfully earned by users as part of the selected and offered Campaigns, as selected by Franchisor, and agree that LevelUp shall provide Users with the earned Campaign Credit and apply redeemed Campaign Credit to Net Sales Proceeds at the time of a transaction as set forth in these Merchant Terms You are responsible for providing to users all goods and/or services that are promised under each Campaign promoted by Franchisor For any such Campaign Credit redeemed by a User, the Authorized Operator shall be responsible for Credit amount, which Credit amount (if in dollars, or if in items, the equivalent dollar amount) will be deducted from Net Sales Proceeds paid to the Authorized Operator on the next business day You are solely responsible for any claim or damages arising out of your failure to grant or honor or redeem any Campaign Credit

6 4 You agree that in providing goods and/or services to LevelUp Users, you will not impose any restrictions on redemption, award, or application of Campaign Credit, or any extra fees, charges or conditions that contradict these Merchant Terms and/or the terms established by LevelUp or Franchisor in connection with any individual Campaign

6 5 The Parties agree that all Campaigns run on the LevelUp platform, including the manner in which Campaign Credit is awarded, redeemed, and applied, must comply with all applicable federal, state, and local laws and regulations You are responsible for ensuring that all Campaigns are run and redeemed in accordance with all applicable laws

6 6 LevelUp and/or Franchisor shall have the right to reject or terminate any Campaign at anytime if it is determined, in LevelUp's or Franchisor's discretion, that the Campaign violates any law or regulation

6 7 Operator acknowledges that, to the extent Franchisor and/or Operator permits online orders via the brand website and/or in app orders using the Brand Application to be made using a payment method other than LevelUp, such orders will not qualify to participate in any Campaigns or to earn or redeem any Campaign credit offered by Franchisor or any Authorized Operator

7 **Service Level Agreement** During the term of this Agreement, the Brand Applications will be operational and publicly available to Client, Authorized Operators, and their respective customers in the manner contemplated by this Agreement at least 99 9% of the time in any calendar month, calculated using the methodology set forth below (the ' SLA) If LevelUp does not meet the SLA, Client will be eligible to receive the SLA Credit set forth below

7 1 **Monitoring Methodology** The Brand Applications shall be monitored by LevelUp for availability over the course of each calendar month as follows (i) LevelUp will perform 15 test transactions per 5 minute interval using a third party measurement service selected by LevelUp, (ii) Availability is calculated to the nearest minute, based on the number of minutes in the given month An 'Availability Outage is defined as occurring in a period if the majority of test transactions fail in a 5 minute measurement window Such event must exist for a period greater than 0 2% of any given calendar month to be considered an Availability Outage

7 2 **SLA Escalation** In order to request a credit for a perceived Availability Outage, Operator must, within five calendar days (120 hours) after the perceived failure, contact LevelUp Support in writing (which may be via email (support@thelevelup com), specifying the time period in which the Availability Outage is believed to have occurred

7 3 **SLA Credit** If LevelUp experiences an Availability Outage, as defined above, Operator will receive (as its sole remedy) a credit to be issued against monthly HSA fees A credit of HSA fees prorated for the period of the Availability Outage will be issued for the period (i) starting when an Availability Outage is identified by LevelUp's monitoring systems, (ii) ending when the LevelUp services return to an online state The amount of the credit will be calculated using the Operator's then current rate for monthly HSA fees at the time of Availability Outage

7 4 **Availability Termination** If the Branded Applications are unavailable for ninety six (96) consecutive hours for any reason, then Operator and/or Franchisor shall have the right to terminate this Agreement upon written notice to LevelUp, which notice must be given within thirty (30) days following the end of such thirty (30) day period in which such termination event occurred

7 5 **Failure of Monitoring Systems** LevelUp shall not be responsible for the payment of SLA Credit in the event of false Availability Outages reported as a result of a failure of LevelUp s monitoring system

8 Use of the LevelUp Platform

8 1 To the extent that you use the LevelUp platform in lieu of payments by Users at the POS, Operator shall only engage in transactions for goods and/or services actually delivered or provided by you in the ordinary course of your business, as described by you to LevelUp in the application and registration process, or as updated from time to time by contacting LevelUp, at United States locations only You are required to notify LevelUp of any material change or expansion in the nature of goods and services offered by your business, for which you intend to accept LevelUp as a method of payment

8 2 Operator shall not utilize the LevelUp platform to accept payments from LevelUp on behalf of an unidentified third party using the LevelUp platform Operator shall not use the LevelUp platform for the purpose of accepting security or payment for loans, providing cash advances, cash refunds, check cashing, or otherwise distributing cash to any person or entity You warrant to LevelUp that you comply with all applicable laws and regulations concerning the prevention of money laundering and/or funding of terrorist organizations

8 3 You agree that, to the extent the LevelUp platform is used to execute Campaigns, you shall honor and redeem all Campaign Credit rightfully earned and/or granted to Users

8 4 You shall not use the LevelUp platform for transactions in connection with any illegal activity, in violation of any federal, state, or local law, or in connection with any lottery or gambling activity

8 5 You agree to comply with any individual transaction amount limits imposed by LevelUp of $100 00 per transaction (or per any series of transactions by an individual User within 24 hours), and not to attempt to circumvent such individual transaction limits by 'structuring transactions, or breaking a large transaction amount into multiple smaller transaction amounts

8 6 You agree to ensure that none of your employees or agents requests that a LevelUp User divulge their credit or debit card account number, PIN number, or other personal identifying information such as address, telephone number, email address, or name, in connection with or as a condition to any LevelUp transaction,

unless specifically instructed by LevelUp Support

9 License to LevelUp Content

9 1 You agree and acknowledge that, subject to LevelUp's Agreement with Franchisor, LevelUp owns and retains all right, title and interest (including without limitation all copyright, trademark, patent, and/or trade secret rights) in and to the inventions, software, hardware, technology, tools, content, Campaigns, confidential information, websites, guides, online services, trademarks, logos, data, and other materials developed by LevelUp in connection with the LevelUp platform and LevelUp Apps, or otherwise used by us to promote, sell, generate, or distribute the use of the LevelUp platform (collectively, the "LevelUp Content ')

9 2 During the term of this Agreement, LevelUp hereby grants to Operator a limited, non exclusive license to use LevelUp Content and LevelUp promotional materials and LevelUp trademarks and logos for purposes in connection with the use of the Brand Application or as authorized by this Agreement Other than as set forth herein, LevelUp reserves all rights in the LevelUp Content, and no other licenses or rights to the LevelUp Content are granted to you by your use of the LevelUp Platform, or by this Agreement Operator shall not be permitted to alter or modify any LevelUp trademarks or logos All other use of LevelUp trademarks and logos shall be subject to the prior approval of LevelUp Operator shall not use any LevelUp promotional materials or LevelUp trademarks or logos in any way that suggests or implies that LevelUp endorses Operator's or Franchisors' products or services All use of LevelUp trademarks and logos, and all goodwill derived from such use, shall inure to LevelUp

10 Representations and Warranties

10 1 LevelUp warrants that all services delivered by LevelUp pursuant to this Agreement will be performed diligently and in a good and workmanlike manner and in compliance with all applicable federal, state and local laws Neither the Brand Application, the LevelUp Content created by or for LevelUp, nor any of the rights granted by LevelUp hereunder do or will infringe or violate any patent, copyright, trademark, trade secret, mask work or other proprietary right of any third party

10 2 LevelUp shall at all times comply with all applicable privacy laws concerning information that it retains, and if applicable to any information that LevelUp retains, with all standards and rules promulgated by the Payment Card Industry ("PCI) Security Standards Council (including but not limited to PCI Security Standards Council's Data Security Standard as modified from time to time), regarding the security and protection of consumer information

10 3 LevelUp makes no warranty that the LevelUp platform or the Brand Application will meet Operator's specific objectives or needs or will be free from all errors or bugs, and makes no warranty that there will be uninterrupted operation of the Platform or the Brand Application **OTHER THAN AS EXPLICITLY SET FORTH IN THIS AGREEMENT, LEVELUP MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THIS AGREEMENT OR THE LEVELUP PLATFORM INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTIES ARISING FROM CUSTOM OR USAGE OF TRADE WE DO NOT WARRANT OR GUARANTEE THAT YOU WILL ACHIEVE ANY LEVEL OF SALES, REVENUE OR PROFIT WE DO NOT WARRANT OR GUARANTEE THAT THE LEVELUP WEBSITES OR SERVICES OR USER DATA WILL ALWAYS BE AVAILABLE OR OPERATE ERROR FREE, THAT THE CAMPAIGNS WILL BE ERROR FREE, OR THAT ANY ERRORS, OMISSIONS OR MISPLACEMENTS IN THE MERCHANT RELATIONSHIP WILL BE CORRECTED** No statement, either orally or in writing, made by any of our officers, employees or agents will vary this paragraph

11 Indemnification

11 1 LevelUp agrees to defend, indemnify and hold harmless Operator, or any of its affiliates, employees, officers, agents, directors or representatives (collectively, the "Operator Indemnitees"), from all third party claims, actions, suits, proceedings, investigations, liabilities, losses damages, penalties, fines, costs and expenses, including without limitation reasonable attorney s fees and costs, whether direct or indirect, in each case as and when incurred (Damages) arising out of (i) any breach by LevelUp of these Terms or of the representations, warranties, or covenants set forth herein, or (ii) LevelUp's violations of any federal or state law, rule or regulation in connection with the Brand Application or the performance of the services hereunder, (iii) any misuse by LevelUp of any User Data acquired via the LevelUp platform, and (iv) any physical injury (including death or bodily injury) or loss or damage to tangible property caused by LevelUp or its employees, agents or subcontractors, or the goods or services provided by LevelUp, in connection with any use of the Brand Application at Brand Locations

11 2 Operator shall defend, indemnify and hold harmless LevelUp, or any of its affiliates, employees, officers, agents, directors or representatives (collectively, the LevelUp Indemnitees '), from all third party claims and Damages arising out of or relating to (i) any breach by Operator of these Merchant Terms or of the representations, warranties, or covenants set forth herein, (ii) Operator's violations of any international, federal, state or local law, rule or regulation in connection with its use of the Brand Application, (iii) any misuse by Operator of any User Data, (iv) any failure by Operator to grant, redeem, or honor a valid campaign incentive or reward, or Campaign Credit pursuant to these Merchant Terms, or (v) any physical injury (including death or bodily injury) or loss or damage to tangible property caused by Operator or its employees, agents or subcontractors, or the goods or services provided by Operator, in connection with any use of the Brand Application

11 3 Each Party's indemnification obligations in this Section 11 are conditioned on the indemnified Party notifying the indemnifying Party promptly in writing of such action, the indemnified Party giving the indemnifying Party sole control of the defense thereof and any related settlement negotiations, except in cases of indemnification concerning claims for infringement of intellectual property rights, in which case LevelUp shall retain control, with the Operator cooperating and, at the Operator's request and expense, assisting in such defense Notwithstanding the foregoing, in no event shall the indemnifying Party settle any Claim in a manner that does not provide for a full release of the indemnified Party

12 **Limitation of Liability** Other than with respect to the indemnification obligations expressly specified in this Agreement, neither Party's liability to the other Party with respect to the use of the Brand Application, the Campaigns, the LevelUp Platform and/or LevelUp website shall exceed the fees paid by Operator to LevelUp within the preceding six months LevelUp shall not be liable for any fees, increased fees, damages, or other charges to Operator by any third party with which Operator deals or contracts, including without limitation Operator's POS provider, resulting from Operator's use of the Brand Application or LevelUp hardware, or the use of other software not provided by LevelUp in connection with the Brand Application or LevelUp hardware **IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING DAMAGES ON ACCOUNT OF LOST PROFITS, REVENUES, AND BUSINESS OPPORTUNITIES** The limitations and exclusions of liability in this paragraph shall apply notwithstanding the basis for the liability or damages, whether arising in contract, tort (including negligence), strict liability, under statute, or otherwise, and whether or not the Party knew the damages may have been incurred The provisions of this paragraph shall survive termination of this Agreement

13 **Term and Termination, Assignability**

13 1 **Term** This Agreement will begin on the Effective Date and will remain in effect unless terminated earlier in accordance with the terms herein

13 2 Termination of MSA or of Other Agreements This Agreement shall run concurrent with the Term of the MSA between LevelUp and Franchisor and shall terminate immediately in the event of a termination of the MSA (by LevelUp or Franchisor pursuant to the terms of the MSA) and/or of the Franchisor s franchise agreement with Operator (by Franchisor or Operator pursuant to the terms of such agreement) and/or the revocation by Franchisor of Operator's right to utilize the Brand Application in connection with the LevelUp platform Additionally, in the absence of a termination of Operator s franchise agreement with Franchisor or revocation of rights by Franchisor, this Agreement shall automatically terminate as to a franchised location of Operator in the event Operator no longer owns and operates the franchised location For the avoidance of doubt, in the event that the Operator no longer owns and operates a franchised location, this Agreement shall only terminate as to such franchised location

13 3 Termination Before March 15, 2016 Notwithstanding any other provision of this Agreement, Operator may terminate this Agreement effective upon thirty (30) days advance notice to LevelUp if such notice is received by LevelUp at any time prior to March 15, 2016 If no notice is given prior to March 15, 2016, then this Agreement shall continue for the duration of the Term subject to the other provisions of this Agreement

13 3 Termination for Breach Operator or LevelUp may terminate this Agreement upon written notice to the other party for a material breach of this Agreement by such party which remains uncured for thirty (30) days after such party's receipt of written notice reasonably describing the breach

13 4 Fees Due Upon Termination In the event of a termination of this Agreement based upon a breach by Operator or for any reason other than as permitted herein or in the MSA between Franchisor and LevelUp, Operator shall pay to LevelUp all fees due pursuant to this Agreement including monthly fees due for the duration of the Term Operator authorizes LevelUp to collect all outstanding and undisputed fees due at the time of termination by direct ACH debit to an account specified by Operator for the payment of such fees

13 5 Survival The rights and obligations of the parties set forth in paragraphs 10 13 will survive the termination of this Agreement

13 6 Assignability These Merchant Terms may not be assigned by either Party to any person or entity without the express written consent of the other Party, which shall not be unreasonably withheld, except that the Agreement may be assigned to a majority owned subsidiary or affiliate, or to a successor in connection with a change of ownership or sale of substantially all of a Party's assets The Agreement shall survive any such change

14 Miscellaneous

14 1 These Merchant Terms represent the entire Agreement of the parties as to its subject matter, and supersedes all prior written and oral representations and discussions between the parties No waiver by any party of a breach of any provision by any other party shall be construed to be a waiver of any succeeding breach of the same or any other covenant or condition Ambiguities, if any, shall not be construed against any Party, irrespective of any rule of construction to the contrary Neither Party shall be liable for any breach of this Agreement to the extent such breach arises from factors outside of such Party's reasonable control

14 2 All disputes arising out of or relating to this Agreement, or the LevelUp platform, including the validity, applicability, or enforceability of this provision or any provision herein shall be resolved exclusively by binding arbitration before a single arbitrator (the "Arbitrator') in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the 'AAA) then in effect and the further procedures set forth herein (For information on the AAA and its rules, see www adr org) The arbitration shall be conducted in New York, New York unless the Arbitrator shall determine that that venue is not reasonably convenient to all

parties in which case the Arbitrator shall determine another venue that is Both parties acknowledge and agree that either party may participate telephonically In the event that the AAA is unavailable or unwilling to administer the arbitration, and the parties are unable to agree to a substitute, a substitute shall be appointed by the court The Arbitrator shall have authority to issue any and all remedies authorized by law Notwithstanding any rules of the AAA to the contrary, any claims shall be adjudicated on an individual basis only, and **Operator WAIVES ANY RIGHT TO BRING ANY CLAIM AS A REPRESENTATIVE OF A PROPOSED CLASS, ON AN AGGREGATED OR MASS BASIS, OR AS A PRIVATE ATTORNEY GENERAL, OR TO CONSOLIDATE ARBITRATION PROCEEDINGS WITHOUT THE CONSENT OF ALL PARTIES THERETO** Any award rendered by the Arbitrator shall be final, conclusive and binding upon the parties hereto In connection with any arbitration proceeding pursuant to this Agreement, unless the Arbitrator shall determine otherwise, each party shall bear its own costs and expenses Notwithstanding the foregoing, either party may file an individual claim in any small claims court for disputes or claims within the scope of its subject matter jurisdiction if such court has personal jurisdiction Without derogation of the parties obligation to arbitrate as set forth herein, for any claims other than those in small claims court, jurisdiction for any court proceedings arising out of or relating to this Agreement or SOW or the LevelUp platform shall be vested exclusively in, and venue shall be laid in, the state or federal courts sitting in New York, New York, except that, following confirmation of an arbitration award in a state or federal court in New York, New York, a judgment arising therefrom may be executed in any court of competent jurisdiction

14 3 This Agreement does not create any joint venture or agency Neither party has the power or right to bind the other

14 4 All communications between Operator and LevelUp, and any notices due hereunder, may be accomplished by electronic means, with proof of delivery Operator (a) consents to receive communications from LevelUp in an electronic form, (b) agrees that all agreements, notices, disclosures, and other communications that LevelUp provides to Operator electronically will satisfy any legal requirement that such communications be in writing, and (c) agrees that email sent to the email address on record for Operator s account will constitute formal written notice under this Agreement

14 5 If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement will remain in full force and effect and will be reformed to be valid and enforceable while reflecting the intent of the parties to the greatest extent permitted by law, provided, however, that if the court invalidates the prohibition on class, aggregated, mass or consolidated proceedings, then the arbitration clause in Section 14 2 shall also be invalid

14 6 This Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without regard to its choice of law rules and without regard to conflicts of laws principles except that the Arbitration provision in Section 14 2 shall be governed by the Federal Arbitration Act

14 7 Pricing Confidentiality Operator acknowledges that the pricing information contained in this Agreement and is provided to Franchisor and its franchisees specific to the circumstances of Franchisor's project Operator agrees to keep this Agreement, the terms of this Agreement, and all pricing information provided to Franchisor by LevelUp, confidential Sharing pricing information with a third party shall be grounds for immediate termination of this Agreement by LevelUp

14 8 USA PATRIOT Act Notice To help the government fight the funding of terrorism and money laundering activities, LevelUp obtains, verifies, and records information that identifies each person who registers for a Merchant Account with LevelUp Franchisor and Authorized Operators will be required to provide such information to the satisfaction of LevelUp prior to establishing a Merchant Account

By signing below, you, and your organization, agree to all the terms defined herein

LevelUp		**Authorized Operator**	
Name	_____	Name	_____
Title	_____	Title	_____
Signature	_____	Signature	_____
Date	_____	Date	_____

LevelUp

ACH Transfer Authorization

Operator Name _____ **Phone** _____

Operator Address _____

City _____ **State** _____ **Zip Code** _____

Operator EIN Number _____

Franchisor Name _____

Bank Name

_____

Name On Account

_____

Account Number

_____

Routing/ABA Number

_____

Account Type Checking [ ] Savings [ ]

I hereby authorize SCVNGR, Inc d/b/a LevelUp (Company') to initiate debit/credit entries to the bank account listed above pursuant to the terms of my Authorized Operator Agreement with Company I understand that this authorization will remain in full effect until proper notice of the termination of said Authorized Operator Agreement is received by Company in such time and in such manner as to afford the Company a reasonable opportunity to act on it

Print Name _____

Signature _____

Date _____

Please return the completed form via email to finance@thelevelup.com or fax to 617-812-1276

EXHIBIT P TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

TROPICAL SMOOTHIE CAFE, LLC

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know TROPICAL SMOOTHIE CAFE LLC (we or us) and you are preparing to enter into a Franchise Agreement for the operation of a Tropical Smoothie Cafe® franchise The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue inaccurate or misleading to be certain that you have been properly represented in this transaction and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise **Do not sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document you should sign and date this Questionnaire the same day you sign the Franchise Agreement** Please review each of the following questions carefully and provide honest responses to each question

Yes__No__ 1 Have you received and personally reviewed the Franchise Agreement and each addendum exhibit or schedule attached to it?

Yes__No__ 2 Did you receive the Franchise Agreement and each related agreement, containing all material terms at least 7 calendar days before signing any binding agreement with us or an affiliate? (Note This does not include changes to any agreement arising out of negotiations you initiated with us)

Yes__No__ 3 Have you received and personally reviewed the Franchise Disclosure Document (FDD) we provided?

Yes__No__ 4 Did you receive the FDD at least 14 calendar days before signing the Franchise Agreement or any related agreement or before paying any funds to us or an affiliate?

Yes__No__ 5 Did you sign a receipt for the FDD indicating the date you received it?

Yes__No__ 6 Do you understand all the information contained in the FDD the Franchise Agreement and each related agreement and/or addendum?

If No what parts of the FDD Franchise Agreement and/or related agreements do you not understand? (Attach additional pages if necessary)

_____

_____

_____

Yes__No__ 7 Have you reviewed the FDD Franchise Agreement and each addendum exhibit or schedule with a lawyer accountant or other professional advisor?

If No do you wish to have more time to do so? ____ Yes ____ No (check one)

Yes__No__ 8 Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post sale obligations for us?

Yes__No__ 9 Do you understand the risks of developing and operating a Tropical Smoothie Cafe® franchise?

Yes__No__ 10 Do you understand the success or failure of your franchise will depend in large part upon your skills abilities and efforts and those of the persons you employ as well as many factors beyond your control such as weather competition interest rates the economy inflation labor and supply costs lease terms and the marketplace?

Yes__No__ 11 Do you understand we and our affiliates retain the exclusive unrestricted right to engage directly or through others in the production distribution and sale of products and services under the Tropical Smoothie Cafe® name or other mark through alternative channels of distribution, which may compete with your unit and adversely affect its sales?

Yes__No__ 12 Do you understand that except where prohibited by the laws of your state all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in Georgia if not resolved informally or by mediation?

Yes__No__ 13 Do you understand that you and your manager must satisfactorily complete the initial training course before we will allow the Tropical Smoothie Café® to open? (See Sections 3A 5 and 5 G of the Franchise Agreement)

Yes__No__ 14 Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Agreement and/or the FDD?

Yes__ No__ 15 Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Tropical Smoothie Cafe® franchise will generate that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes__ No__ 16 Have you paid any money to us or our affiliate(s) concerning the franchise opportunity prior to today?

If you answered "Yes" to any one of questions 14–16, please provide a full explanation of each "Yes" answer below. (Attach additional pages if necessary.)

_____

_____

_____

_____

Yes__ No__ 17 Do you understand that the Franchise Agreement (and ancillary agreements and addenda, if any) contains the entire agreement between us and you concerning the franchise for the Tropical Smoothie Cafe®, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes__No__ 18 Do you acknowledge and understand that the Franchise Agreement and related agreements are not effective until signed by us?

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

_____ Signature of Franchise Applicant #1 _____ Name (please print) Dated _____	_____ Signature of Franchise Applicant #2 _____ Name (please print) Dated _____
_____ Signature of Franchise Applicant #3 _____ Name (please print) Dated _____	_____ Signature of Franchise Applicant #4 _____ Name (please print) Dated _____

* Nothing contained in this Questionnaire is intended to disclaim the representations we made in the FDD that we furnished to you.

EXHIBIT Q TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If TROPICAL SMOOTHIE CAFE LLC offers you a franchise it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement or payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first

If TROPICAL SMOOTHIE CAFE LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission Washington D C 20580 and any applicable state agency (as listed in Exhibit ' A" to this disclosure document)

The franchisor is Tropical Smoothie Cafe LLC, located at 1117 Perimeter Center West Suite W200 Atlanta Georgia 30338 Its telephone number is (770) 821-1900

We authorize the respective state agencies identified on Exhibit 'A to receive service of process for us if we are registered in the particular state

Issuance Date April 6, 2016, as amended October 31, 2016

The name principal business address and telephone number of the franchise sellers offering the franchise are

Name	Principal Business Address	Telephone Number
Mike Rotondo, Charles Watson, Jennifer Folger Philip Watson Sophie Goldsmith, Troy Godbee Robert Fischer, Gregg Kocenko Tom Plauche	1117 Perimeter Center West Suite W200, Atlanta GA 30338	(770) 821-1900
See Exhibit C ' for information on Area Developers (if any) in your area	See Exhibit C ' for information on Area Developers (if any) in your area	See Exhibit 'C' for information on Area Developers (if any) in your area

I received a disclosure document dated April 6 2016 as amended October 31, 2016 (See the state effective date summary page for state effective dates) The disclosure document included the following Exhibits

A	State Agencies and Adminsitrators/Agents for Service of Process	K	Roster of Current and Former Franchisees
B	Form of Franchise Agreement	L	Financial Statements
B 1	Form of Multi-Unit Development Addendum to Franchise Agreement	M	Netsurion Agreement
C	Information About Our Area Developers	N	Form of Financing Program Documents
D	Pre Authorized Bank Form		N-1 - Loan Agreement
E	OLO Online Ordering Services Agreement		N-2 - Security Agreement
F	Addendum to Lease Agreement/Conditional Assignment of Lease		N-3 Personal Guaranty
G	Operating Manual Table of Contents	O	Level Up Services Agreement
H	Nondisclosure and Noncompetition Agreement	P	Franchisee Disclosure Questionnaire
I	Owners Guaranty	Q	Receipts
J	State Specific Addenda and Riders		

KEEP THIS COPY FOR YOUR RECORDS

Signature _____ Date _____

Print Name _____

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 TROPICAL SMOOTHIE CAFÉ LLC offers you a franchise it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement or payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration whichever occurs first

If TROPICAL SMOOTHIE CAFE LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission Washington D C 20580 and any applicable state agency (as listed in Exhibit ' A ' to this disclosure document)

The franchisor is Tropical Smoothie Café, LLC located at 1117 Perimeter Center West, Suite W200, Atlanta, Georgia 30338 Its telephone number is (770) 821-1900

We authorize the respective state agencies identified on Exhibit A' to receive service of process for us if we are registered in the particular state

Issuance Date April 6 2016 as amended October 31 2016

The name principal business address and telephone number of the franchise sellers offering the franchise are

Name	Principal Business Address	Telephone Number
Mike Rotondo, Charles Watson, Jennifer Folger, Philip Watson Sophie Goldsmith Troy Godbee, Robert Fischer Gregg Kocenko Tom Plauche	1117 Perimeter Center West Suite W200, Atlanta, GA 30338	(770) 821-1900
See Exhibit ' C ' for information on Area Developers (if any) in your area	See Exhibit C for information on Area Developers (if any) in your area	See Exhibit "C" for information on Area Developers (if any) in your area

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F	Addendum to Lease Agreement/Conditional Assignment of Lease		N-3 Personal Guaranty
G	Operating Manual Table of Contents	O	Level Up Services Agreement
H	Nondisclosure and Noncompetition Agreement	P	Franchisee Disclosure Questionnaire
I	Owners Guaranty	Q	Receipts
J	State Specific Addenda and Riders		

RETURN THIS RECEIPT TO US AT
TROPICAL SMOOTHIE CAFE, LLC
1117 Perimeter Center West Suite W200 Atlanta, Georgia 30338
Tel 770-821 1900 / Fax 770-821-1895
E-mail info@tropicalsmoothie com

_____ _____
Signature Date
Print Name _____