FRANCHISE DISCLOSURE DOCUMENT

LADURÉE
Paris

AmMac Franchising, LLC
a Delaware limited liability company
1178 Broadway, 3rd Floor #1014
New York, NY 10001
Tel: 917-341-1041
Website: www.laduree.us
Email: katina@americanmacaroons.com

The franchise offered is for a sublicense for retail "**LADURÉE**"-branded restaurants, tearooms, and boutiques that offer French luxury pastries. Our parent company, American Macaroon, LLC, is the master franchisee under a Master Know-How License Agreement and a Master Trademark License Agreement (together, the "**Master Agreements**") for the United States issued by Ladurée International SA (and its affiliates) to American Macaroon.

If you sign a franchise agreement with us, the total investment necessary to begin operation of a retail unit or permanent kiosk ranges from $553,550to $1,523,000, which includes $87,000 to $102,000 that you must pay to us or our affiliates. The total investment necessary to begin operation of a cart ranges from $132,280 to $186,175, which includes $68,500 to $76,000 that you must pay to us or our affiliates. We do not normally allow development of a cart until you have developed at least one retail unit or permanent kiosk.

If you sign a Development Agreement for two units with us, the total investment necessary to begin operation of the first retail unit or permanent kiosk ranges from $578,550 to $1,548,000, which includes $112,000 to $127,000 that you must pay to us or our affiliates. We do not normally permit a cart unit to be the first unit developed pursuant to a Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive 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 Katina Dermatas (tel: 917-341-1041 or e-mail: katina@americanmararoons.com).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at

600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: June 9, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

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

> **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with us by mediation and arbitration in New York, NY. Out of state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and arbitrate in New York than in your own state.

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

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Exhibits

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

The Franchisor

The (sub)franchisor of the (sub)franchises offered by this disclosure document is AmMac Franchising, LLC ("**we**," "**us**," or "**our**"), a Delaware limited liability company, organized on January 31, 2025, to act as the master franchisee of the **LADURÉE** brand in the United States. Our principal place of business is 1178 Broadway, 3rd Floor #1014, New York, NY 10001. We do business under our corporate name and under the mark "**LADURÉE**."

On May 8, 2024, our parent company, American Macaroon, LLC ("**AmMac**") signed the Master Agreements, granting the right to operate and to (sub)franchise Laduree Stores in the U.S. At the same time, AmMac agreed to assume management responsibility for all existing Ladurée Stores in the U.S. (both those operated by and those licensed by the master franchisor and its affiliates). We began offering (sub)franchises on the date of this disclosure document. We do not directly own or operate any businesses of the type being franchised, nor have we offered franchises in any other line of business. However, as discussed below, our affiliate AmMac BPV LLC operates stores of the type being franchised.

Our agents for service of process are listed in Exhibit I-2.

The Master Franchisor

The master franchisor (which entered into the Master Agreements with AmMac) is Ladurée International SA ("**LDI**"). LDI is a Swiss company organized on September 28, 2005. LDI's principal place of business is Bas-Intyamon, Route des Rez 2, Enney (CH-1667) Switzerland; however, a transfer of LDI's registered office from Switzerland to France is currently underway. LDI does business under its corporate name and the Marks as described below. As described below, LDI's affiliates own and franchise businesses of the type we offer to franchise both inside the U.S. and abroad. LDI has not offered franchises in any other line of business. LDI began offering master franchises in the United States in April 2024.

Additionally, during the travel restrictions arising out of the COVID pandemic in 2020, an affiliate of LDI (Ladurée USA, Inc.) transferred a limited number of existing Ladurée Stores to local operators who were simultaneously granted licenses to continue operating those Stores.

LDI's agents for service of process are listed in Exhibit I-2.

Our Predecessor, Parent, and Affiliates

We have no predecessors (persons from whom we acquired, directly or indirectly, the major portion of our assets). Our parents (entities that control us, directly or indirectly through one or more subsidiaries) are AmMac and Taste of Paris LLC, a Delaware limited liability company, headquartered at 1178 Broadway, 3rd Floor #1014, New York, NY 10001. We have one other affiliate (an entity controlled by, controlling, or under common control with us) named AmMac BPV LLC which operates a **LADURÉE**-branded business in Elmont (Nassau county), New York.

Predecessors, Parents, and Affiliates of LDI

The predecessors, parents, and affiliates (as each of those terms are defined above) of LDI are:

Pâtisserie E. Ladurée, a French company, organized on March 20, 1957.	Pâtisserie E. Ladurée (the "**LDI Parent**") is LDI's parent company, located at 84, avenue d'Iena, 75016 Paris, France. LDI Parent owns the know-how and System for Ladurée Stores and licenses that directly to franchisees and master franchisees (including us). LDI Parent also sells certain Products to us for resale to our franchisees.
Macaroon SA, a Swiss company, organized on December 6, 2010.	Macaroon SA is an affiliate of LDI, located at Bas-Intyamon, Route des Rez 2, Enney (CH-1667) Switzerland. Macaroon SA sells Products to us for resale to our franchisees.
Ladurée Stars, a French company, organized on July 18, 2007.	Ladurée Stars is located at 84 avenue d'Iéna – 75016 Paris, France. Ladurée Stars is the franchisor of franchised Ladurée Stores in France, and has offered franchises for Ladurée Stores since 2021.
Ladurée Madison LLC, a Delaware limited liability company, organized on May 14, 2007.	Ladurée Madison LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it is the owner of a Ladurée Store in New York.*
Ladurée USA, Inc., a Delaware corporation, incorporated July 16, 2008	Ladurée USA, Inc., is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it is the owner of multiple Ladurée Stores in New York, and has also issued licenses for Ladurée Stores in the District of Columbia, Florida, and Maryland.*
Ladurée Soho LLC, a Delaware limited liability company, organized on April 18, 2012.	Ladurée Soho LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it is the owner of multiple Ladurée Stores in New York.*
Laduree Miami LLC, a Delaware limited liability company, organized on April 23, 2013	Ladurée Miami LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it developed multiple Ladurée Stores in Florida, which it sold in 2020.**
Ladurée Washington LLC, a Columbia limited liability company, organized on June 1, 2015.	Ladurée Washington LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it developed a Ladurée Store in Washington D.C. which it sold in 2020.**
Ladurée Woodbury LLC, a Delaware limited liability company, organized on December 8, 2022.	Ladurée Woodbury LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it is the owner of a Ladurée Store in New York.*
Ladurée New Jersey LLC, a Delaware limited liability company, organized on December 8, 2022.	Ladurée New Jersey LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it is the owner of a Ladurée Store in New Jersey.*
Ladurée Los Angeles LLC, a California limited liability company, organized on August 4, 2015.	Ladurée Los Angeles LLC is an affiliate of LDI that is headquartered at 396-398 West Broadway, 2nd Floor, New York, NY 10021; it is the owner of Ladurée Stores in California.*

* Before we acquired the master franchise rights for the United States from LDI, these affiliates of LDI operated Ladurée Stores in the U.S. The Stores that are owned by affiliates of LDI and that are still open are currently

managed by AmMac pursuant to a management services agreement that was signed at the same time as AmMac signed the Master Agreements with LDI. We understand that LDI intends to sell these stores to one or more buyers, and we will then offer to issue sublicense agreements for the Stores to their buyers.

** The Ladurée Stores formerly operated by these entities have been transferred to unrelated franchisees of Ladurée USA, Inc. As part of the Master Agreements, we agreed to act as master franchisee/subfranchisor for these Stores.

Except as noted above, LDI has no predecessor or parent, and no affiliates that offer franchises in any line of business or provide products or services to franchisees.

Description of the Franchise Offered

We offer you[1] the opportunity to enter into a sublicense agreement to operate "**Ladurée Stores**" or "**Stores**," which are retail "**LADURÉE**"-branded restaurants, tearooms, kiosks, and boutiques that offer French luxury pastries. Ladurée Stores are established and operated according to a comprehensive system (the "**System**") that is licensed to us by LDI. The System includes (among other things): IP Rights (defined below), know-how, confidential information, and distinctive business format and methods implemented by us and LDI, using certain operational methods and techniques; technical assistance and training in the operation, management, and promotion of the Stores; and specific reporting requirements, all of which may periodically change. Certain aspects of the System are more fully described in this Disclosure Document and in the Guidelines (as defined below), which will evolve over time. You must operate Ladurée Stores in accordance with our standards and procedures, as set out in the guidelines and other written instructions relating to the operation of Ladurée Stores (the "**Guidelines**"), which we will lend you, or make available electronically, for the duration of the Master Agreements.

LDI and its affiliates own and license to us industrial and intellectual property rights (the "**IP Rights**") that include (among other things) the Trademarks (defined below), creations, products, recipes, packaging, communication tools, trade secrets, shop signs, logos, insignia, utility models, designs, copyrights, know-how, drawings, plans and/or patents. In turn, we will sublicense to you the right to use certain trademarks, trade names, logos, and indicia (collectively, the "**Trademarks**") in connection with the operation of Ladurée Stores. The Trademarks may periodically change on notice to you.

Ladurée Stores will be restaurants, retail stores (in standard retail locations or within travel hubs, such as airports, highway stops or train stations), pop-up stores, carts, or any other type of location operated by you and other sublicensees using the Trademarks and according to the format(s) set out in the Guidelines.

Ladurée Stores offer food products that are manufactured exclusively by and purchased exclusively from us and our affiliates or authorized suppliers ("**Ladurée Manufactured Food Products**"), as well as food products (such as viennoiserie, pastries, cakes, ice cream, mousseline, and savory products) that we approve in writing that are manufactured by you locally in an approved commercial kitchen that you lease ("**Locally Manufactured Products**"). Ladurée Stores may also offer certain "**LADURÉE**"-branded products other than Ladurée Manufactured Food Products and Locally Manufactured Products, such as packaging, key rings, candles, shopping bags, and others ("**Non-Food Products**"). Unless otherwise indicated in this Disclosure Document, Ladurée Manufactured Food Products, Locally Manufactured Products, and Non-Food Products are collectively referred to as "**Products**."

[1] The person or entity that signs a Sublicense Agreement or a Development Agreement is referred to in this disclosure document as "you," "your," or the "franchisee"; if you are an entity, that term includes all of your owners and partners).

Sublicense and Development Agreements

If you are qualified, we will enter into a license agreement in the form of Exhibit B (a "**Sublicense Agreement**") that will allow you to open and operate a single Ladurée Store at a designated location. Each of your Ladurée Stores must be established and operated under the terms of a separate Sublicense Agreement. In addition to a Ladurée Store, you will also need to lease space in a commercial kitchen in which to produce Locally Manufactured Products (one kitchen can produce Locally Manufactured Products for sale at multiple Ladurée Stores).

In addition, if you are qualified, we may enter into a multi-unit development agreement in the form of Exhibit C (a "**Development Agreement**") that will grant to you the right to enter into multiple Sublicense Agreements in an agreed geographic area—one Sublicense Agreement for each Ladurée Store that you will open. The number of Ladurée Stores that you will be allowed to open pursuant to a Development Agreement will be negotiated between you and us, as will the development schedule for those Stores.

Competition

Ladurée Stores compete with two primary groups. With respect to macarons and other Ladurée Manufactured Products, you can expect to compete with international, national, regional, and locally-owned restaurants, shops, kiosks, and other businesses that offer French luxury pastries, some of which may offer products and services similar to or competitive with those offered by Ladurée Stores. The market for these items in the United States is developing but competitive. These businesses compete on the basis of factors such as the selection and quality of the products offered, price, location, service, and convenience. These businesses are often affected by other factors as well, such as changes in economic conditions, consumer taste, demographics, seasonal population fluctuation, and travel patterns.

With respect to Locally Manufactured Products (especially viennoiserie, pastries, and cakes), you can expect to compete with a wider variety of businesses, including bakeries (both chains and independently operated) as well as the pastry or bakery departments of grocery stores. The market for these items in the United States is well-developed and competitive. These businesses compete on the basis of factors such as location, price, service, convenience, and the selection and quality of the products offered. These businesses are often affected by other factors as well, such as changes in economic conditions, consumer taste, demographics, seasonal population fluctuation, and travel patterns.

In addition, in a broader sense, you will compete with all restaurants in the general vicinity of your Ladurée Store, ranging from full service to take-out and those that serve completely different foods and beverages than Ladurée Stores offer. Your competitors will be both chains and independent operators. Obviously, to some extent you will also compete with all alternative eating opportunities, including meals prepared at home, convenience stores, and grocery stores. The overall restaurant industry is highly developed and competitive throughout the United States.

Applicable Laws and Regulations

Many of the laws, rules and regulations that apply to business generally have particular applicability to Ladurée Stores. All Ladurée Stores must comply with federal, state, and local laws applicable to the operation and licensing of a restaurant business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county, or state health departments that regulate food service operations. The Americans with Disability Act of 1990 and related state laws require readily accessible accommodation for disabled persons and therefore may affect building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc. You should consult with your own lawyer and consider these laws and regulations when evaluating your purchase of this franchise.

You also must follow the Payment Card Industry Data Security Standards and comply with applicable data and privacy laws relating to customer payment card transactions.

You must comply with all local, state, and federal laws that apply to Ladurée Store operations, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. There are also regulations that pertain to handling consumer data, sanitation, healthcare, labeling, and food service. You will be required to comply with all federal, state, and local laws and regulations that apply to the operation of your Store.

ITEM 2
BUSINESS EXPERIENCE

Our Management

Katina Dermatas, Chief Executive Officer. Ms. Dermatas has been our CEO since our formation on January 31, 2025, and she has been CEO of AmMac since its formation on December 20, 2023. She worked from June through December 2023 on establishing AmMac and obtaining the master franchise rights from LDI. She was previously employed by the Milk Bar chain of dessert and bakery restaurants from October 2017 through February 2023 (SVP Retail Operations and Wholesale, May 2022 to February 2023; VP of Strategy, January 2020 through May 2022; and Director of Special Projects, October 2017 through January 2020). Ms. Dermatas is located at our offices in New York, NY.

Management of LDI

Chairman and CEO: Feodora Ah Choon. Ms. Ah Choon became Chairman of LDI in May 2025, but was already administrator since 2023. She is also Counsel with Valfor Attorneys-at-Law of Geneva, Switzerland, a position she has held since July 2024. Before that (since 2002), Ms. Ah Choon was employed by the law firm of Python (f/k/a Python & Peter) in Geneva (Counsel 2012 to July 2024; Associate 2002 – 2011).

CEO of the Parent: Melanie Carron. Ms. Carron has been CEO of the LDI Parent since October 2021. Before that, she was Chief Marketing Officer for Aeroports De Paris Group in Paris, France from April 2017 to September 2021.

ITEM 3
LITIGATION

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Sublicense Agreement. At the time you sign a Sublicense Agreement, you must pay us an "**Initial Franchise Fee**" of $50,000. The Initial Franchise Fee is fully earned when we receive it, and is non-refundable under any circumstances. As of the date of this Disclosure Document, we have not issued any Sublicense Agreements, and so cannot state the Initial Franchise Fee we have collected for any other Ladurée Stores.

In addition to the Initial Franchise Fee, before you open your Ladurée Store for business you must purchase from AmMac (a) a supply of Ladurée Manufactured Food Products with a value of between $22,000 and $30,000 for a retail unit or permanent kiosk (between $11,000 and $15,000 for a cart), as well as (b) a supply of non-food Ladurée products with a value between $15,000 and $22,000 for a retail unit or permanent kiosk (between $7,500 and $11,000 for a cart).

Development Agreement. If you sign a Development Agreement with us, then (in addition to the Initial Franchise Fee that you will pay us for your first Sublicense Agreement), you will pay us a "**Development Fee**" in an amount to be negotiated between you and us that takes into account the geographic area in which you propose to develop units (including its population), the number of Ladurée Stores that you propose to open and the schedule on which you propose to open those Ladurée Stores, and other factors that we consider appropriate. Generally, the Development Fee will equal an amount equal to the sum of the Initial Franchise Fee for the first Ladurée Store you will open plus one-half of the Initial Franchise Fees for the remaining number of Ladurée Stores that you propose to open. As of the date of this Disclosure Document, we have not issued any Development Agreements, and so cannot state the Development Fee we have collected for any other Development Agreements.

Except as described above, there are no other purchases from or payments to us or any affiliate of ours that you must make before your Ladurée Store opens.

ITEM 6
OTHER FEES

Fees (Note 1)	Amount	Due Date	Remarks
Royalty (Note 2)	6% of Net Sales (unless you sign a Development Agreement and commit to open at least 15 Ladurée Stores, in which case the Royalty will be 5% of Net Sales).	Payable no later than the 15th day of each Period. If the 15th day of any Period is an official holiday, payment is due on the next business day. (Note 2).	With respect to sales made by you through our portal, app, or otherwise through us, we will withdraw the Royalty before remitting the balance to you. Once each Period (no later than the 15th day of the Period), you must report to us your Net Sales for the immediately-preceding Period, together with any other reports, statements, and other information we require. Simultaneously, you must pay us the Royalty relating to the transaction by ACH (automated clearing house) debit from your bank account or by other means of electronic funds transfer specified by us. See Note 2.
Advertising/ Marketing	At least 1% of Net Sales of your Ladurée Store.	Periodically over the course of each year.	On an annual basis, you must spend at least 1% of Net Sales on marketing and promotional campaigns. See Note 3.
Other Amounts Due	As billed.	Upon demand.	Within ten days after our written request (which is accompanied by reasonable substantiating material), you will pay us any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.
Late Payment Fee	$50 for each unpaid invoice when due, or our costs of collection, if higher.	As incurred.	We reserve the right to hire the services of third-party collection services if necessary, at your expense, and you must pay all costs and expenses (including legal costs and expenses) in connection with the recovery of unpaid amounts.
Interest on Late Payments	Interest on any overdue amounts from the date due until paid, at an annual rate equal to 18%.	Upon demand.	Payable only if we do not receive in full any payment due under this Agreement on or before the due date. If there is a legal maximum interest rate that applies to you in your jurisdiction, we will not charge or collect more than that maximum rate.
Successor Fee	15% of our then-current Initial Franchise Fee	Upon signing successor agreement.	If you qualify to obtain a successor Sublicense Agreement at the end of the initial term, and you elect to do so.
Initial Training	Our then-current training fee, currently $2,000 per person.	Before additional personnel attend Initial Training.	Included within your Initial Franchise Fee is training (as outlined in Item 11, below) for your Designated Principal, your General Manager (if different) and your Pastry Chef. If you want other personnel to attend Initial Training, you must pay us this amount per trainee.

Fees (Note 1)	Amount	Due Date	Remarks
Replacement Training	Our then-current training fee, currently $2,000.	As incurred.	If any of your key personnel (Designated Principal, General Manager, Chefs, and other trained Ladurée Store personnel) are replaced, you must promptly train their replacement; if you do not do so, or if those replacements are not trained to our reasonable satisfaction, you must send those replacements to our training program and pay us this amount per trainee.
Guidelines Replacement Fee	$50	Within 10 days after you receive an invoice from us for the replacement volume(s) of the Guidelines.	At our election, we may provide you with a physical copy of the Guidelines in one or more volumes. If we do and you lose any volume or part of your copy of the Guidelines, or if any volume or part of your copy of the Guidelines is destroyed for any reason.
Alternate Supplier Testing Fee	A charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of any tests.	When you request approval of an alternate supply or alternate supplier (see Item 8).	If you request approval to purchase (i) any brand or item of equipment, furniture, supplies, apparel, or other Products (including any pre-packaged Products) used (or offered for sale) at the Ladurée Store, or other materials not then approved by us as meeting our minimum specifications and quality standards, or (ii) any goods (other than Ladurée Manufactured Products) or Services from a supplier not then included on our list of recommended suppliers.
Additional on-site training at your Ladurée Store.	Our then-current *per diem* training charge (currently $500) plus the travel costs that our employees incur.	As incurred.	We will provide on-site consultation/training (two of our representatives visiting your Store twice each year) at no charge. If you request (or we reasonably determine you need) additional on-site consultation/training, we will provide it at the listed amount.
Convention Registration	Our then-current convention registration fee.	As incurred.	We may hold a franchise convention as often as annually. If we do, then the party holding a controlling interest in you and your Designated Principal (if different) must register for and attend the convention in accordance with our then-current policies. We will bill you for one registration fee before the convention, which will provide you with one registration. You may also have additional representatives attend the conference, as long as those representatives are registered and pay the registration fee for their attendance. You are also responsible for all travel and living expenses that you and your representatives incur in connection with attending the convention.

Fees (Note 1)	**Amount**	**Due Date**	**Remarks**
Transfer Fee	50% of then-current initial franchise fee plus reimbursement of our costs	On or before the effective date of any approved transfer.	The term "**transfer**" means any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: (a) the Development Agreement or the Sublicense Agreement; (b) you (i.e., the sublicensee); (c) any or all of your rights and/or obligations under the Development Agreement or the Sublicense Agreement; and/or (d) all or substantially all of the assets of your Ladurée Store.
Securities Offering Fee	The greater of $10,000 or our reasonable costs and expenses (including legal and accounting fees) for reviewing, documenting, and discussing the proposed offering with you and your representatives.	The minimum amount is payable at the time you request our approval of a securities offering; any additional amounts are payable upon demand.	Payable if you or any of your affiliates propose to make a public or private offering of stock, ownership, and/or partnership interests in you or any of your affiliates.
Audit Fee	Cost of audit.	When billed.	Only due if the inspection, examination or audit is required by your failure to submit a required report or record, to provide any information we properly request, or to preserve required records, or unless an inspection, examination or audit reveals an underpayment or understatement of any amount due to us of more than 2%. You may also be required to pay interest on any understated amounts.
Indemnification	Will vary under circumstances.	On demand.	Only due if we are sued or held liable for claims that arise from your operation of your Ladurée Store or for costs associated with defending claims that you used the Trademarks in an unauthorized manner.
Insurance	Reimbursement of our costs and premiums.	If incurred.	Only due if you do not maintain the required insurance coverages; if so, we have the right (but not the obligation) to obtain insurance on your behalf. In that case, you must reimburse us for our costs as well as the premiums.
Costs and Attorneys Fees	Will vary under circumstances.	As incurred.	Amounts that we incur in: **(a)** obtaining injunctive or other relief for the enforcement of any provisions of the Sublicense Agreement;

Fees (Note 1)	Amount	Due Date	Remarks
			and/or **(b)** successfully defending a claim from you that we misrepresented the terms of the Sublicense Agreement, fraudulently induced you to sign the Sublicense Agreement, that the provisions of the Sublicense Agreement are not fair, were not properly entered into, and/or that the terms of the Sublicense Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.
Taxes Imposed on Us	An amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under the Sublicense Agreement.	Upon demand.	Does not apply if the tax is credited against income tax that we otherwise pay to a taxing authority

Notes:

1. All fees described in this Item 6 are non-refundable and are payable in U.S. Dollars ($). Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

We have the right to adjust for inflation the fixed amounts (that is, those expressed as a Dollar amount and not as a percentage) described in this Item 6 once a year to reflect changes in the Index from the year in which you signed this Agreement. For this purpose, the term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we may designate a reasonable alternative measure of inflation.

We expect that we will uniformly apply the fees described above to all sublicensees, however, in instances that we consider appropriate, we may waive some or all of these fees.

2. a. The term "**Net Sales**" means all revenue from the sale of all food products and non-food products that are authorized for sale from a Ladurée Store and services and all other income of every kind and nature related to, derived from, or originating from your Ladurée Store (whether or not permitted under the Sublicense Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit, but excluding: (a) sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; and (b) refunds, discounts, and other payment accommodations that you reasonably provide to your customers.

b. The term "**Period**" means a calendar month, or, at our election, a four or five-week retail accounting interval during the year for the purpose of organizing books and records (typically, with thirteen Periods in approximately one year). We have the right to establish the schedule for Periods with reasonable advance notice to you. Unless otherwise instructed by us, each Period will begin on the first day of the Period at one instant after midnight (local time at our offices) and ending at one instant before midnight on the last day of the Period.

3. You must prepare and submit to us for our approval an "**Annual Marketing Plan**" for each calendar year during the Term, including a summary of timing and budgeted costs (which must be at least 1% of budgeted Net Sales) of your proposed marketing and promotional plans for the coming calendar year. The Annual Marketing Plan must provide that you will run at least four separate marketing and promotional campaigns each calendar year, which must be detailed and summarized in the Annual Marketing Plan.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Because the estimated Initial Investment for retail units and for carts is so different, we have separately set forth estimates of the Initial Investment for each. Note, however, that we would be unlikely to issue a license for a cart if you do not already operate (or simultaneously sign a license agreement for) a retail unit.

ESTIMATED INITIAL INVESTMENT—RETAIL UNIT OR PERMANENT KIOSK					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Initial Fees (Note 1)	$50,000	$50,000	Lump Sum	On signing Sublicense Agreement	Us
Employee expenses during training (Note 2)	$20,000	$23,000	As Incurred	Before and at the time of opening	Employees; vendors
Real Property (Note 3)	$22,150	$102,500	Cash	When Lease signed	Landlord
Initial Design Layout (Note 4)	$12,500	$12,500	Cash	Before design work concluded	Approved Suppliers
Construction, remodeling, leasehold improvements, and decorating costs (Note 5)	$180,000	$780,000	Cash	Typically, in installments as construction progresses.	Third parties (primarily contractors).
Equipment, fixtures, other fixed assets (Note 6)	$40,000	$80,000	As agreed	Typically, at time of delivery	Approved suppliers
Pastry Display Case (Note 7)	$55,000	$140,000	Cash	Typically, in installments as construction progresses.	Third parties (primarily contractors).

ESTIMATED INITIAL INVESTMENT—RETAIL UNIT OR PERMANENT KIOSK					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Access to Commercial Kitchen Facility (Note 8)	$2,500	$10,000	Cash	Before opening	Owner of kitchen
Marketing Materials (Note 9)	$1,200	$2,000	As incurred	Before Opening	Approved suppliers
Opening Marketing (Note 10)	$3,500	$4,500	As Incurred	During the First 90 days of operation	Third parties
Computer System (Note 11)	$2,600	$4,200	As Incurred	Before Opening Your Store	Approved suppliers
Signage and Menu Boards (Note 12)	$7,200	$24,000	Cash	Typically, in installments as construction progresses.	Third parties (primarily contractors).
Initial Inventory—Ladurée Manufactured Products (Note 13)	$22,000	$30,000	Lump Sum	Before Opening	AmMac
Initial Inventory—Food (Note 14)	$1,500	$5,500	Lump Sum	Before Opening	Approved suppliers
Initial Inventory—Non-food Ladurée products (Note 15)	$15,000	$22,000	Lump Sum	Before Opening	AmMac and approved suppliers
Professional Fees (Note 16)	$78,000	$105,000	As Incurred	Before Opening	Attorneys, accountants, engineers, architect
Utility Deposits (Note 17)	$2,000	$5,000	Cash	Before Opening.	Utility companies, telephone company.
Insurance (Note 18)	$1,400	$2,800	Cash	Before construction starts.	Insurance companies.
Additional Funds (3 months) (Note 19)	$35,000	$120,000	As Incurred	During the first 3 months of Operations.	Employees, Third parties

ESTIMATED INITIAL INVESTMENT—RETAIL UNIT OR PERMANENT KIOSK					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Total estimated investment for retail unit (Note 20)	**$553,550**	**$1,523,000**			

Notes for Retail Unit or Permanent Kiosk:

1. ***Initial Fees***. As described in Item 5, you must pay an Initial under the Sublicense Agreement in the amount of $50,000 at the time you sign the Sublicense Agreement.

2. ***Employee Expenses During Training***. You must send your Designated Principal and your General Manager (if different from your Designated Principal) to initial training at our headquarters or at another location we specify. With respect to your first Ladurée Store, you must send, your pastry chef to initial training at LDI's facility in Paris, France, or at another location we specify. These estimates cover travel, lodging, food, and other miscellaneous costs for three persons. We do not include any allowance for wages/salaries of your General Manager and Pastry Chef during training.

Items 6 and 11 explain that you may send a total of three individuals to the same session of Training before opening for no additional fee. See the Explanatory Notes to Item 6 regarding possible additional initial training costs. Item 11 describes the length and location of pre-opening initial training.

The low estimate assumes that this will be your first Ladurée Store, that you locate your franchise restaurant within commuting distance of our headquarters in New York; that your Designated Principal and/or General Manager attend the training in New York; and that your Pastry Chef attends training in Paris. No costs are included for costs of the Designated Principal or General Manager to commute to our headquarters in New York, but we assume that you will purchase round-trip tickets for the Pastry Chef to fly coach to Paris for training, and that you pay the Pastry Chef an allowance of $350 per day for hotel and $150 per day for meals in Paris during training. The high estimate assumes, in addition, that you purchase two round-trip tickets for the Designated Principal and/or General Manager to fly coach to New York for training, and that you pay the Designated Principal and General Manager an allowance of $350 per day for hotel and $150 per day for meals in New York during training. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

3. ***Real Property.*** For a retail store or permanent kiosk, you will typically need between 500 and 1,000 square feet. The amounts set forth in the table above assume that you will lease the necessary space. Many leases will require that you pay as rent the higher of a set amount ("base rent") or a percentage of sales. In addition to the rent, you may need to pay a percentage (based on the ratio of your leased space to other space in the same facility) of the "common area maintenance" charges; typically, common area maintenance charges cover costs such as taxes, maintenance, and lighting of parking areas. Typically, before you open, you will pay the landlord the first month's base rent, plus a security deposit equal to one month's rent. Costs of real estate vary widely from market-to-market. You should speak to a real estate professional (such as a broker) in your area to determine the approximate rental rates of leased real estate of the appropriate size in your desired market.

For a retail store or kiosk, the low amount set forth assumes that you will rent 500 square feet at a base rent of $265 per square foot per year for the location of the retail store. The high amount assumes that you will rent 1,000 square feet at a base rent of $615 per square foot per year. Both calculations assume you will pay the first month's rent and a security deposit equal to one month's rent before opening. The rental rates presented here are representative of urban, high-traffic, high-end shopping centers.

This cluster of payments is not a universal approach, as the practices of various landlords may differ in this regard. Some landlords only require the payment of the first month's rent. Sometimes, landlords require payment of a "construction deposit" before work begins on the store, which is refunded after the construction is complete. Landlords for some locations (typically high-end or more prestigious shopping centers) require tenants to pay "key money" (a non-refundable payment, in addition to rent and deposits, for the privilege of signing a lease in the center). Payments that are characterized as a "security deposit" are typically refundable; payments characterized as "rent" or "key money" typically are not refundable.

4. ***Initial Design Layout Fees***. You will need to retain our designated supplier to assist with operational layout of your first store. For subsequent stores, you and we will discuss whether you need to retain these services.

5. ***Construction and Related Costs.*** Your initial investment for a retail store will include the required costs of construction, remodeling, leasehold improvements, and decorating costs to bring the leased space into conformity with our current standards (including finishes). The costs of the required work can vary widely, depending on (among other things) the condition of the premises when delivered to you by the landlord, whether you use union contractors, and the size of the space. Additionally, some landlords will grant a "tenant improvement allowance" that will reimburse you for some of the costs of construction, remodeling, leasehold improvements, and decorating.

For a retail store or kiosk, the low amount set forth assumes that you will rent a total of 500 square feet (300 square feet for the operating space, plus 200 square feet for back-of-house storage). We assume that construction costs for the 300 square feet of retail space will be $600 per square foot. The high amount assumes that you will rent 1,000 square feet (800 square feet for the operating space, plus 200 square feet for back-of-the house storage). We assume that construction costs for the 800 square feet of retail space will be $970 per square foot (the high amount includes upgrading utilities such as HVAC, electric,plumbing, and structural changes). We have not included (in either case) any construction costs for the 200 square feet of back-of-house storage.

6. ***Equipment, fixtures, other fixed assets.*** This category consists primarily of kitchen equipment (refrigeration, freezers, sinks, etc.) and customer seating (such as tables, chairs, and related furniture). These costs do not include shipping or delivery, which will vary depending upon your location.

7. ***Pastry Display Case.*** The pastry display case, or the "marble" is an integral part of the design of the storefront. Because of its importance to the "look and feel" of the unit, the cost shown is separated from the other equipment, fixtures, and other assets.

8. ***Commercial Kitchen Facility***. With respect to the first unit (whether a retail unit or a cart) that you open in the same general market area, you will need to have access to a commercial kitchen (with (i) food preparation equipment (such as mixers, sheeters, ovens, proofing cabinets, etc.), and (ii) food storage equipment (such as refrigerators, freezers, and dry storage). We assume you will lease space in (or access to) an existing commercial kitchen, which we estimate will cost approximately $2,500 to $10,000

per month, which you will pay in advance each month. As you establish additional Ladurée Stores, you may wish to build a dedicated commercial kitchen, but we have not included costs for building out your own kitchen.

9. ***Marketing Materials***. The estimate is for the marketing materials needed for each Ladurée Store, including marketing plans and promotional materials, including coupons, merchandising materials, sales aids, point of purchase materials, special promotions, paper menus, and similar marketing and promotional materials for use in local marketing.

10. ***Opening Marketing***. You must conduct a grand opening marketing campaign to promote the Ladurée brand in the Territory, beginning no later than 60 days before the scheduled opening date of the Store, and ending 60 days after opening. Please refer to Item 11 "Advertising" for details.

11. ***Computer System.*** You must obtain and implement a computer system (and associated software) for your Store that complies with our standards; we currently require use of the "Toast" POS system (a commercially-available system) plus a laptop. You will need either one or two POS systems for a retail unit, plus one laptop and a printer. The cost may be higher if you choose a more expensive system. The computer system must ensure connectivity between your Ladurée Store and us. Please refer to Item 11 "Computer Systems" for details. These costs do not include the cost to install and network the system.

12. ***Signage and Menu Boards.*** You must install interior and exterior signage and menu boards that comply with our specifications.

13. ***Initial Inventory—Ladurée Manufactured Products***. You must purchase from AmMac an opening inventory of macarons, chocolates, and various other Ladurée Manufactured Products.

14. ***Initial Inventory—Food.*** You must purchase from approved suppliers the ingredients needed for you to produce viennoiserie, pastries, cakes, ice cream, mousseline, and savory products that we approve in writing that are manufactured by you locally in a commercial kitchen in which you rent space (or elsewhere that we approve).

15. ***Initial Inventory—Non-Food Ladurée Products.*** This consists of paper and packaging materials (branded napkins, branded cups, macaron boxes, branded shopping bags, etc.), as well as small gift items such as key rings and candles bearing the **LADURÉE** marks. AmMac is the primary supplier of these items.

16. ***Professional Fees***. We suggest that you retain the services of an attorney, accountant, or other professional(s) to review this disclosure document and the Sublicense Agreement, to assist you to establish your franchise business and your books and records, and to negotiate your leases. Typically, the costs of these professionals will be $3,000 to $5,000.

You will also need to retain engineers ($20,000 to $30,000) and architects ($55,000 to $70,000) to prepare working drawings for the building design, to supervise construction, and similar tasks.

17. ***Utility Deposits.*** Includes initial deposits that utility companies may require (telephone, water, gas, electricity, trash removal, and related utility and service expenses) to establish service.

18. ***Insurance.*** Covers the expense for the first year's premium for all insurance required by Section 15.1 of the Sublicense Agreement. We anticipate that you will likely pay the first year's premium in full before opening. Minimum required insurance includes the following: (i) comprehensive general

liability insurance with minimum coverage of $2,000,000 or the higher amount required by your lease (some landlords require as much as $3 Million coverage); (ii) automobile insurance with minimum coverage of $1,000,000; (iii) workers compensation insurance with minimum coverage of $1,000,000 or as required by applicable law; (iv) excess liability coverage of at least $5,000,000. We also advise you to obtain (and your landlord may require) general property/casualty insurance based on the cost of replacing damaged or destroyed property with property meeting current specifications. As we state in the Sublicense Agreement Section 15.1, we may require additional insurance and may modify the minimum insurance requirements during the franchise term. See Sublicense Agreement Section 15.1 for additional conditions regarding mandatory insurance.

19. ***Additional Funds***. The Franchise disclosure laws require us to include an estimate of all costs and expenses to operate the franchise during the "initial phase" of the business, which current law defines as at least three months or a reasonable period for the industry. We are not aware of any established longer "reasonable period" for the restaurant industry, so our disclosures cover a 3-month period.

The additional funds that we estimate you may need will vary considerably from one franchisee to the next based on a variety of factors, including the size of your Ladurée Store, the number of employees you chose to hire and the salary and other benefits you choose to pay; the extent you will be actively involved in store-level operations; your skill, experience, business acumen and credit-rating; local competition; local economic conditions, including rent and wage scales; the cost of supplies; and the actual sales levels that you achieve during the initial three-month period.

The "Additional Funds" category is not the only source of cash, but is *in addition* to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to visit operating Ladurée Stores to evaluate this on your own. You should not assume that cash flow from operations after the first three months will necessarily be sufficient to pay all operating expenses. We do not project your break-even point or when you might reach it; you must investigate and make your own calculations.

We anticipate you will use the Additional Funds to defray miscellaneous and incidental operating costs like expenses to train opening employees on-site, local business licensing fees, payroll expenses, software charges, bank charges, initial cost for employee uniforms, miscellaneous out-of-pocket costs, postage, office supplies, and other initial expenses.

The estimate of Additional Funds *excludes* payments of Royalty Fees and percentage rent, since these amounts will depend upon your actual Net Sales. We do not project what your actual Net Sales will be; however, you should allow for these expenses in your own calculations.

Payroll expenses included in the estimate of Additional Funds cover all operating employees, but do not include any allowance for a draw or salary to you or your Designated Principal.

20. ***Total Estimated Investment for Retail or Kiosk Unit***. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

The figures in this Item 7 are estimates only; we cannot predict whether you will incur additional expenses starting your Ladurée Store. Your expenses will depend on factors such as your management skill, experience and business acumen, local economic conditions (for example, the local market for our services and products), the prevailing wage rate, competition and your sales level achieved during the initial period. In preparing these estimates, we relied on the experience of LDI's affiliates in the operation of Ladurée Stores in the United States. The estimates do not (and could not) account for the impact of future inflation or changes to interest rates.

ESTIMATED INITIAL INVESTMENT—CART					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Initial Fees (Note 21)	$50,000	$50,000	Lump Sum	On signing Sublicense Agreement	Us
Employee expenses during training (Note 22)	$2,500	$10,000	As Incurred	Before and at the time of opening	Employees; vendors
Real Property (Note 23)	$680	$1,375	Cash	When Lease signed	Landlord
Cart unit (Note 24)	$17,000	$35,000	Cash	Before delivery	Our designated supplier
Equipment for storage unit (Note 25)	$12,000	$15,000	As agreed	Typically at time of delivery	Approved suppliers
Marketing Materials (Note 26)	$1,200	$2,000	As incurred	Before Opening	Approved suppliers
Opening Marketing (Note 27)	$3,500	$4,500	As Incurred	During the First 90 days of operation.	Third parties
Computer System (Note 28)	$2,000	$3,000	As Incurred	Before Opening Your Store.	Approved suppliers
Initial Inventory—Ladurée Manufactured Products (Note 29)	$11,000	$15,000	Lump Sum	Before Opening	AmMac
Initial Inventory—Non-food Ladurée Products (Note 30)	$7,500	$11,000	Lump Sum	Before Opening	AmMac and approved suppliers
Professional Fees (Note 31)	$2,000	$4,000	As Incurred	Before Opening	Attorneys, accountants

ESTIMATED INITIAL INVESTMENT—CART					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Utility Deposits (Note 32)	$1,500	$2,500	Cash	Before Opening	Landlord or utility companies.
Insurance (Note 33)	$1,400	$2,800	Cash	Before construction starts.	Insurance companies.
Additional Funds (3 months) (Note 34)	$20,000	$30,000	As Incurred	During the first 3 months of Operations.	Third parties
Total estimated investment for cart unit (Note 35)	**$132,280**	**$186,175**			

Notes for Cart:

21. ***Initial Fees***. As described in Item 5, you must pay an Initial under the Sublicense Agreement in the amount of $50,000 at the time you sign the Sublicense Agreement.

22. ***Employee Expenses During Training***. You must send your Designated Principal and your General Manager (if different from your Designated Principal) to initial training at our headquarters or at another location we specify. These estimates cover travel, lodging, food, and other miscellaneous costs for three persons. We do not include any allowance for wages/salaries of your General Manager during training.

Items 6 and 11 explain that you may send a total three individuals to the same session of Training before opening for no additional fee. See the Explanatory Notes to Item 6 regarding possible additional initial training costs. Item 11 describes the length and location of pre-opening initial training.

The low estimate assumes that this will be your first Ladurée Store, that you locate your franchise restaurant within commuting distance of our headquarters in New York and that your Designated Principal and General Manager attend the training in New York. No costs are included for costs of the Designated Principal or General Manager to commute to our headquarters in New York. The high estimate assumes, in addition, that you purchase two round-trip tickets for the Designated Principal and General Manager to fly coach to New York for training, and that you pay the Designated Principal and General Manager an allowance of $350 per day for hotel and $150 per day for meals in New York during training. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

23. ***Real Property.*** For a cart, you will typically need between 150 and 215 square feet for operations, as well as approximately 150 square feet of storage for Ladurée manufactured food products and packaging to be sold at the cart. The amounts set forth in the table above assume that you will lease the necessary space. The leases for cart space are typically based on a percentage of sales of 8% to 15% of gross sales. In addition, we estimate that you will pay between $55 and $110 per square foot per year for a storage unit,

and that you will pay the first month's rent and a deposit equal to one month's rent for the storage space before you open. Costs of real estate vary widely from market-to-market. You should speak to a real estate professional (such as a broker) in your area to determine the approximate rental rates of leased real estate of the appropriate size in your desired market.

This use of percentage rent (with no minimum amount) is not a universal approach, as the practices of various landlords may differ in this regard. Security deposits are typically refundable.

24. ***Cart Unit.*** You must purchase an integrated cart unit from our designated supplier. The cart contains pastry display cases, refrigeration, shelving, and space for a point-of-sale system. These costs do not include shipping, freight, or taxes, which will vary depending upon your location. The cost shown includes the pastry display case (which is an integral part of the cart) but not any additional cabinetry or storage needed on site to operate.

25. ***Equipment for Storage Unit***. As noted above, you will need a storage unit of approximately 150 square feet in the vicinity of the location of your cart. In that storage unit, you will need a double-door commercial freezer, a single-door commercial refrigerator, and shelving for dry storage.

26. ***Marketing Materials***. The estimate is for the marketing materials needed for each Ladurée Store, including marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

27. ***Opening Marketing***. You must conduct a grand opening marketing campaign to promote the Ladurée brand in the Territory, beginning no later than 60 days before the scheduled opening date of the Store, and ending 60 days after opening. Please refer to Item 11 "Advertising" for details.

28. ***Computer System.*** You must obtain and implement a computer system (and associated software) for your cart that complies with our standards; we currently require use of the "Toast" POS system (a commercially-available system) plus a laptop. You will need one POS systems for a cart, plus one laptop and one printer. The cost may be higher if you choose a more expensive system. The computer system must ensure connectivity between your Ladurée Store and us. Please refer to Item 11 "Computer Systems" for details. These costs do not include the cost to install and network the system.

29. ***Initial Inventory—Ladurée Manufactured Products***. You must purchase from AmMac an opening inventory of macarons, chocolates, and various other Ladurée Manufactured Products.

30. ***Initial Inventory—Non-Food Ladurée Products.*** This consists of paper and packaging materials (branded napkins, branded cups, macaron boxes, branded shopping bags, etc.), as well as small gift items such as key rings and candles bearing the **LADURÉE** marks. AmMac is the primary supplier of these items.

31. ***Professional Fees***. We suggest that you retain the services of an attorney to negotiate your leases.

32. ***Utility Deposits.*** Carts will need electricity and Internet access. Electricity is typically included in rent for cart units (but possibly not for the storage unit); Internet access may (or may not) be included. If both are not included, this estimate includes initial deposits that electric company and Internet service provider may require to establish service.

33. ***Insurance.*** Covers the expense for the first year's premium for all insurance required by Section 15.1 of the Sublicense Agreement. We anticipate that you will likely pay the first year's premium

in full before opening. Minimum required insurance includes the following: (i) comprehensive general liability insurance with minimum coverage of $2,000,000 or the higher amount required by your lease (some landlords require as much as $3 Million coverage); (ii) automobile insurance with minimum coverage of $1,000,000; (iii) workers compensation insurance with minimum coverage of $1,000,000 or as required by applicable law; (iv) excess liability coverage of at least $5,000,000. We also advise you to obtain (and your lease may require) general property/casualty insurance based on the cost of replacing damaged or destroyed property with property meeting current specifications. As we state in the Sublicense Agreement Section 15.1, we may require additional insurance and may modify the minimum insurance requirements during the franchise term. See Sublicense Agreement Section 15.1 for additional conditions regarding mandatory insurance.

34. ***Additional Funds***. The Franchise disclosure laws require us to include an estimate of all costs and expenses to operate the franchise during the "initial phase" of the business, which current law defines as at least three months or a reasonable period for the industry. We are not aware of any established longer "reasonable period" for the restaurant industry, so our disclosures cover a 3-month period.

The additional funds that we estimate you may need will vary considerably from one franchisee to the next based on a variety of factors, including the size of your Ladurée Store, the number of employees you chose to hire and the salary and other benefits you choose to pay; the extent you will be actively involved in store-level operations; your skill, experience, business acumen and credit-rating; local competition; local economic conditions, including rent and wage scales; the cost of supplies; and the actual sales levels that you achieve during the initial three-month period.

The "Additional Funds" category is not the only source of cash, but is *in addition* to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to visit operating Ladurée Stores to evaluate this on your own. You should not assume that cash flow from operations after the first three months will necessarily be sufficient to pay all operating expenses. We do not project your break-even point or when you might reach it; you must investigate and make your own calculations.

We anticipate you will use the Additional Funds to defray miscellaneous and incidental operating costs like expenses to train opening employees on-site, local business licensing fees, payroll expenses, software charges, bank charges, initial cost for employee uniforms, miscellaneous out-of-pocket costs, postage, office supplies, and other initial expenses.

The estimate of Additional Funds *excludes* payments of Royalty Fees and percentage rent, since these amounts will depend upon your actual Gross Sales and Net Sales. We do not project what your actual Gross Sales or Net Sales will be; however, you should allow for these expenses in your own calculations.

Payroll expenses included in the estimate of Additional Funds cover all operating employees, but do not include any allowance for a draw or salary to you.

35. ***Total Estimated Investment for Cart Unit***. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

ESTIMATED INITIAL INVESTMENT—Development Agreement (2 units)					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Development Fee (Note 36)	$75,000	$75,000	Lump Sum	On signing Development Agreement	Us
Costs of Development of First Retail Unit or Permanent Kiosk (Note 37)	$503,550	$1,473,000	[See entries above for Estimated Investment for Retail Unit or Permanent Kiosk and accompanying Notes.]		
Total estimated investment for 2-unit Development Agreement and first retail unit	**$578,550**	**$1,548,000**			

36. **Development Fee.** The amount of the Development Fee will be negotiated between you and us. Generally, the Development Fee will equal an amount equal to the sum of the Initial Franchise Fee for the first Ladurée Store you will open plus one-half of the Initial Franchise Fees for the remaining number of Ladurée Stores that you propose to open. For a two-unit Development Agreement, that amount would be $75,000.

37. **Total Estimated Investment (Two-Unit Development Agreement and First Retail Unit).** The estimated investment for the first retail unit is the same as shown in the table above. We will not normally allow you to open a cart as your first unit pursuant to a Development Agreement.

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The total estimated initial investment does not include any allowance for payments made to a bank or financing company on any loan that you may obtain to finance the cost of purchasing the franchise or other development-related costs.

The figures in this Item 7 are *estimates* only; we cannot predict whether you will incur additional expenses or other categories of expenses, in opening and initially operating your Ladurée Store, nor can we guarantee that your expenses within these categories will not exceed the ranges set forth. Your expenses will depend on factors such as your management skill, experience and business acumen, local economic conditions (for example, the local market for our services and products), the prevailing wage rate, competition and your sales level achieved during the initial period. In preparing these estimates, we relied on (a) information we obtained from LDI concerning the costs its affiliates incurred in opening units in the U.S., and (b) research we conducted concerning likely expenses. You should review these figures and notes carefully with a business advisor before making any decision to purchase the franchise. The estimates do not (and could not) account for the impact of future inflation or changes to interest rates.

The expenses listed above are not refundable. We do not finance any portion of your initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Products

You must operate your Ladurée Store in conformity with the methods, standards, and specifications that we require (whether in the Guidelines or otherwise). Among other things, these standards require that you must:

- purchase Ladurée Manufactured Food Products and Non-Food Products exclusively from AmMac, our affiliates, and/or designated Authorized Suppliers;

- order reasonably sufficient quantities of Ladurée Manufactured Food Products and packaging items to meet your estimated needs;

- ensure that the core range of Locally Manufactured Products, as we require, is at all times offered in your Ladurée Store; provided, however, based on local tastes and availability of ingredients, you may be permitted to offer other Locally Manufactured Products, or to propose adaptations to recipes for Locally Manufactured Products, subject to (i) demonstrating a reasonable need for such other products or adaptations, (ii) complying at all times with the Guidelines with respect to such other products or adaptations, and (iii) obtaining our prior written approval for all other products or adaptations;

- store Ladurée Manufactured Food Products and the Non-Food Products in conditions that will preserve them in good standing and in accordance with our storage standards in the Guidelines and as necessary in the industry or under applicable safety standards, laws or regulations in the jurisdiction in which your Ladurée Store is located; and

- comply with any food safety, food labelling, and related laws and regulations.

We estimate that the cost of your purchases and leases from sources that we designate, approve, or that are made in accordance with our specifications will be approximately 80-95% of the total cost of establishing your Store and approximately 30-40% of the cost of continued operation of your Store.

You will be required to purchase or license certain hardware, software, computers, point of sale (POS) computer systems, and related equipment for your Store. This information is summarized in Item 11 under the subheading "Computer Requirements."

FF&E and Alternative Suppliers

All furniture, fixtures, equipment (including kitchen equipment if you build out your own kitchen, rather than leasing space in an existing commercial kitchen) (the "**FF&E**"), signs and other materials required for the operation of the Ladurée Stores as we may periodically specify, must be purchased exclusively from authorized suppliers.

If you find a supplier offering the same equipment at a lower price than that of the FF&E we specify, we will approve such supplier if it reasonably meets our minimum quality standards in terms of capacity and reliability. This does not apply to the decorative elements and furniture that are specific to the Ladurée brand and that characterize the System.

AmMac is the only designated supplier for certain items (including Ladurée Manufactured Food Products and Non-Food Products) that you must buy for the operation of your Ladurée Store.

Mélanie Carron, who is CEO of LDI Parent, is an indirect minority owner of Macaroon SA, which is a supplier of macarons and Eugénies to us (and indirectly to you), and she is also a direct minority owner of LDI Parent, which supplies dry products to us for resale to you. In addition, David Holder, who is a special advisor to LDI Parent, is an indirect minority owner of LDI Parent and of Macaroon SA. Otherwise, none of our officers nor (to our knowledge) any of the officers of LDI owns any interest in any other approved or designated supplier for any product, good, or service that you are required to purchase for the operation of your Store.

We and LDI have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon system-wide purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of the Products, equipment, and other items. We and LDI may retain those volume discounts, rebates, or incentives to defray our respective expenses related to seeking, negotiating, and arranging purchasing agreement.

We, LDI, and our respective affiliates may derive revenue based on franchisee purchases of Products. We have not previously had franchises in the United States and therefore did not derive income or receive Allowances. We, LDI, and our respective affiliates may, in the future, derive revenue based on sublicensee purchases from us, from LDI, or from our respective affiliates.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this disclosure document, there are no purchasing or distribution cooperatives for any of the items described above in which you must participate.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Stores in our System. If we establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the licensed network of Stores.

We do not provide material benefits to franchisees based on a franchisee's purchase of particular products or services or use of a designated or approved supplier.

When determining whether to grant new or additional franchises, we consider many factors, including compliance with the requirements described above.

All advertising and promotional materials, signs, decorations, paper goods and other items we designate must bear the Trademarks and Ladurée design elements in the form, color, location, and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Guidelines or otherwise as specified by us. You must obtain our prior written approval before you use any advertising and promotional materials and plans. Any advertising and promotional materials you submit to us for our review will become our property.

Insurance

You must at your own expense obtain and maintain in full force and effect at all times during the term of the Sublicense Agreement, insurance policies issued by reputable insurers with such minimum levels of coverage as is necessary in the industry and commensurate with the operation of your Store, and with regard to our reasonable recommendations to notably provide liability coverage for us, for LDI and its Affiliates, and for your employees, and must provide us with proof of coverage on demand.

You must annually deliver to us a copy of the certificate(s) of insurance or other evidence of the renewal or extension of each insurance policy. We have the right to periodically increase the minimum coverage levels of any insurance policy you maintain, as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability insurance, to reflect inflation, identification of special risks, changes in applicable law or standards or liability, higher damage awards, or other relevant changes in circumstances.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section(s) in Sublicense Agreement	Section(s) in Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1.2, 5.2, 5.4, Site Selection Addendum	2, 8, 14.1, Exhibit A	11, 12
b.	Pre-opening purchase/leases	7		11
c.	Site development and other pre-opening requirements	5.5, 5.6	2	5, 6, 7, 11
d.	Initial and ongoing training	6.2, 6.3, 6.4		11
e.	Opening	5.1, 5.7, 8.2		5, 6, 7, 11
f.	Fees	2.2.6, 4.1, 4.2, 4.3, 4.5	4, 10.5.7, 10.12.3	5, 6
g.	Compliance with standards and policies/operating manual	8.1, 8.4, 8.7, 10	Introduction, 9.3	8, 11, 15
h.	Trademarks and proprietary information	Introduction, 1.1.2, 8.9, 9, 11	Introduction, 7	13, 14
i.	Restrictions on products/services offered	7		8, 16

	Obligation	Section(s) in Sublicense Agreement	Section(s) in Development Agreement	Disclosure Document Item
j.	Warranty and customer service requirements	8.11		15
k.	Territorial development and sales quotas	7.1.3.3	2, Exhibit A	12
l.	Ongoing product/service purchases	7.1.3.3, 7.2		8
m.	Maintenance, appearance, and remodeling requirements	8.8		11
n.	Insurance	15.1		7, 8, 11
o.	Advertising	13		6, 11
p.	Indemnification	9.2.9.2, 9.5.2, 21.4	15.4	14
q.	Owner's participation / management / staffing	6.1, 8.3	11.1	11, 15
r.	Records and reports	4.2, 4.3, 12.1, 12.2, 12.3, 12.4, 14.3		6, 11
s.	Inspections and audits	8.4.3, 8.11, 12.6, 12.7		6, 11
t.	Transfer	16	10	17
u.	Renewal	2.2		17
v.	Post-termination obligations	18, 19.3, 19.5	11.3, Exhibits E-1 and E-2	17
w.	Non-competition covenants	19	11, Exhibits E-1 and E-2	17
x.	Dispute resolution	27	19	17
y.	Taxes/permits	5.6.3, 20.1, 20.4	14	Not applicable

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases, or other obligations.

However, as a condition to our approval of you as a franchisee, LDI (the Master Franchisor) may require that your franchised units be owned by joint-venture between your principals and LDI; LDI will own 30% of the equity interests in that joint venture. The amount that LDI will pay you for the 30% interest is subject to negotiation between you and LDI. We do not control or influence the arrangements between you and LDI, but it is our understanding that the transaction will be at market standards.

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 Assistance:

Before your open your Ladurée Store, we will:

1. Provide initial training for your Designated Principal, General Manager, and Pastry Chef (see Sublicense Agreement, Sections 3.1, 6.2, and 6.3);

2. Provide limited site selection and lease review assistance (see Sublicense Agreement Sections 3.2, 3.3, 5.3, and 5.4);

3. Make available to you, at no additional charge, the architectural features and design characteristics consistent among Ladurée Stores (see Sublicense Agreement Section 3.3);

4. Give you access to the Guidelines (as more fully described below in this Item 11 of this Disclosure Document) (see Sublicense Agreement, Sections 3.5 and 10);

5. Assist you in developing a Grand Opening Marketing Program for your Ladurée Store (we also have the right to approve or disapprove all marketing and promotional materials that you propose to use) (see Sublicense Agreement, Sections 3.6 and 13); and

6. Evaluate your Ladurée Store before it first opens for business and give you consent to open the Store (you must comply with all pre-opening requirements in the Guidelines and provide us with written notice of the date that you intend to start operating at least 45 before the planned opening date) (see Sublicense Agreement, Section 3.7).

We are not required by the Sublicense Agreement to furnish any other service or assistance to you before the opening of your Ladurée Store.

Continuing Assistance:

During the operation of your Ladurée Store, we will:

1. Provide you with periodic ongoing training and consulting (see Sublicense Agreement, Sections 3.1, 6.3, and 6.4);

2. Provide you with assistance in the marketing, management, and operation of your Ladurée Store at the times and in the manner that we determine, including periodically offering you the services of certain of our representatives, such as a field consultant, and these representatives will

periodically visit your Licensed Business and offer advice regarding your operations, as we deem necessary to meet our own standards (see Sublicense Agreement, Section 3.8); and

3. Have two of our representatives visit in-person your Ladurée Store at least twice per calendar year, unless you and we otherwise agree that the additional training/consulting is not then needed (see Sublicense Agreement, Section 6.4).

We are not required by the Sublicense Agreements to furnish any other service or assistance to you during the operation of your Ladurée Store.

As permitted by applicable law, we may set reasonable restrictions on the maximum and minimum prices you may charge for the Products offered and sold at your Ladurée Store. Subject to those limits, you will have the right to freely set the prices charged to consumers. If your Ladurée Store is located in a hotel propertly, then notwithstanding any minimum prices set by us, you may, subject to our prior approval, offer discounts for sales of Products to groups of customers outside of your Ladurée Store but using the same greater hotel property (*e.g.,* convention groups).

Typical Length of Time Before Start of Operations:

Within 2 months after execution of the Sublicense Agreement, your key personnel must attend and successfully complete our initial training program.

You are required to have your Ladurée Store open and in operation no later than 8 months after execution of the Sublicense Agreement (see Sublicense Agreement, Section 5.1). **Time is of the essence of this requirement, and we may terminate the Sublicense Agreement immediately upon notice to you if you fail to open on a timely basis.**

Factors that may affect these time period include your ability to hire a general manager for the Master Business and completing required training.

Advertising:

You must spend at least $3,500 for grand opening marketing and promotional programs in conjunction with the initial grand opening of your Ladurée Store, pursuant to a grand opening marketing plan that you develop and that we approve in writing. This grand opening marketing program must begin 60 days before the scheduled opening date of your Ladurée Store and be completed no later than 60 days after your Ladurée Store commences operation. This cost can include promotional materials, sampling, paid local media and/or influencer marketing etc.

We do not maintain or require you to contribute to an advertising fund, but on annual basis, you must spend at least 1% of Net Sales on advertising and marketing for your Ladurée Store. You must prepare and submit to us for our approval an annual marketing plan for each calendar year during the Term, including a summary of timing and budgeted costs (which must be at least 1% of budgeted Net Sales). You must run at least four separate marketing and promotional campaigns each calendar year; each marketing campaign must be detailed and summarized in your proposed annual marketing plan that you prepare and furnish to us for approval.

Each year, you must deliver to us a copy of your proposed annual marketing plan by no later than November 30 of the year preceding the calendar year covered by the annual marketing plan. We may approve or reject your proposed annual marketing plan, and if we reject it, you and we will work constructively and in good faith to develop an acceptable marketing plan for the upcoming calendar year.

All advertisements and promotions by you must conform to our advertising standards as set out in the Guidelines, and according to applicable law in the jurisdiction where your Ladurée Store is located. You must refrain from conducting any business or advertising practice that may be detrimental to the reputation of the Trademarks. You must submit to us samples of all proposed local marketing and promotion, advertising, and promotional plans for our review and prior written approval. If you have not received our written approval within 14 days after we have received those proposed ads, samples, and/or other marketing materials, then we will be deemed to have disapproved them.

You may not, without our prior written consent, take any actions, positions, and/or make statements that are (or that may be perceived by the public to be) taken in the name of, in connection or association with you, the Proprietary Marks, the Licensed Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political, or religious organization, group, or activity.

Computer Requirements:

You must obtain, install and maintain a computer system that complies with our standards. Among other things, our standards may address back office and point of sale systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems; physical, electronic, and other security systems and measures; archival back-up systems; internet access mode (such as form of telecommunications connection) and speed; technology used to enhance and evaluate the customer experience (including digital ordering devices, kiosk, touchpads, and the like); WiFi and other connectivity service for customers; and consumer-marketing oriented technology (including customer apps, affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites).

You must use the software that we designate or approve in connection with the operation of your Ladurée Store, which may include software that we develop or have developed for us. We may at any time substitute alternative software (or the service provider). You must pay us or third-party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the required software, hardware, and other elements of the computer system.

You must be able to maintain a continuous connection to the internet to send and receive data to us. You must establish merchant accounts and internet-based credit card and gift card authorization accounts that we designate for use with online card authorizations.

We estimate that the cost of purchasing the computer system and required software will typically range from $2,000 to $3,500. We estimate that the annual maintenance cost of the computer systems will be approximately $1,000 to $2,000. The annual subscription cost per "Toast" POS system varies based on your hardware and software set up but averages about $400 per month.

Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware or software.

You must be able to access information that is available on the Internet, and be able to send and receive e-mail. We may periodically require you to upgrade and update the hardware and software used in connection with the computer system. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your e-mail address or require you to use only an e-mail address that we provide for your business e-mails.

You must afford us unimpeded access to your computer system in the manner, form, and at the times we may request. We will have the independent right at any time to retrieve and use this data and information from your computer system in any manner we deem necessary or desirable.

Digital Marketing

Except to the extent that we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a "Digital Site" relating in any manner whatsoever to the Licensed Business or referring to the Proprietary Marks. The term "Digital Site" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, Web pages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to be used on mobile devices (*e.g.*, iOS or Android apps), and other applications (whether they are now in existence or developed at some point in the future).

LDI's affiliates own and plan to maintain a Ladurée Web site for the System (the "**Web site**"). The Web site currently allows customers to order Products to be shipped to them (nationwide) and allows customers in the vicinity of a physical store location to order Products for pickup or delivery by third-party delivery services (such as Uber Eats and DoorDash). All online orders for nationwide shipping of Products will be fulfilled either (a) by LDI directly, or (b) by retailers approved by LDI through their multi-brand online shops; you will not participate in these types of online orders nor will you be compensated, even if the delivery is to an address within your territory. You may not offer or sell any Products through the internet, on a Web site, an app or through any other electronic means nor may you sell online in any other manner not authorized by LDI.

Social Media and Apps

We and LDI restrict the use of social media sites to preserve the reputation of the Trademarks and the System.

LDI will open and remain sole administrator of any sites related to the Trademarks on social media or in any digital format.

You may not use or develop any online application (app) without prior written approval of us and LDI.

Guidelines

We will either provide to you a physical copy of the Guidelines (in one or more volumes) or provide you with a confidential login and password to access the latest versions of the Guidelines available on the Ladurée platform. The Guidelines will be in English.

The Guidelines are the property of LDI, and LDI retains all rights in and to the Guidelines and any amendments to the Guidelines.

The Guidelines currently consist of 547 pages or digital screens, and its Table of Contents is attached as Exhibit F to this Disclosure Document.

Training

The subjects covered in the initial training program are described below.

TRAINING PROGRAM FOR DESIGNATED PRINCIPAL AND GENERAL MANAGER

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Presentation of the department: - Point of Sales Opening support - Export Initiatives - operational support, order tracking, update of commercial support, sales instruction, update of price tags and frames, forecast reporting	6	4	New York
Welcoming and visit to a Ladurée Store (shop & restaurant), specifics of retail and restaurant	1	0	New York
Presentation of products, organization of retail sales	1	5	New York
Opening the shop, setting up fresh products, pastries, viennoiseries, macarons. Sales participation, briefing participation, and closing of the shop	2	7	New York
Presentation of the restaurant organization of the different services management of the service participation	2	2	New York
RESTAURANT Service of Breakfast - Brunch - Lunch.	0	7	New York
Presentation of communication, marketing & digital calendar and teams	2	0	New York
Quality & Services Service responsibilities and areas of application	2	0	New York
KITCHEN & MENU Presentation and organization of technical datasheets and menus.	2	4	New York
Retail in-store days	2	21	New York
Total	**20**	**50**	

TRAINING PROGRAM FOR PASTRY CHEF*

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Preparation of Locally Manufactured Products (including viennoiserie, pastries, cakes, ice cream, mousseline, and savory products)	0	160	Paris, France
Total	**0**	**160**	

* The training for Pastry Chefs is conducted by LDI at its facilities in Paris, France. The training program takes approximately 20 days of 8 hours each, over a 4-week period (but may be longer or shorter, depending upon the experience of the trainee).

Currently, our training is supervised by our CEO, Katina Dermatas (see Item 2 for her experience). Other individuals under the supervision of Ms. Dermatas may assist with training programs.

If your Designated Principal will not be in charge of day-to-day supervision of your Ladurée Store, then you must hire a general manager for your Ladurée Store. No later than two months following execution of the Sublicense Agreement, your Designated Principal, your General Manager, and your pastry Chef (together, the "**Key Personnel**") must attend and successfully complete our initial training program. The length of training may vary based upon the experience of your personnel, but will typically be conducted over a 5- to 7-day period. Initial training for your Designated Principal and your General Manager will be conducted at our training facilities in New York; initial training for your Pastry Chef will be conducted or at the facilities of LDI in Paris, France. We may also designate other sites for training.

Training sessions will be scheduled and conducted as frequently as it is necessary. All of your Key Personnel must attend all aspects of the training program established. The instructional materials for our training programs include the Guidelines, lecture, discussions, and practice. If any member of the Key Personnel is replaced in his/her functions for any reason whatsoever, you must promptly hire a new person for the position and ensure that the latter completes initial training.

We may require that you and your Key Personnel and other employees attend refresher courses, seminars, and other training programs that we may reasonably require periodically. Ongoing training will not be required on more than two separate occasions of up to three days maximum each, per year, of which only one will be on site, the other two being provided remotely, by teleconference.

We will bear the cost of providing the instruction and required materials, except for replacement training. You are responsible for making arrangements and paying all of the expenses, wages, and compensation for your staff that attends the training program.

ITEM 12
TERRITORY

If you sign a Development Agreement, then during the term of the Development Agreement, we will not develop, nor will we grant to any other party the right to develop, another Ladurée Store that is physically located within the geographic area identified as the "Development Area" in Exhibit A to your Sublicense

Agreement (the "**Development Area**"), so long as you comply with the terms of the Development Agreement.

During the term of the Sublicense Agreement, we will not operate, nor will we grant to any other party the right to operate, another Ladurée Store that is physically located within the geographic area defined in Exhibit A to your Sublicense Agreement (the "**Protected Area**"), so long as you comply with the terms of the Sublicense Agreement. Typically, for a cart, the Protected Area will be the remainder of the overall facility (such as a shopping center) in which your cart is located. For a retail store, the Protected Area will typically be a circle centered at the front door of the store, with a radius of three miles; however, in densely-populated areas we reserve the right to designate a smaller Protected Area, provided that the Protected Area (in that situation) has an estimated population of at least 50,000 people.

The Development Area and the Protected Area are considered nonexclusive for purposes of the franchise laws, because of the reserved rights described below. In particular, we, LDI, and our respective affiliates, reserve the rights (i) to establish, and franchise others to establish, Ladurée Stores anywhere outside the Development Area (during the term of the Development Agreement) and the Protected Area; (ii) to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under the Sublicense Agreement, even if those businesses offer or sell Products and services that are the same as or similar to those offered from your Ladurée Store, no matter where those businesses are located (but not to be developed as a Ladurée Store in the Development Area during the term of the Development Agreement and not to be operated as a Ladurée Store inside the Protected Area); (iii) to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Ladurée Store inside the Protected Area); and (iv) to market and sell Products and services through alternate distribution channels and any channel of distribution (including e-commerce), anywhere (but not from a Ladurée Store that is physically located inside the Protected Area).

ITEM 13
TRADEMARKS

Under the terms of the Master Trademark Agreement, LDI has licensed to us the right to use and to sublicense the Trademarks to you in connection with your Ladurée Store.

LDI owns and has registered the following principal Trademarks (among others) on the principal register of the U.S. Patent and Trademark Office ("**USPTO**"):

Mark	Application or Registration Number	Application or Registration Date
LADUREE	Reg. No. 7,101,178	July 4, 2023
LADURÉE	Reg. No. 1444966	May 5, 2023

All affidavits and renewals have been or will be filed at the appropriate time.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols which is relevant to their use in any state in which your Store is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Trademarks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to you. There are no infringing uses actually known to us which could materially affect your use of the Trademarks in any relevant states or elsewhere.

We have the right to substitute different Trademarks for use in identifying the System if the currently owned Trademarks can no longer be used or if LDI determines that updated or changed Trademarks will be beneficial to the System. If we do so, you will have to adopt the new Trademarks (for example, update your signage) at your expense.

You must promptly notify us of any suspected infringement of the Trademarks, any challenge to the validity of the Trademarks, or any challenge to LDI's ownership of, or your right to use, the Trademarks licensed under the Sublicense Agreement. Under the Sublicense Agreement, we and LDI will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Trademarks, including any settlement of the action. We and LDI also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Trademarks. If you used the Trademarks in accordance with the Sublicense Agreement, we or LDI would defend you at our expense against any third-party claim, suit, or demand involving the Trademarks arising out of your use. If you did not use the Trademarks in accordance with the Sublicense Agreement, we will defend you, at your expense, against those third-party claims, suits, or demands.

If we or LDI undertake the defense or prosecution of any litigation concerning the Trademarks, you must sign any documents and agree to do the things that, in our counsel's opinion, may be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Trademarks in a manner inconsistent with the terms of the Sublicense Agreement, we will reimburse you for your out-of-pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Trademarks in a manner inconsistent with the terms of the Sublicense Agreement, you must reimburse us and LDI for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Copyrights

We and/or LDI own common law copyrights in the Guidelines, the recipes, designs and advertising materials, and we will make these available to you. These materials are our proprietary property and must be returned to us upon expiration or termination of the Master Agreements.

There are no currently effective determinations of the USPTO, U.S. Copyright Office, or any court concerning any copyright. There are no currently effective agreements under which we derive our rights in the copyrights and that could limit your use of those copyrighted materials. The Sublicense Agreement does not obligate us to protect any of the rights that you have to use any copyright, nor does the Sublicense Agreement impose any other obligation upon us concerning copyrights. We are not aware of any infringements that could materially affect your use of any copyright in any state.

Guidelines

In order to protect the reputation and goodwill of LDI and to maintain high standards of operation under the Trademarks, you must conduct your Ladurée Store in accordance with the Guidelines. We will provide you with access you one set of the Guidelines, which we have the right to provide in any format we choose (including paper or digital), for the term of the Sublicense Agreement.

You must at all times accord confidential treatment to the Guidelines, any other Guidelines we create (or that we approve) for use with your Ladurée Store, and the information contained in the Guidelines. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Guidelines and the related materials, in whole or in part (except for the parts of the Guidelines that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Guidelines will always be the sole property of LDI. You must always maintain the security of the Guidelines.

We may periodically revise the contents of the Guidelines, and you must consult the most current version and comply with each new or changed standard. If there is ever a dispute as to the contents of the Guidelines, the version of the Guidelines (that we maintain) will be controlling.

Confidential Information

You may not (during the term of the Sublicense Agreements or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of your Ladurée Store or Products that may be communicated to you or that you may learn by virtue of your operation of a Ladurée Store. You may divulge confidential information only to those of your employees who must have access to it in order to operate your Ladurée Store. Any and all information, knowledge, know how, and techniques that we designate as confidential will be deemed confidential for purposes of the Sublicense Agreement. However, this will not include information that you can show that came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so. In addition, you must require each of your Key Personnel and employees to retain the confidentiality of all confidential information.

Patents

No patents are material to the franchise.

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

One of the parties that owns an interest in you must serve as your "**Designated Principal**." The Designated Principal must supervise the operation of the Licensed Business. If your Designated Principal will not assume full-time responsibility for the daily supervision and operation of your Ladurée Store, then you must employ a full-time manager (a "**General Manager**") with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Licensed Business. Your Ladurée Store must at all times be under the active full-time management of either your Designated Principal or General Manager (each of whom must have successfully completed our Initial Training program to our satisfaction).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only Products that we have approved. We may change the Product offerings and any related merchandising and promotional materials at any time. During each year, at least 40% of all Net Sales must be achieved from the sale of macarons.

All food and beverage products must be prepared and served only by properly trained personnel in accordance with the Guidelines. All items offered from your Laduree Store may be sold only at retail to customers unless otherwise approved by us.

We have the right to add other authorized goods and services that you must offer. These changes also may include new, different, or modified equipment or fixtures necessary to offer such products and services. There are no limits on our right to make these changes, except that prior to the fifth anniversary of the Sublicense Agreement, you will not be required to implement any operational changes with respect to changes to the Guidelines that would involve material modifications to your operations.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The tables that follow lists important provisions of the Sublicense Agreement (Exhibit B to this Disclosure Document) and of the Development Agreement (Exhibit C to this Disclosure Document). Please read the portions of the agreements referred to in these charts for a full explanation of these key provisions.

	Provision	**Section(s) in Sublicense Agreement**	**Summary**
a.	Length of the franchise term	2.1	Term expires 10 years after we signed the Sublicense Agreement.
b.	Renewal or extension of the term	2.2	You may renew your right to operate the Ladurée Store for one additional 10-year term, subject to contractual requirements described in “c” below.
c.	Requirements for you to renew or extend	2.2	Timely written notice of intent to renew; remodel/refurbish Store; comply with Sublicense Agreement throughout term; sign new agreement; pay renewal fee; meet then-current qualifications and training requirements; provide financial reports; provide proof of right to continue occupancy of location.
d.	Termination by you	n/a	Not addressed.
e.	Termination by us without cause	n/a	Not applicable.

	Provision	Section(s) in Sublicense Agreement	Summary
f.	Termination by us with cause	17	We are only allowed to terminate the Sublicense Agreement for cause.
g.	"Cause" defined – curable defaults	17.3	All defaults not specified in §17.1 or 17.2 of the Sublicense Agreement, or any default under another contract between you and us.
h.	"Cause" defined – non-curable defaults	17.1, 17.2	Insolvency or related financial issues; failure to timely find a satisfactory location; unauthorized closure of business; violation of confidentiality or non-competition covenants; conviction of a felony by your Principals or General Manager; submission of false books and records; multiple defaults (even if cured); and others—see §17.2 of the Sublicense Agreement.
i.	Your obligations on termination or non-renewal	18, 19	Cease operations; stop using our Marks and intellectual property; cancel assumed name registrations; pay all damages and other amounts due, and others; see §§18 and 19 of the Sublicense Agreement.
j.	Assignment of contracts by us	16.1	We can assign our rights and obligations under the Sublicense Agreement to LDI or LDI Parent or their respective affiliates, or with permission of LDI to anyone else.
k.	"Transfer" by you – definition	16.4.1.1	Any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: **(a)** the Sublicense Agreement; **(b)** you; **(c)** any or all of your rights and/or obligations under the Sublicense Agreement; and/or **(d)** all or substantially all of the assets of the Licensed Business.
l.	Our approval of transfer by you	16.4.1	You may not make any transfers without our prior consent.
m.	Conditions for our approval of transfer	16.5	The transferee must be approved by us (including meeting our educational, managerial, and business standards); you must sign a general release of all claims against us; the transferee must sign a new Sublicense Agreement; if we require, you must remodel/refurbish the premises; you must pay all obligations to us (including a transfer fee); and others—see §16.5 of the Sublicense Agreement.

	Provision	Section(s) in Sublicense Agreement	Summary
n.	Our right of first refusal to acquire your business	16.6	We have the right (but not the obligation) to match any bona fide offer to purchase you or an interest in you.
o.	Our option to purchase your business	18.5	LDI and its affiliates have an option to buy your assets at any time within 30 days after expiration, termination, or default under the Sublicense Agreement and/or default under your lease/sublease for the premises. The purchase price will be the lower of your cost or the depreciated value of the assets (based on 5-year straight-line depreciation, with a floor of 10% of the original cost).
p.	Your death or disability	16.7	If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must transfer the person's interest within 6 months. If the affected person is the Designated Principal, then we may assume operation of your Ladurée Store until the transfer is completed and charge a reasonable fee for our services.
q.	Non-competition covenants during the franchise term	19	Prohibits engaging anywhere with a "**Competitive Business**" which is a business that offers and sells macarons or "up-market" French style pastries.
r.	Non-competition covenants after the franchise is terminated or expires	19	Prohibits engaging with a Competitive Business within 25 miles of the location of your Ladurée Store or within 25 miles of any other Ladurée Store. Applies for two years after expiration or termination. In addition, you may not transfer the location of your Ladurée Store to the operator of a Competitive Business for two years after expiration or termination of the Sublicense Agreement.
s.	Modification of the agreement	25.2	Except for those changes that we are permitted to make unilaterally under the Sublicense Agreement, only with mutual agreement and in writing.
t.	Integration/merger clause	25.1	The Sublicense Agreement, including its exhibits, comprises all of the agreements entered into between the parties and replaces any other agreements or arrangements whatsoever.

	Provision	Section(s) in Sublicense Agreement	Summary
			Nothing in the Sublicense Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document.
u.	Dispute resolution by arbitration or mediation	27.3	Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except for interim injunctive relief). The mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to New York, NY. See also the various state disclosure addenda and agreement amendments attached to this Disclosure Document, which may contain additional terms that may be required under applicable state law.
v.	Choice of forum	27.2	Litigation must take place in the courts that have jurisdiction over the location where we have our principal place of business on the date the litigation is filed (Currently New York, NY). Your state law may impact this provision.
w.	Choice of law	27.1.1	New York law. Your state law may impact this provision.

	Provision	Section(s) in Development Agreement	Summary
a.	Length of the franchise term	3	Term extends until the date on which you are required to develop the last of the Ladurée Stores that you agree to open.
b.	Renewal or extension of the term	n/a	No provision for renewal.
c.	Requirements for you to renew or extend	n/a	Not addressed.

	Provision	Section(s) in Development Agreement	Summary
d.	Termination by you	n/a	Not addressed.
e.	Termination by us without cause	n/a	Not addressed.
f.	Termination by us with cause	9	We are only allowed to terminate the Development Agreement for cause.
g.	"Cause" defined – curable defaults	9.3	All defaults not specified in §9.1 or §9.2 of the Development Agreement, or any default under another contract between you and us.
h.	"Cause" defined – non-curable defaults	9.1, 9.2	Insolvency or related financial issues; failure to timely develop required number of Ladurée Stores; failure to meet obligations of Business Plan; and others—see §9.1 and § 9.2 of the Development Agreement.
i.	Your obligations on termination or non-renewal	9.5	Loss of right to open or operate any Ladurée Store for which a Sublicense Agreement has not been executed.
j.	Assignment of contracts by us	10.1	We can assign our rights and obligations under the Development Agreement to LDI or LDI Parent or their respective affiliates, or with permission of LDI to anyone else.
k.	"Transfer" by you – definition	10.4	Any transfer, pledge or other encumbrance of (a) your rights and obligations under the Development Agreement; or (b) any of your material assets. Also (if you are an entity), any issuance of new ownership interests in you and any transfer of ownership interests in you by any of your current owners.
l.	Our approval of transfer by you	10.5	We will not unreasonably withhold consent to a transfer by you, provided that the conditions for our approval of the transfer are satisfied.
m.	Conditions for our approval of transfer	10.5	The transferee must be approved by us (including meeting our educational, managerial, and business standards); you must sign a general release of all claims against us; the transferee must sign a new Development Agreement; if we require, you must remodel/refurbish the premises; and others—see §10.5 of the Development Agreement.

	Provision	Section(s) in Development Agreement	Summary
n.	Our right of first refusal to acquire your business	10.6	We have the right (but not the obligation) to match any bona fide offer to purchase you or an interest in you.
o.	Our option to purchase your business	12, Exhibit F	LDI has the option to acquire all of your rights in the Development Agreement and the business you operate pursuant to the Development Agreement at fair market value.
p.	Your death or disability	10.7, 10.8	If you or any Principal dies, that person's executor, administrator, or other personal representative must transfer the person's interest within 12 months. If you or any Principal with a controlling interest in you becomes permanently disabled, we may require the transfer of the person's interest within 6 months.
q.	Non-competition covenants during the franchise term	11.3	During the term of the Development Agreement, you may not own, maintain, operate, engage in, or have any interest in any other retail business that sells or offers macarons or "up-market" French style pastries at any one or more retail location(s).
r.	Non-competition covenants after the franchise is terminated or expires	11.3	For a continuous uninterrupted period of two years after a transfer by you, the expiration or termination of the Development Agreement, or an order enforcing this restriction, you may not own, maintain, operate, engage in, or have any interest in any other retail business (a) that is located within 25 miles of any Ladurée Store developed under the Development Agreement or that is in existence at the beginning of the 2-year period, and (b) that sells or offers macarons or "up-market" French style pastries at any one or more retail location(s).
s.	Modification of the agreement	17	The Development Agreement may be modified only with mutual agreement and in writing.
t.	Integration/merger clause	17	The Development Agreement, including its exhibits, comprises all of the agreements entered into between the parties and replaces any other agreements or arrangements whatsoever. Nothing in the Development Agreement or in any other related written agreement is intended to disclaim representations made in this disclosure document.

	Provision	Section(s) in Development Agreement	Summary
u.	Dispute resolution by arbitration or mediation	19.3	Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except for interim injunctive relief). The mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to New York, NY. See also the various state disclosure addenda and agreement amendments attached to this Disclosure Document, which may contain additional terms that may be required under applicable state law.
v.	Choice of forum	19.2	Litigation must take place in the courts that have jurisdiction over the location where we have our principal place of business on the date the litigation is filed (currently New York, NY). Your state law may impact this provision.
w.	Choice of law	19.1	New York law. Your state law may impact this provision.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 performance at a particular location or under particular circumstances.

We do not make any representations about a licensee's future financial performance or the past financial performance of company-owned or licensed 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 Katina Dermatas; e-mail: katina@americanmacaroons.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

As noted in Item 1, AmMac acquired master franchise rights from LDI on May 8, 2024, at which time AmMac assumed management responsibilities for (but not ownership of) the existing Ladurée Stores operated by the affiliates of LDI in the U.S., and simultaneously became the master franchisee/subfranchisor for existing U.S. licensed units. We began offering [sub]franchises ourselves on the date of this Disclosure Document.

In this Item 20, we provide information both about our sublicense system and about the Stores operated/licensed by LDI or its affiliates.

All data is as of the respective fiscal years of us and of LDI, which end on December 31 each year.

Part I – Our Sublicense System

Systemwide Outlet Summary
For 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised[1]	2022			
	2023			
	2024		6	+6
Company-Owned[2]	2022			
	2023			
	2024		10	+10
Total Outlets	**2022**			
	2023			
	2024		**16**	**+16**

[1] Franchised units include units that were franchised/licensed by LDI or its affiliates before AmMac signed the Master Agreements on May 8, 2024, for which we became master franchisee/subfranchisor at that time pursuant to the Master Agreements.

[2] Company-owned units consist of units owned/operated by our affiliates as well as units owned by affiliates of LDI that AmMac manages on behalf of the respective owners of the units.

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For 2022 to 2024

State	Year	Number of Transfers
All states	2022	
	2023	
	2024	
Total	**2022**	
	2023	
	2024	

Status of Franchised Outlets For 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened[3]	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
District of Columbia	2022							
	2023							
	2024		3				1	2
Florida	2022							
	2023							
	2024		4[4]				1[4]	3

State	Year	Outlets at Start of Year	Outlets Opened[3]	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Maryland	2022							
	2023							
	2024		1					1
Total	**2022**							
	2023							
	2024		**8**				**2**	**6**

[3] Outlets identified as being "opened" in 2024 were previously franchised/licensed by LDI or its affiliates; when AmMac signed the Master Agreements on May 8, 2024, we assumed responsibility to act as subfranchisor of those units.

[4] During calendar year 2024, the franchisee in Florida reopened an outlet that had temporarily closed in 2020 (due to COVID and the need to renovate the grease trap), but later that year permanently closed the outlet.

Status of Company-Owned and Affiliate-Owned Outlets
For 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2022						
	2023						
	2024		2[5]				2
New Jersey	2022						
	2023						
	2024		1[6]				1
New York	2022						
	2023						
	2024		7[5][7]				7
Total	**2022**						
	2023						
	2024		**10**				**10**

[5] At the time AmMac entered into the Master Agreements with LDI on May 8, 2024, it also agreed to manage (on behalf of the respective owners of 7 existing units owned by affiliates of LDI) those units (2 in California and 5 in New York).

[6] After AmMac signed the Master Agreements on May 8, 2024, one unit in New Jersey (owned by Ladurée New Jersey LLC, an affiliate of LDI) opened; it is managed by AmMac on behalf of its owner.

[7] An affiliate of ours opened one unit in New York during 2024.

Projected Openings for 2025 as of December 31, 2024

State	Franchise Agreements Signed But Store Not Open	Projected Franchised Store Openings	Projected Company-Owned Store Openings
New York	0	0	1
All Other States	0	1	0
Total	**0**	**1**	**1**

Part II –Stores Operated or Franchised by LDI or its Affiliates[8]

[8] The information in this Part II was provided by LDI in its Franchise Disclosure Document dated April 17, 2024. We have not independently verified it.

Systemwide Outlet Summary
For 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised[9]	2021	1	2	+1
	2022	2	2	0
	2023	2	2	0
Company-Owned[10]	2021	6	8	+2
	2022	8	11	+3
	2023	11	10	-1
Total Outlets	**2021**	**7**	**10**	**+3**
	2022	**10**	**13**	+3
	2023	**13**	**12**	**-1**

[9] Stores identified in this Part II as "Franchised" consist of units that LDI identified as franchised or licensed by LDI or its affiliates before we signed the Master Agreements on May 8, 2024.

[10] Stores identified in this Part II as "Company Owned" were identified by LDI as operated by the affiliates of LDI (identified in Item 1) through May 2024.

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For 2021 to 2023

State	Year	Number of Transfers
All states	2021	
	2022	
	2023	
Total	**2021**	
	2022	
	2023	

Status of Franchised Outlets[9]
For 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2021	1	1					2
	2022	2						2
	2023	2						2
Total	**2021**	**1**	**1**					**2**
	2022	**2**						**2**
	2023	**2**						**2**

[9] Stores identified in this Part II as "Franchised" consist of units that LDI identified as franchised or licensed by LDI or its affiliates before we signed the Master Agreements on May 8, 2024.

Status of Company-Owned and Affiliate-Owned Outlets[10]
For 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	2	1				3
	2022	3	1				4
	2023	4			2		2
Wash. D.C.	2021	1	1				2
	2022	2					2
	2023	2					2
New York	2021	3					3
	2022	3	2				5
	2023	5	1				6
Total	**2021**	**6**	**2**				**8**
	2022	**8**	**3**				**11**
	2023	**11**	**1**		**2**	**0**	**10**

[10] Stores identified in this Part II as "Company Owned" were identified by LDI as operated by the affiliates of LDI (identified in Item 1) through May 2024.

Projected Openings for 2024 as of December 31, 2023

State	Franchise Agreements Signed But Store Not Open	Projected Franchised Store Openings	Projected Company-Owned Store Openings
All States	0	0	0
Total	0	0	0

A list of the names of all U.S. franchisees and the addresses and telephones numbers of their franchised units as of December 31, 2024, is provided in Exhibit E to this disclosure document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this disclosure document will be listed on Exhibit F to this disclosure document.

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

During the last three fiscal years, no franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with Ladurée System.

There are no trademark-specific organizations formed by our franchisees that are associated with Ladurée System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A is our audited financial statement prepared as of March 31, 2025. Because we only began to offer franchises when we issued this disclosure document and have not been in business for three years, we cannot include financial statements of the last three years, which we will eventually do (as required under the FTC Franchise Rule).

Our fiscal years end on December 31st each year.

ITEM 22
CONTRACTS

Attached as exhibits to this disclosure document are the following contracts and their attachments:

Exhibit B	Sublicense Agreement
Exhibit C	Development Agreement
Exhibit I	Form of General Release

ITEM 23
RECEIPTS

Attached as Exhibit K are two copies of an acknowledgment of receipt of this Disclosure Document (the last two pages of this Disclosure Document). Please sign and date one copy of the receipt and send that back to us, and keep the other copy with this Disclosure Document for your records.

AmMac Franchising, LLC

FINANCIAL STATEMENT

As of March 31, 2025

AmMac Franchising, LLC

FINANCIAL STATEMENT

As of March 31, 2025

CONTENTS

GREGORY MICHAEL COY
CPA, PLLC
Audit, Tax, Management Advisory,
Forensic and Internal Control Consulting

INDEPENDENT AUDITOR'S REPORT

To the Member of **AmMac Franchising, LLC:**

Opinion

I have audited the accompanying balance sheet of AmMac Franchising, LLC as of March 31, 2025, and the related notes (the financial statement).

In my opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of AmMac Franchising, LLC as of March 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of AmMac Franchising, LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

P.O. Box 32875 Phoenix, Arizona 85064 (480) 466-1348 greg@gregorycoycpa.com

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AmMac Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AmMac Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Gregory Michael Coy, CPA, PLLC

Gregory Michael Coy, CPA, PLLC
Phoenix, AZ

May 27 2025

AmMac Franchising, LLC

BALANCE SHEET

March 31, 2025

A S S E T S	
ASSETS	
Cash	$ 150,000
TOTAL ASSETS	$ 150,000
L I A B I L I T I E S A N D N E T A S S E T S	
LIABILITIES	
TOTAL LIABILITIES	-
MEMBER'S EQUITY	
Contributed capital	150,000
Member's draws	-
Accumulated comprehensive income	-
TOTAL MEMBER'S EQUITY	150,000
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 150,000

See Accompanying Notes to Financial Statement

AmMac Franchising, LLC

NOTES TO FINANCIAL STATEMENT
March 31, 2025

(1) Company operations and summary of significant accounting policies

Company operations - AmMac Franchising, LLC (the Company), was formed as a limited liability company in the State of Delaware on January 31, 2025, with a perpetual life. The Company is a wholly owned subsidiary or American Macaroon, LLC and was formed with the purpose of entering into franchise agreements with franchisors for the right to market and sell Pâtisserie E. Ladurée ("Ladurée") products in the United States. The member's liability is limited in accordance with the laws of the State of Delaware.

The significant accounting policies followed by the Company are as follows:

Basis of accounting - The financial statement of the Company have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, other assets, payables and other liabilities. At March 31, 2025, the Company's assets consist entirely of cash and the Company has no receivables, other assets, payables or other liabilities.

Cash - Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Company maintains cash balances at financial institutions which may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, the Company is at risk of loss of these funds should the financial institution become insolvent. Management believes the Company is not exposed to any significant credit risk related to cash.

Income taxes – The Company is a limited liability company for federal and state income tax purposes. The Company's earnings and losses are included in the income tax returns of its member. Management has evaluated its tax positions expected to be taken on future returns and determined that its positions are more likely than not to be sustained upon examination by federal and state taxing authorities. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Fair value measurements – The Company utilizes a valuation framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value measurements. The Company utilizes a valuation framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(1) Company operations and summary of significant accounting policies (continued)

For assets and liabilities measured at fair value on a recurring basis, the fair value hierarchy requires the use of observable market data when available. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based upon the lowest level input that is significant to the fair value measurement in its entirety. The carrying value of cash in demand deposit accounts approximated their fair values at March 31, 2025, due to the short maturity of these instruments.

Use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Subsequent events - The Company evaluated subsequent events after the statement of financial position date of March 31, 2025 through May 27, 2025, which was the date the Company's financial statements were available to be issued. No conditions were noted which did not exist as of March 31, 2025, but arose subsequent to that date.

(2) Liquidity and availability of financial assets

The Company regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Company structures its financial assets to be available to meet general expenditures, liabilities and other obligations as they come due. The Company manages its liquid resources by investing any excess cash in interest bearing cash accounts.

Financial assets available to meet general expenditures within one year:

		2025
Cash and cash equivalents	$	150,000

(3) Cash concentration and related party transaction

At March 31, 2025, the Company assets consist entirely of cash provided to the Company on March 27, 2025 by American Macaroon, LLC as a capital contribution. The Company is a wholly owned subsidiary of American Macaroon, LLC.

LADURÉE

Paris

Ladurée

Sublicense Agreement

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Exhibits:

Ladurée
Sublicense Agreement

THIS SUBLICENSE AGREEMENT (the "**Agreement**") is made and entered into as of the date that we have indicated on the signature page of this Agreement (the "**Effective Date**") by and between:

- AmMAc Franchisng, LLC, a Delaware limited liability company ("**Sublicensor**" or "**us**" or "**we**"); and
- ____, a [resident of] [corporation organized in] [limited liability company organized in] the State of _____________ and having offices at ____("**you**" or the "**Sublicensee**").

Introduction

*Ladurée International, whose head office is in Switzerland, Route de Rez 2, 1667 Enney ("**Ladurée International**") and PEL (defined below), whose head office is in Paris, 84 avenue d'Iéna – 75116 PARIS, as the result of the expenditure of time, skill, effort, and money, have developed for years and own a distinctive format and system (as defined below) relating to the creation, manufacture and distribution of French luxury food Products (defined below), including the macaron which is its most famous Product. The Ladurée business is carried out within dedicated restaurants, tea-rooms and retail boutiques and online under the Proprietary Marks (defined below) (each, a "**Ladurée Store**"),*

*Sublicensor and its affiliates entered into a Master Know-How License Agreement with Ladurée International's parent company, Patisserie E. Ladurée ("**PEL**"), effective **May 8, 2024** (the "**Master Know-How Agreement**"). Sublicensor also entered into a Master Trademark License Agreement with Ladurée International effective May 8, 2024 (the "**Master Trademark Agreement**," together with the Master Know-How Agreement are referred to in this Agreement as the "**Master Agreements**"). Under the Master Agreements, Sublicensor is granted, and Sublicensor accepted, the right and obligation to establish and operate Ladurée Stores and to license third parties (such as Sublicensee) to operate Ladurée Stores and to use the Proprietary Marks in connection therewith, all according to the terms of contracts such as this Agreement, and all within the United States and its territories (the "**Territory**");*

*Among the distinguishing characteristics of a Ladurée Store are that it operates under the System. The term "**System**" as used in this Agreement includes methods implemented by Ladurée International and PEL in connection with the operation of Ladurée Stores, comprising of (among other things) certain operational methods and techniques, food products and non-food products that are authorized for sale from a Ladurée Store ("**Products**"); signage; technical assistance and training in the operation, management and promotion of Ladurée Stores, distinctive interior and exterior design and accessories, and specific reporting, all of which may be changed, improved and further developed by Ladurée International and/or PEL, part of which is set forth in the Guidelines (defined below).*

*The System is identified by means of the Proprietary Marks. The Proprietary Marks include certain trade names (for example, the mark "Ladurée"), service marks, trademarks, logos, emblems, and indicia of origin (for example, the "Ladurée" mark and logo), as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as the "**Proprietary Marks**"). Ladurée International and PEL, and their* affiliates*, continue to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of Products and services marketed under those marks and under the System, and to represent the System's standards of quality, cleanliness, appearance, and service.*

We are in the business of developing, programming, and awarding licensed rights to third party sublicensees, such as you. You will be in the business of operating a Ladurée Store, using the same brand and Proprietary Marks as other independent businesses that operate other Ladurée Stores under the System (including some operated by our affiliates*). We will not operate your Ladurée Store for you, although we have (and will continue) to set standards for Ladurée Stores that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your Ladurée Store according to the "Ladurée" brand standards and Guidelines.*

*You and we have entered into a development agreement (the "**Development Agreement**") pursuant to which you have the right and obligation to develop Ladurée Stores within the "Development Area" specified in the Development Agreement.*

As required under the Development Agreement, you and we are entering into this Agreement so that you may establish and operate a Ladurée Store under the System for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of the standards *of quality, cleanliness, appearance, and service and the necessity of operating the business licensed under this Agreement in conformity with the standards and specifications.*

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1 GRANT

1.1 *Rights and Obligations*. We grant you the right, and you accept the obligation, all under the terms (and subject to the conditions) of this Agreement:

1.1.1 To operate Ladurée Stores under the System (also referred to as the "**Licensed Business**") in the Protected Area;

1.1.2 To offer food products that are manufactured exclusively by and purchased exclusively from us and our affiliates or authorized suppliers ("**Ladurée Manufactured Food Products**"), as well as food products (such as Viennoiserie, pastries, cakes, ice cream, mousseline, and savory products) that we approve in writing that are manufactured by you locally at a kitchen facility that you own or lease and that we have approved ("**Locally Manufactured Products**");

1.1.3 To use the Proprietary Marks and the System, but only in connection with the Licensed Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.4 To do all of those things only at the Accepted Location (as defined in Section 1.2 below).

1.2 *Accepted Location*. The street address of the location for the Licensed Business approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the "**Accepted Location**."

1.2.1 When this Agreement is signed, if you have not yet obtained (and we have not yet approved in writing) a location for the Licensed Business, then:

1.2.1.1 you agree to enter into the site selection addendum (the "**Site Selection Addendum**," attached as Exhibit G to this Agreement) at the same time as you sign this Agreement; and

1.2.1.2 you will then find a site which will become the Accepted Location after we have provided written acceptance for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property, all subject to our prior written acceptance and in accordance with the Site Selection Addendum.

1.2.2 We have the right to grant, condition, and/or to withhold acceptance of the Accepted Location under this Section 1.2. You agree that our review and acceptance of your proposed location, under this Section 1.2 or pursuant to the Site Selection Addendum, does not constitute our assurance, representation, or warranty of any kind that your Licensed Business at the Accepted Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).

1.2.3 You agree not to relocate the Licensed Business except as otherwise provided in Section 5.9 below

1.3 *Protected Area*. During the term of this Agreement, we will not operate, nor will we grant to any other party the right to operate, another Ladurée Store that is physically located within the "**Protected Area**" that is specified in the Data Addendum (Exhibit A), so long as you comply with the terms of this Agreement (and also subject to Sections 1.4 through 1.6 below).

1.4 *Reserved Rights*. We and our affiliates (as well as PEL, Ladurée International and their affiliates) reserve all rights that are not expressly granted to you under this Agreement. Among other things, we (and they) have the sole right to do any or all of the following (despite proximity to your Protected Area and/or Licensed Business as well as any actual or threatened impact on sales at your Licensed Business):

1.4.1 To establish, and franchise others to establish, Ladurée Stores anywhere outside the Protected Area;

1.4.2 To establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses offer or sell Products and services that are the same as or similar to those offered from the Licensed Business, no matter where those businesses are located (but not to be operated as a Ladurée Store inside the Protected Area);

1.4.3 To acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Ladurée Store inside the Protected Area); and

1.4.4 To market and sell Products and services through alternate distribution channels and any channel of distribution (including e-commerce), anywhere (but not from a Ladurée Store that is physically located inside the Protected Area).

1.5 *Limits on Where You May Operate*.

1.5.1 You agree to offer, provide, and sell Products and services only: **(a)** to customers of the Licensed Business; **(b)** at the Accepted Location; and **(c)** in accordance with the requirements of this Agreement and the procedures set out in the Guidelines.

1.5.2 You agree not to offer or sell any products (including the Products) or services through any means other than through the Licensed Business at the Accepted Location (so for example, you agree not to offer or sell Products or services away from the Licensed Business, including from other satellite or temporary locations, mobile vehicles or formats, carts or kiosks, by use of catalogs, the Internet, through other businesses, and/or through any other electronic or print media).

1.5.3 You further understand that we will not prohibit other Ladurée Stores (whether owned or franchised by us, our affiliates, Ladurée International or its affiliates) from delivering Products to customers at any location, whether inside or outside of the Protected Area, and that we cannot prevent the distribution of Products from online sources to customers anywhere, including inside the Protected Area.

1.6 *Other Brands*. You understand that we and/or Ladurée International and its affiliates may operate (or be affiliated with companies that operate) businesses under brand names (whether as company-owned concepts, as a Sublicensor, as a Sublicensee, or otherwise) in addition to the "Ladurée" brand) and that we may acquire and operate businesses and other brands (or be acquired by a company that operates other brands) (collectively, "**Other Brands**"). You understand and agree that this Agreement does not grant you any rights with respect to any such Other Brands.

2 TERM AND RENEWAL

2.1 *Term*. The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire ten (10) years after the Effective Date.

2.2 *Renewal*. You will have the right to renew your rights to operate the Licensed Business for one additional consecutive successor term of tenyears, so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.9 before each such renewal:

2.2.1 You agree to give us written notice of your choice to renew at least nine (9) months before the end of the term of this Agreement (but not more than twelve (12) months before the term expires).

2.2.2 You agree to remodel and refurbish the Licensed Business to comply with the then-current standards in effect for new Ladurée Stores (as well as the provisions of Section 8.8 below).

2.2.3 At the time of renewal: **(a)** you must be in compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us and Ladurée International (and each of its affiliates) and PEL (and each of its affiliates) and **(b)** in our reasonable judgment, you must have been in compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet those obligations.

2.2.4 You must have timely met all of your financial obligations to us, our affiliates, Ladurée International and its affiliates, PEL and its affiliates, as well as your vendors (including your lessors, suppliers, staff, and all other parties with whom you do business), throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).

You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.

2.2.5 You must sign our then-current form of Sublicense Agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new sublicense agreement, which will not supersede this Section 2), and which you agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage Royalty Fee). Your direct and indirect owners must also sign and deliver to us a personal guarantee of your obligations under the renewal form of sublicense agreement. (In this Agreement, the term "**entity**" includes a corporation, a limited liability company, a partnership, and/or a limited liability partnership.)

2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee equal to 15% of our then-current initial franchise fee.

2.2.7 You agree to sign and deliver to us a renewal agreement that will include a mutual general release (which will be effective as of when signed as well as the date of renewal), in a form that we will provide (which will include limited exclusions), which will release all claims against us and our affiliates, Ladurée International and its affiliates, and PEL (and each of its affiliates), and those entities' respective officers, directors, members, managers, agents, and employees. Your affiliates and your respective direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

2.2.8 You and your personnel must meet our then-current qualification and training requirements.

2.2.9 You and your personnel must meet our then-current qualification and training requirements.

2.2.10 You must provide us with the financial reports concerning your Licensed Business that we may require, including a current balance sheet and the other information required under Section 12.2.1 below.

2.2.11 You agree to present to us satisfactory evidence that you have the right to remain in possession of the Accepted Location for the entire renewal term of this Agreement.

3 OUR DUTIES

3.1 *Training*. We will provide you with the training specified in Section 6 below.

3.2 *Site Selection.* We will provide the site selection assistance that we think is needed, but you will retain the sole responsibility for choosing a viable site (even if we provide assistance and/or opinions on those site options).

3.3 *Architectural Guidelines and Equipping of a Ladurée Store*. We will make available to you, at no additional charge, the architectural features and design characteristics consistent among Ladurée Stores (the "**Architectural Guidelines**"), which, as noted in Section 5.6 below, you must employ designated and approved designers and suppliers to use to adapt the Licensed Business at the Accepted Location. We will also provide the site selection and lease review assistance called for under Section 5.3 below.

3.4 *Opening and Additional Assistance*. We may (but are not obligated to) provide a representative to be present at the grand opening of the Licensed Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Guidelines.

3.5 *Guidelines*. We will lend to you (or provide you with access to) one (1) copy of the "Ladurée" confidential brand guidelines and other written instructions relating to the operation of a Ladurée Store (the "**Guidelines**"), in the manner and as described in Section 10 below, for your use in solely in connection with the Ladurée Store during the term of this Agreement.

3.6 *Marketing Materials*. We will assist you in developing the Grand Opening Marketing Program (defined below). We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.

3.7 *Inspection Before Opening*. We will evaluate the Licensed Business before it first opens for business. You agree to not open the Licensed Business to customers or otherwise start operation until you have received our prior written consent to do so. Among other things, you agree to comply with all pre-opening requirements in the Guidelines. You agree to provide us with written notice of the date that you intend to start operating at least forty-five (45) days in advance of the planned opening date.

3.8 *Assistance*. We will provide you with assistance in the marketing, management, and operation of the Licensed Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as a field consultant, and these representatives will periodically visit your Licensed Business and offer advice regarding your operations, as we deem necessary to meet our own standards.

3.9 *Services Performed*. You agree that any of our designees, employees, agents, or independent contractors (including PEL or Ladurée International, or their affiliates) may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

3.10 *Our Decision-Making*. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: **(a)** to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; **(b)** to share market and product research, and other proprietary and non-proprietary business information, with other Licensed Businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; **(c)** to test market various items in some or all parts of the System; **(d)** to introduce new Products and operational equipment; and/or **(e)** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.

4 FEES; SALES REPORTING

4.1 *Initial Fees*. When you sign this Agreement, you agree to pay us an initial franchise fee of $50,000 (the "**Initial Franchise Fee**"). The Initial Franchise Fee is not refundable, and is payable in consideration of the services that we provide to you in connection with helping you to establish your new Ladurée Store.

4.2 *Monthly Fees and Sales Reports*.

4.2.1 You agree to: **(a)** pay us a continuing royalty fee equal to seven percent (7%) of the Net Sales of the Licensed Business ("**Royalty Fees**" or "**Royalties**"); and **(b)** report to us your Net Sales, in the form and manner that we specify (a "**Sales Report**"), by the Due Date (defined in Section 4.3 below).

4.2.2 As used in this Agreement:

4.2.2.1 The term "**Net Sales**" means all revenue from the sale of all Products and services and all other income of every kind and nature related to, derived from, or originating from the Licensed Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit, but excluding: (a) sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; and (b) refunds, discounts, and other payment accommodations that you reasonably provide to your customers.

4.2.2.2 The term "**Period**" means a calendar month, or, at our election, a four or five-week retail accounting interval during the year for the purpose of organizing books and records (typically, with thirteen Periods in approximately one year). We have the right to establish the schedule for Periods with reasonable advance notice to you.

4.2.2.3 The term "**Month**" means a calendar month, starting on the first day of the calendar month at one instant before 12:00:01 am (local time at our offices) and ending at one instant after 11:59:59 pm on the last day of the calendar month.

4.3 *Due Date and Payment Method*. The parties acknowledge and agree that:

4.3.1 Each time you make a sale through our portal, app, or otherwise through us, we will remit the funds due to you but first will withdraw the Royalty Fees due with respect to that incremental transaction. If we are unable to automatically withdraw the Royalty Fees due to us when you make a sale (for example, if a sale does not go through our portal or app, or otherwise), you must pay us the Royalty Fees relating to the transaction by the Due Date and as specified in Sections 4.3.2 and 4.3.4 below.

4.3.2 All other payments required by this Section 4 and Section 13 below must be made by the Due Date ACH (as specified below), or by other method of electronic funds transfer that we then require based on your Net Sales during the previous Period, unless otherwise provided in this Agreement. (As used in this Agreement, "**Due Date**" means the fifteenth (15th) day of each Period; however, if the Due Date falls on an official holiday, then the Due Date will instead be the next business day.) In addition, you agree to all of the following:

4.3.2.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request. You also agree to deliver the Sales Report to us by the Due Date based on the sales of the previous Period.

4.3.2.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH - Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form and process that we deem to be periodically needed to implement this Section 4.3.2), and you agree to: **(a)** comply with the payment and reporting procedures that we may specify in the Guidelines or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due. Accordingly: **(i)** you agree to maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement; and **(ii)** if you do not do so, then you agree to pay us upon demand the amounts due and also reimburse us for the bank fees (if any) that we incur as well as a reasonable additional administrative fee that we will have the right to impose. You also agree that we may initiate an ACH withdrawal earlier than the Due Date so that the funds are actually transferred by the bank into our account on the Due Date.

4.3.2.3 You agree that your obligations to make full and timely payment of Royalty Fees (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due as soon as you are first open to the public.

4.3.2.4 You agree not to, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, our affiliates, suppliers, or others.

4.3.2.5 You agree that if you do not provide us, as requested, with access to your Computer System to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Period(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the Royalties on that amount by our deduction of that amount from your direct debit account.

4.4 *No Subordination*. You agree: **(a)** not to subordinate to any other obligation your obligation to pay us the Royalty Fee and/or any other amount payable to us, whether under this Agreement or otherwise; and **(b)** that any such subordination commitment that you may give without our prior written consent will be null and void.

4.5 *Late Payment*. If we do not receive any payment due under this Agreement on or before the due date, then that amount will be deemed overdue. If any payment is late, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). Our entitlement to such interest will be in addition to any other remedies we may have. Any report that we do not receive on or before the due date will also be deemed overdue.

4.6 *Other Funds Due*. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.

4.7 *Index*. We have the right to adjust, for inflation, the fixed amounts (that is, those expressed in a numeral and not as a percentage of Net Sales) under this Agreement (except for the Initial Franchise Fee) once a year to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

4.8 *Payments Under Master Agreements*. You understand and acknowledge that we will make certain payments to PEL and/or Ladurée International pursuant to the Master Agreements from the sums that you pay to us.

5 LICENSED BUSINESS LOCATION, CONSTRUCTION AND RENOVATION

5.1 *Opening Deadline.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Licensed Business. You agree to establish the Licensed Business and have it open and in operation no later than eight (8) months following the Effective Date. **Time is of the essence.**

5.2 *Site for the Ladurée Store*. As provided in Section 1.2 above, if you do not have (and we have not approved in writing) a location for the Ladurée Store as of the Effective Date, then you must find and obtain the right to occupy (by lease, sublease, or acquisition of the property) premises that we find acceptable to serve as your Ladurée Store, all in accordance with the Site Selection Addendum.

5.3 *Our Review and Your Responsibilities*. Any reviews that we conduct of the proposed site, lease, and other details concerning your site are for our benefit only, and to evaluate the proposed site against our internal standards. In addition:

5.3.1 You agree that our review, comments about, and even our acceptance of a proposed site, lease, sublease, design plans, and/or renovation plans for the Ladurée Store is not (and shall not be deemed) our recommendation, endorsement, and/or guarantee of the suitability of that location or the terms of the lease, sublease, and/or purchase agreement for the premises of your Ladurée Store.

5.3.2 You agree that: **(a)** the Architectural Guidelines, as well as any review and comments that we provide to the plans that you develop for your Ladurée Store, are not meant to address the requirements of any Operating Codes (as defined in Section 8.7 below); **(b)** our standard plans or comments to your modified plans, will not reflect the requirements of, nor may they be used for, construction drawings or other documentation that you will need in order to obtain permits or authorization to build a specific Ladurée Store; **(c)** you will be solely responsible to comply with all local laws, requirements, architectural needs, and similar design and construction obligations associated with the site, at your expense; and **(d)** our review, comment, and acceptance of your plans will be limited to reviewing those plans to assess compliance with the standards (including issues such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain Products that are central to the purpose, atmosphere, and functioning of Ladurée Stores).

5.3.3 You agree that our recommendation or acceptance of the Accepted Site indicates only that we believe that the Accepted Site falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the Accepted Site.

5.3.4 We will not review nor may our acceptance be deemed to address whether or not you have complied with any of the Operating Codes, including provisions of the Americans with Disabilities Act (the "**ADA**"); and you agree that compliance with such laws is and will be your sole responsibility.

5.3.5 You acknowledge that neither we nor PEL or Ladurée International or their affiliates will have any liability to you or any regulatory authority if you fail to obtain and/or maintain any necessary licenses or approvals required for the operation of the Licensed Business.

5.4 *Lease Review.* You agree to provide us with a copy of the proposed lease, sublease, or purchase agreement for the Accepted Location, and you agree not to enter into that lease, sublease, or purchase agreement until you have received our written acceptance (subject to Section 5.3.2 above). We have the right to condition our acceptance of the lease, sublease, or purchase agreement (subject to Section 5.3.2 above) upon the inclusion of terms that we find acceptable and that are consistent with our rights and your responsibilities under this Agreement, including, that you and the landlord execute a lease rider in the form attached to this Agreement as Exhibit H. You also agree:

5.4.1 to provide us with a copy of the fully signed lease and/or sublease, including a signed lease rider (in the form attached as Exhibit H), before you begin construction or renovations as the Accepted Location;

5.4.2 that our recommendation or acceptance of the proposed lease, sublease, or purchase agreement for the Accepted Location indicates only that we believe that the lease, sublease, or purchase agreement falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the lease, sublease, or purchase agreement for the Accepted Location;

5.4.3 that our acceptance of the proposed site as well as your proposed lease, sublease, or purchase agreement for the Accepted Site does not constitute any guarantee or warranty, express or implied, of the successful operation or profitability of your Ladurée Store operated at the Accepted Site (and that our acceptance indicates only that we believe that the Accepted Site and the terms of the lease, sublease, or purchase agreement fall within our own internal criteria); and

5.4.4 that we have advised that you have your own attorney review and evaluate the lease, sublease, or purchase agreement.

5.5 *Preparing the Site.* You agree that promptly after obtaining possession of the Accepted Location, you will do all of the following:

5.5.1 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;

5.5.2 purchase or lease equipment, fixtures, furniture, and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Guidelines or otherwise);

5.5.3 complete the construction and/or remodeling as described in Section 8.8 below, and installation of all equipment, fixtures, furniture, and signs and decorating of the Licensed Business in full and strict compliance with plans and specifications for the Licensed Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;

5.5.4 obtain all customary contractors' partial and final waivers of lien for construction, remodeling, decorating and installation services; and

5.5.5 purchase an opening inventory of Products and other materials and supplies.

5.6 *Construction or Renovation*. In connection with any construction or renovation of the Licensed Business (and before you start any such construction or renovation) you agree to comply, at your expense, with all of the following requirements, which you agree to satisfy to our reasonable satisfaction:

5.6.1 You agree to employ an approved Ladurée designer and an approved Ladurée supplier to prepare, for our acceptance, preliminary architectural drawings and equipment layout and specifications for site improvement and construction of the Licensed Business based upon the Architectural Guidelines (depending on whether, for example, your Licensed Business will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). The materials that you submit to us must include a description of any modifications to our specifications (including requirements for dimensions, interior and exterior design and layout, equipment, fixtures, furnishings, signs, and decorating materials) required for the development of a Licensed Business. Our acceptance will be limited to conformance with the Architectural Guidelines, and will not relate to your obligations with respect to any applicable Operating Codes, including the ADA. After we have responded to your preliminary plans and you have obtained any permits and certifications, you agree to submit to us, for our prior written acceptance, final architectural drawings, plans and specifications. We will have the right to request changes and approve, but we will not supervise or otherwise oversee your project. We will not unreasonably withhold our acceptance of your adapted plans, provided that such plans and specifications conform to our general criteria. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent.

5.6.2 You agree to comply with all Operating Codes, including, the applicable provisions of the ADA regarding the construction and design of the Licensed Business. Additionally, before opening the Licensed Business, and after any renovation, you agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Licensed Business and any proposed renovations comply with the ADA.

5.6.3 You are solely responsible for obtaining (and maintaining) all permits and certifications (including, zoning permits, licenses, construction, building, utility, health, sign permits and licenses) which may be required by state or local laws, ordinances, or regulations (or that may be necessary or advisable due to any restrictive covenants relating to your location) for the lawful construction and operation of the Licensed Business. You must certify in writing to us that all such permits and certifications have been obtained.

5.6.4 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Licensed Business and to complete all improvements.

5.6.5 You agree to obtain (and maintain) during the entire period of construction the insurance required under Section 15 below; and you agree to deliver to us such proof of such insurance as we may reasonably require.

5.7 *Pre-Opening*. Before opening for business, you agree to meet all of the preopening requirements specified in this Agreement, the Guidelines, and/or that we may otherwise specify in writing.

5.8 *Relocation.* You agree not to relocate the Licensed Business without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration commitments that we have made to other Sublicensees, franchisees, landlords, real estate developers, and other parties relating to the proximity of a new Ladurée Store to their establishment.

6 DESIGNATED PRINCIPAL, PERSONNEL, AND TRAINING

6.1 *Designated Principal, General Manager, Chefs, and Key Personnel*.

6.1.1 One of the parties that owns an interest in you must serve as your "**Designated Principal**." The Designated Principal must supervise the operation of the Licensed Business. The Designated Principal (and any replacement for that individual) must have qualifications reasonably acceptable to us to serve in this capacity, complete our training program as described below, must have authority over all business decisions related to the Licensed Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit B.

6.1.2 You must inform us in writing whether the Designated Principal will assume full-time responsibility for the daily supervision and operation of the Licensed Business. If not, then you must employ a full-time manager (a "**General Manager**") with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Licensed Business.

6.1.3 You must employ one or more pastry chefs (collectively, the "**Chefs**"). The Chefs must have qualifications reasonably acceptable to us, and will assume responsibility for the daily operation of the kitchen facility at which you will prepare Locally Manufactured Products.

6.1.4 The Licensed Business must at all times be under the active full-time management of either the Designated Principal or the General Manager. Your kitchen facility must at all times be under the active full-time management of a Chef. The Designated Principal, the General Manager, and the Chefs must each have successfully completed the relevant portions of our Initial Training program to our satisfaction.

6.1.5 The term "**Key Personnel**" means the Designated Principal, the General Manager, the Chefs, and any additional Ladurée Store personnel who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such person will perform in operating the Licensed Business.

6.2 *Initial Training*.

6.2.1 Owners Training. The Designated Principal and General Manager and any Key Personnel we require must attend and successfully complete, to our satisfaction, the initial training program that we offer at our headquarters or another location that we specify ("**Initial Training**").

6.2.2 If Sublicensee already has completed Initial Training to Sublicensor's satisfaction, then, at Sublicensor's option, acting in its sole discretion, Sublicensee may be permitted to conduct the initial training of its Designated Principal, its General Manager (if applicable), and any other managerial personnel, in accordance with the requirements and conditions as Sublicensor may from time to time establish for such training. Sublicensor's requirements for initial training by Sublicensee shall be set forth in the Guidelines or other written materials and shall include, but are not limited to, the requirement that all such training activities be conducted: (a) by the Designated Principal(s) or personnel of Sublicensee (or an affiliate of Sublicensee) who have completed Sublicensor's initial training program to the satisfaction of the Sublicensor, and who remain acceptable to Sublicensor to provide initial training; and (b) following the procedures and conditions established by Sublicensor. If Sublicensor determines that the training provided by Sublicensee does not satisfy Sublicensor's standards and requirements, or that any newly trained individual is not trained to Sublicensor's standards, then Sublicensor may require that such newly trained individual(s) attend and complete an initial training program provided by Sublicensor prior to the opening of the Licensed Business.

6.3 *Additional Obligations and Terms Regarding Training*.

6.3.1 If for any reason your Designated Principal and/or General Manager cease active management or employment at the Licensed Business, or if we revoke the certification of your Designated Principal or your General Manager to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our Initial Training program within thirty (30) days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so, and you agree that you will first pay us our then-current discounted training fee.

6.3.2 We may require that you and your Designated Principal, General Manager and Key Personnel attend such refresher courses, new product launches, seminars, and other training programs as we may reasonably require periodically.

6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the Products and services that will be offered to customers of the Ladurée Store.

6.3.4 All of your trainees must sign and deliver to us a personal covenant of confidentiality in substantially the form of Exhibit F to this Agreement.

6.3.5 Training Costs and Expenses.

6.3.5.1 We agree to bear the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2, 6.3, 6.4, and 6.5 of this Agreement.

6.3.5.2 You agree to bear all expenses incurred in connection with any training, including the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees. Training may take place at one or more locations that we designate.

6.3.5.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.

6.3.5.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with the system or in similar businesses.

6.4 *Additional On-Site Training/Consultation*. We will provide ongoing on-site training or consulting by having two of our representatives visit in-person the Licensed Business at least twice per calendar year, unless the parties otherwise agree that such additional training/consulting is not then needed. You may ask us to provide additional on-site training/consultation in addition to that which we will provide to you (a) in connection with the Initial Training program and the opening of the Licensed Business, and (b) as part of the semi-annual training/consultation. If we are able to provide that additional training/consultation and agree to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses. Additionally, if you do not pass one or more inspections, then we have the right to determine that you are not operating your Ladurée Store in accordance with our brand standards, and we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Licensed Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Licensed Business.

6.5 *Convention.* If we hold a franchise convention, then the party holding a controlling interest in you and your Designated Principal (if different) must register for and attend the convention annually in accordance with our then-current policies. We will bill you for one registration fee prior to the convention, which will provide you with one registration. You may also have additional representatives attend the conference, as long as those representatives are registered and pay the registration fee for their attendance. You are also responsible for all travel and living expenses that you and your representatives incur in connection with attending the convention.

7 PURCHASING AND SUPPLY

The requirements of this Section 7 apply to Ladurée Manufactured Food Products (Section 7.2), Input Items that you must purchase or otherwise source from approved suppliers (Section 7.1), and Input Items that you must otherwise purchase or source in accordance with the standards and specifications (Section 7.3).

7.1 *Input Items*. You agree to buy all equipment, furniture, supplies, apparel, and all other Products used (or offered for sale) at the Ladurée Store (together, "**Input Items**") only from suppliers as to whom we have given our prior written approval (and whom we have not subsequently disapproved). (The term Input Items also includes any pre-packaged Products that you buy from approved suppliers.) In this regard, the parties further agree:

7.1.1 In determining whether we will approve any particular supplier for an Input Item, we will consider various factors, including: **(a)** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; **(b)** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; **(c)** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and/or **(d)** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, intellectual property, etc.).

7.1.2 For the purpose of this Agreement, the term "**supplier**" includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. You agree that we have the right to appoint only one supplier for any particular product, or item (which may be us or one of our affiliates).

7.1.3 You agree that:

7.1.3.1 you will offer and sell all of the Products that we require and that we have approved in writing; and

7.1.3.2 you will not offer or sell any Products that we have not approved, disapproved, or that are otherwise not permitted under this Agreement.

7.1.4 If you want to buy any Input Item from an unapproved supplier (except for Ladurée Manufactured Food Products, which are addressed in Section 7.2 below), then you must first submit to us a written request asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other Sublicensees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available the standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.

7.1.5 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Ladurée Stores with some or all of the Products that we require for use and/or sale in the development and/or operation of Ladurée Stores, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Input Items, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Ladurée Stores. We have the right to approve or disapprove of the suppliers who may be permitted to sell Input Items to you. Any of our affiliates that sell Input

Items to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell Input Items to you, or to withhold certain discounts that might otherwise be available to you.

7.1.6 You agree that we, PEL and Ladurée International have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "**Allowances**") offered by suppliers based upon your purchases of Input Items. These Allowances include those based on purchases of products, and other items (such as packaging). You assign all of your right, title, and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.

7.1.7 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.

7.2 *Ladurée Manufactured Food Products*. You agree that: **(a)** we have the right to require that all Ladurée Manufactured Food Products that you offer at the Licensed Business must be produced in accordance with PEL and/or Ladurée International's proprietary standards and specifications (and/or those of its affiliates), and that such items are Ladurée International's proprietary products; **(b)** we have the right to require that you purchase and offer Ladurée Manufactured Food Products (as well as any packaging bearing the Proprietary Marks) only from us, our affiliates, Ladurée International's, PEL'S or their affiliates, and/or designated suppliers, and not to offer or sell any other such products at or from the Licensed Business; and **(c)** we have the right to determine whether any particular item (now or in the future) is or will be deemed a "Ladurée Manufactured Food Product."

7.3 *Specifications.* In addition to the provisions of Sections 7.1 and 7.2 above, as to those Input Items that we do not require you to buy or otherwise source from approved suppliers and that are not Ladurée Manufactured Food Products (as specified in Section 7.2 above), you agree to purchase or otherwise source those Input Items only in accordance with the standards and specifications that we specify in the Guidelines or otherwise in writing (for example, number two pencils).

7.4 *Use of the Marks*. You agree to use all Logo Items that we require and not to use any items that are a substitute for a Logo Item without our prior written consent. The term "**Logo Items**" is agreed to mean all marketing materials, signs, decorations, paper goods (including and all forms and stationery used in the Licensed Business). You agree that all Logo Items that you use will bear the Proprietary Marks in the form, color, location, and manner we prescribe (and that all such Logo Items will be subject to our prior written approval as provided in Section 13.9 below).

7.5 *Suppliers*. You acknowledge and agree that in connection with purchasing, leasing, licensing, or otherwise obtaining any service or item from a third-party supplier (including those that we have approved, required, or otherwise): (**a**) we have no responsibility (and you expressly disclaim any recovery against us) for those suppliers' services, items, contract terms, or otherwise in connection with those suppliers' performance; (**b**) if there are any shortcomings in the services, items, or terms of purchase, lease, or license from those suppliers, that you will seek recovery and/or compensation only from the supplier that sold, leased, licensed, or otherwise provided that service and/or item to you (and not from us or our affiliates).

7.6 *PEL and Ladurée International*. You understand and agree that PEL and Ladurée International have the right (but not the obligation) to: (a) exercise some or all of their rights under this

Agreement; and (b) act to protect their rights and commercial arrangements. References to various rights, "Ladurée" brand and system standards, and similar provisions in this Agreement are understood by the parties to mean standards that PEL and/or Ladurée International may have set and that PEL and/or Ladurée International may enforce, whether or not those points are specifically stated.

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

8.1 *Importance of Following Standards*. You understand and acknowledge that every detail of the Licensed Business is important to you, to us, PEL and Ladurée International, and to other "Ladurée" Sublicensees in order to develop and maintain the brand and operating standards, to provide customer service to customers and participants, to increase the demand for the Products sold, by all Ladurée Store operators, and to protect and enhance the reputation and goodwill associated with the brand.

8.2 *Opening*. In connection with the opening of the Licensed Business:

8.2.1 You agree to open the Licensed Business by the date specified in Section 5.1 above. Subject to availability and scheduling, we may send a representative to attend the opening (however, we have no obligation to do so).

8.2.2 You will not open the Licensed Business until we have determined that all construction has been substantially completed, and that such construction conforms to the standards (including those pertaining to materials, quality of work, signage, decor, paint, and equipment) and we have accepted in writing your proposal to open, which we will not unreasonably withhold.

8.2.3 You agree not to open the Licensed Business until the Designated Principal, General Manager, and Key Personnel have successfully completed all training that we require, and not until you have hired and trained to the standards a sufficient number of employees to service the anticipated level of the Licensed Business's customers.

8.2.4 In addition, you agree not to open the Licensed Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.

8.3 *Staffing*.

8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to offer and provide the Products to customers. We require your Licensed Business to staff specified positions that we may designate from time to time as necessary or appropriate for providing quality customer experience according to the standards. We will provide our requirements for service/function positions that we may periodically establish and which will be set out in the Guidelines.

8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well.

8.3.3 You agree that you will seek to develop, cultivate, and maintain a cooperative, cordial, and respectful work environment for your staff and among all of the owners of the Licensed Business.

8.4 *Operate According to the Guidelines.* To ensure that the highest degree of quality and service is maintained, you agree to operate your Licensed Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Guidelines or otherwise in writing. In this regard, you agree to do all of the following:

8.4.1 You agree to maintain in sufficient supply, and to use at all times only the items, products, equipment, services, materials, and supplies that meet our written standards and specifications, and you also agree not to deviate from the standards and specifications by using or offering any non-conforming items without our specific prior written consent.

8.4.2 You agree: **(a)** to sell or offer for sale only those Products and items using the standards and techniques that we have approved in writing for you to offer and use at your Licensed Business; **(b)** to sell or offer for sale all Products and items using the standards and techniques that we specify in writing; **(c)** not to deviate from the standards and specifications; **(d)** to stop using and offering for use any Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and **(e)** that if you propose to deviate (or if you do deviate) from the standards and specifications, whether or not we have approved the deviation, that deviation will become PEL's property.

8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the Products, equipment and to remove samples of items or Products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the Products, equipment, or samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.

8.4.4 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify, and to periodically make upgrades and other changes to such items at your expense as we may reasonably request in writing. Without limiting the above, you agree that changes in the system standard may require you to purchase new and/or additional equipment for use in the Licensed Business.

8.4.5 You agree not to install or permit to be installed on or about the premises of the Licensed Business, without our prior written consent, any fixtures, furnishings, equipment, machines, décor, signs, or other items that we have not previously in writing approved as meeting the standards and specifications.

8.4.6 You agree to immediately notify us in writing if you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interests in them.

8.4.7 You agree to purchase or lease, and use, the music system and playlist that we require, and pay fees to the licensing organization associated with playing that music.

8.5 *Use of the Premises.* You may use the Accepted Location only for the purpose of operating the Licensed Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Accepted Location, and agree not to advertise any non-Ladurée business inside or immediately outside the Approved Location.

8.6 *Hours and Days of Operation.* You agree to keep the Licensed Business open and in normal operation for such hours and days as we may periodically specify in the Guidelines or as we may otherwise approve in writing.

8.7 *Health Standards and Operating Codes*. You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Licensed Business. You agree to fully and faithfully comply with all Operating Codes applicable to your Licensed Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. As used in this Agreement, "**Operating Codes**" means all applicable laws, codes, ordinances, and/or regulations that apply to the Products, construction and design of the Ladurée Store, health, safety, instructor qualification, and/or other aspects of operating the Licensed Business (including the ADA, laws pertaining to employment, etc.), as well as requirements pertaining to Ladurée Store employees, and others to obtain permits, licensure, background checks, and fingerprinting, and other such requirements.

8.7.1 You agree to send us, within two (2) days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any agency with jurisdiction over the Licensed Business.

8.7.2 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Licensed Business or provision of the Products you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Licensed Business.

8.7.3 You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Licensed Business.

8.8 *Your Licensed Business:*

8.8.1 *Licensed Business Condition, Maintenance.* You agree that at all times, you will maintain the Licensed Business in a high degree of sanitation, repair, and condition. In addition, you agree to make such repairs and replacements to the Ladurée Store as may be required for that purpose (but no others without our prior written consent), including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require. You also agree to obtain maintenance services from qualified vendors for any equipment as we may specify and maintain those service agreements at all times. Your maintenance and upkeep obligations under this Section 8.8,1 are separate from those with respect to periodic upgrades that we may require regarding fixtures, furnishings, equipment, decor, and signs, and Section 8.8.2 below with respect to Major Remodeling.

8.8.2 You also agree to complete a Minor Refurbishment as we may reasonably require, which will not be more than once every three (3) years.

8.8.3 *Major Remodeling*. In addition to the maintenance and upkeep obligations requirements under Section 8.8.1 above, you agree to refurbish the Licensed Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Ladurée Stores, including remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, "**Major Remodeling**").

8.8.3.1 You will not have to conduct a Major Remodeling more often than once every ten (10) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Major Remodeling more often if a Major Remodeling is required as a precondition to renewal (as described in Section 2.2.2 above); and

8.8.3.2 You will have one (1) year after you receive our written notice within which to complete a Major Remodeling (but, in the case of a renewal, the Major Remodeling must be completed before you may renew).

8.9 *Use of the Marks*. You agree to follow all of our instructions and requirements regarding any marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos (including our requirements as to the form, color, location, and manner for making use of those marks).

8.10 *Depending on your type of Entity:*

8.10.1 *Corporation*. If you are a corporation, then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Licensed Business; **(b)** maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; **(c)** not issue any additional shares (whether voting securities or securities convertible into voting securities); and **(d)** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.10.2 *Partnership/LLP*. If you are a general partnership, a limited partnership, or a limited liability partnership (LLP), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Licensed Business; **(b)** furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments to them; **(c)** prepare and furnish to us, upon request, a current list of all of your general and limited partners; and **(d)** consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.10.3 *LLC*. If you are a limited liability company (LLC), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Licensed Business; **(b)** furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments to them; **(c)** prepare and furnish to us, upon request, a current list of all members and managers in your

LLC; and **(d)** maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.10.4 *Guarantees*. If you (that is, the Sublicensee under this Agreement) are an entity, then you agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each current and future direct and indirect: **(a)** shareholder of a corporate Sublicensee; **(b)** member of a limited liability company Sublicensee; **(c)** partner of a partnership Sublicensee; and/or **(d)** partner of a limited liability partnership Sublicensee.

8.11 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a "mystery shopper," "customer survey," and/or similar quality-control and evaluation programs with respect to some or all of the Ladurée Stores in the system. You agree to participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: **(a)** immediately implement any remedial actions we require; and **(b)** reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Licensed Business, our inspections of the Licensed Business, and other costs or incidental expenses).

8.12 *Prices*.

8.12.1 We may periodically provide suggested retail pricing; however (subject to Section 8.12.2 below), you will always have the right to set your own prices.

8.12.2 You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Products offered and sold at the Ladurée Store under this Agreement. You will have the right to set the prices that you will charge to your customers; provided, however, that (subject to applicable law): **(a)** if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and **(b)** if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.

8.13 *Environmental Matters*. Both parties recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Guidelines, and you agree to abide by those standards.

8.14 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques, and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Ladurée Store. All such products, services, concepts, methods, techniques, and new information will be deemed to be PEL's sole and exclusive property and works made-for-hire for PEL. You hereby grant to PEL (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques, and products in any businesses that we and/or our affiliates, PEL or Ladurée

International, our (and other) sublicensees and designees operate. PEL and its affiliates will have the right to use those ideas, concepts, methods, techniques, and/or products without compensation to you. You agree not to use or allow any other person or entity to use any such concept, method, technique, or product without obtaining our prior written approval.

8.15 *Suspending Operation*. You agree to immediately suspend operating the Licensed Business and promptly notify us in writing if: **(a)** any equipment used, or Products sold, at the Licensed Business deviate from the standards; **(b)** any equipment used, or Products sold, at the Licensed Business fail to comply with applicable laws or regulations; **(c)** you fail to maintain the equipment, Licensed Business premises, personnel, or operation of the Licensed Business in accordance with any applicable law or regulations; and/or **(d)** if you are in material default of your obligations under this Agreement. In the event of such a suspension of operations, you agree to immediately notify us, in writing, and also remedy the unsafe, or other condition or other violation of the applicable law or regulation. You agree not to reopen the Licensed Business until after we have inspected the Licensed Business premises (physically or otherwise), and we have determined that you have corrected the condition and that all equipment used, or Products to be sold, at the Licensed Business comply with the standards. This Section 8.15 does not limit or restrict our other rights under this Agreement.

8.16 *Annual Plans*. No later than November 15 of each year during the Term, you must prepare and submit to us for our approval an "**Annual Business Plan**" and an "**Annual Marketing Plan**" for the upcoming calendar year. The Annual Business Plan is a comprehensive annual business plan prepared by you forecasting the upcoming year's operations, including a detailed forecast of purchases of Ladurée Manufactured Food Products, gross sales, Net Sales, expenses and net income, along with a projection of cash flows and a projected year-end balance sheet. The Annual Marketing Plan is a summary of timing and budgeted costs (which must be at least 1% of budgeted Net Sales) of your proposed marketing and promotional plans for the coming calendar year. The Annual Marketing Plan must provide that you will run at least four separate marketing and promotional campaigns each calendar year, which must be detailed and summarized in the Annual Marketing Plan.

If you (together with your affiliates) own more than one Ladurée Store in the same general market (for instance, a metropolitan area or a Nielson Designated Market Area), the Annual Business Plan and the Annual Marketing Plan, should be consolidated for all Stores in the general market. If you (or an affiliate) have an active Development Agreement for Ladurée Stores in the same general market, then the Annual Business Plan should be consistent with the Business Plan in the Development Agreement and should reflect both new unit development and same-store sales growth.

Within 10 business days after receipt of your Annual Business Plan and Annual Marketing Plan, we will either approve or reject the proposed Annual Business Plan and Annual Marketing Plan. If we reject the proposed Annual Business Plan or Annual Marketing Plan, you and we will work constructively and in good faith to develop an acceptable Annual Business Plan and Annual Marketing Plan. In any event, both plans must be approved by us and finalized by December 31 of each year during the Term.

9 PROPRIETARY MARKS

9.1 *Our Representations*. We represent to you that we have an appropriate license under the Master Agreements to use and to license the use of the Proprietary Marks.

9.2 *Your Agreement*. With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the Licensed Business and only at the location authorized under this Agreement, or in Sublicensor approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Licensed Business only under the name "Ladurée" without prefix or suffix (except with our prior written approval).

9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Licensed Business in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Licensed Business (visible to customers, visible only to your staff, and otherwise as we may designate in writing).

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks: **(a)** as part of your corporate or other legal name; **(b)** as part of any e-mail address, domain name, social networking site page, or other identification of you in any electronic medium (except as otherwise provided in Section 14.11); and/or **(c)** in any human relations (HR) document or materials, including job applications, employment agreements, pay checks, pay stubs, and the like.

9.2.8 You agree to: **(a)** comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations; and **(b)** execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability, including any additional license agreements we may require for use of the Proprietary Marks on the Internet or in other marketing.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You agree to communicate only with us, our affiliates, our counsel, or your counsel regarding any such infringement or challenge. You acknowledge that we, PEL and Ladurée International have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We, PEL and Ladurée International will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 Defense and Costs:

(a) *If You Used the Marks in Accordance with this Agreement*: If you have used the Proprietary Marks in accordance with this Agreement, then we or PEL or Ladurée International will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof, and you will be reimbursed for your reasonable out-of-pocket litigation costs in doing such acts and things (except that you will bear the salary costs of your employees, and we, PEL or Ladurée International will bear the costs of any judgment or settlement). .

(b) *If You Used the Marks But Not in Accordance with this Agreement*: If you used the Proprietary Marks in any manner that was not in accordance with this Agreement (including our instructions), then we, PEL or Ladurée International will still defend you, but at your expense, against such third party claims, suits, or demands (including all of the costs of defense as well as the cost of any judgment or settlement). You agree to reimburse us, PEL or Ladurée International for the cost of such litigation (or, upon our written request, pay our legal fees directly), including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.

9.2.9.3 If we, PEL or Ladurée International undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements*. You agree that:

9.3.1 Ladurée International owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

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

9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).

9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to PEL and Ladurée International's benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of the System or of the Proprietary Marks.

9.3.6 The license that we have granted to you under this Agreement to use the Proprietary Marks is not exclusive, and therefore we (and PEL and Ladurée International) have the right, among other things:

9.3.6.1 To use the Proprietary Marks in connection with selling Products;

9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to you and other licensees; and

9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.

9.4 *Change to Marks*. We and PEL and Ladurée International reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if the currently owned Proprietary Marks no longer can be used, or if we or PEL or Ladurée International determine, exercising our or their right to do so, that substitution of different, updated, or changed Proprietary Marks will be beneficial to the System. In such circumstances, you agree to adopt the new Proprietary Marks and that your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

9.5 Staffing.

9.5.1 All employees of Sublicensee are solely employees of Sublicensee, not Sublicensor or of PEL or Ladurée International. Sublicensee shall not be an agent of Sublicensor or of PEL or Ladurée International for any purpose, whether in regard to Sublicensee's employees, or otherwise.

9.5.2 Therefore, neither Sublicensor nor PEL nor Ladurée International shall have any labor relationship whatsoever, neither with the Sublicensee nor with its personnel; in consequence, any type of payment or indemnity to Sublicensee's personnel, pertaining to labor, social security and related matters will be the sole and exclusive responsibility of Sublicensee. Consequently, any type of obligations and benefits, including (i) employment, such as payments of salaries, contributions, indemnities and overtime payment for working on night shifts, holidays and Sundays are only an exclusive responsibility of Sublicensee; (ii) civil and criminal, (iii) social security; and (iv) tax duties; with regards to its dependent personnel for every and any workplace accident and all risks or damages that might occur in occasion of this Agreement will be the sole and exclusive responsibility of Sublicensee; matters to which Sublicensee shall take and maintain all security and safeguard measures to comply with laws that are in force and taking into account the nature and circumstances which the services may require. Therefore, Sublicensee shall defend, indemnify and hold Sublicensor and/or Ladurée International and/or PEL and their affiliates and their respective parent company, affiliates, employees, representatives and agents harmless from and against any claims, liabilities, damages, costs and expenses (including, without limitation, attorneys' fees) brought against or suffered or incurred by Sublicensor and/or Ladurée International and/or PEL or their affiliates, should the Sublicensee or any of its employees, agents, representatives, assistants or associates ever claim payments against Sublicensor and/or Ladurée International and/or PEL relating to Section 9.5.3(i)-(iv) above.

10 CONFIDENTIAL GUIDELINES

10.1 *You Agree to Abide by the Guidelines*. In order to protect our reputation and goodwill and to maintain the standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Guidelines. We will lend to you (or permit you to have access to) one (1) copy of the Guidelines, only for the term of this Agreement, and only for your use in connection with operating the Licensed Business during the term of this Agreement.

10.2 *Format of the Guidelines*. We will have the right to provide the Guidelines in any one or more formats that we or PEL or Ladurée International determine are appropriate (including making some or all of the Guidelines available to you only in digital form and/or in other written or printed form), and we may periodically change how we provide the Guidelines. If at any time we choose to provide some or all of the Guidelines electronically, you agree to immediately return to us any and all physical copies of the portions of the Guidelines that we have previously provided to you.

10.3 *Ownership of the Guidelines*. The Guidelines will at all times remain PEL and Ladurée International's sole property and you agree to promptly return the Guidelines (including any and all copies of some or all of the Guidelines) when this Agreement expires and/or is terminated.

10.4 *Confidentiality and Use of the Guidelines*.

10.4.1 The Guidelines contains proprietary information and you agree to keep the Guidelines confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the Guidelines will be available at the Licensed Business premises in a current and up-to-date manner. Whenever the Guidelines is not in use by authorized personnel, you agree to maintain secure access to the Guidelines at the premises of the Licensed Business, and you agree to grant only authorized personnel (as defined in the Guidelines) with access to the security protocols for the Guidelines.

10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication of the Guidelines in whole or in part.

10.5 *You Agree to Treat Guidelines as Confidential*. You agree that at all times, you will treat the Guidelines, any other instructions and manuals that we (or PEL or Ladurée International) create (or approve) for use in the operation of the Licensed Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.6 *Which Copy of the Guidelines Controls*. You agree to keep your copy of the Guidelines only at the Licensed Business (and as provided in Section 10.4 above) and also to ensure that the Guidelines are kept current and up to date. You also agree that if there is any dispute as to the contents of the Guidelines, the terms of the master copy of the Guidelines that we (or PEL or Ladurée International) maintain will be controlling. Access to any electronic version of the

Guidelines will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

10.7 *Revisions to the Guidelines*. We (and PEL and Ladurée International) have the right to revise the contents of the Guidelines whenever we (or PEL or Ladurée International) deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Guidelines and to comply with each new or changed standard.

10.8 *Modifications to the System*. You recognize and agree that we (or PEL or Ladurée International) may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques) as if they were part of this Agreement at the time when you and we signed this Agreement. You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

11 CONFIDENTIAL INFORMATION

11.1 *Confidentiality*.

11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Licensed Business.

11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

11.1.3 Any employee who may have access to any Confidential Information regarding the Licensed Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants must be on a form that we provide, which form will, among other things, designate us as a third-party beneficiary of such covenants with the independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, business model, financial model, methods, equipment, operating techniques, marketing methods, processes, formulae, recipes, manufacturing and vendor information, results of operations and quality control information, financial information, sales, royalty rates, accounting chart, demographic and trade area information, prospective site locations, market penetration techniques, plans, or schedules, the Guidelines, customer profiles, preferences, or statistics, information about our offerings, itemized costs, Sublicensee composition, territories, and development plans, this Agreement and other agreements related to the Licensed Business, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made before or at the time any Confidential Information is disclosed to you.

11.2 *Consequences of Breach*. You agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records and Sales Reports*.

12.1.1 With respect to the operation and financial condition of the Licensed Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

12.1.2 With respect to the Licensed Business, you agree to maintain for at least five (5) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Guidelines or otherwise in writing, including: **(a)** daily cash reports; **(b)** cash receipts journal and general ledger; **(c)** cash disbursements and weekly payroll journal and schedule; **(d)** monthly bank statements, bank reconciliations, daily deposit slips, and cancelled checks; **(e)** all tax returns; **(f)** supplier's invoices (paid and unpaid); **(g)** dated daily and weekly cash register journals and POS reports in accordance with the standards; **(h)** periodic balance sheets, periodic profit and loss statements, and periodic trial balances; **(i)** operational schedules and weekly inventory records; **(j)** records of promotion and coupon redemption; and **(k)** such other records that we may periodically and reasonably request. You agree to allow us access to review all of these records as specified below in Section 12.6.

12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us.

12.1.3.1 We have the right (among other things) to require that you use only an approved (a) bookkeeping service; (b) payroll processing vendor; and/or (c) an approved independent certified public accountant.

12.1.3.2 All of the records required under this Section 12.1 and in Sections 12.2 and 12.3 below must be maintained in digital form, accessible to us and/or our designee (for example, our accountants) remotely and in that digital form, and using a software program or online site (such as "QuickBooks") that we approve, so that the data can be reviewed and/or downloaded to our computer system in a compatible and comparable manner.

12.1.3.3 You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.

12.1.3.4 Nothing in this Agreement requires your CPA to share with us its advice or guidance to you.

12.1.4 You agree to permit us at all times to independently access your Computer System so that we may, among other things, review the Net Sales information for your Licensed Business. You further agree to submit to us each Month, in the form we specify and/or utilizing our Required Software (as that term is defined in Section 14.1.2 below), the Sales Report for the immediately preceding Month. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise, and in a manner that we designate so that it is compatible with our computer systems) for our receipt no later than the times required under Section 4.3 above. You agree that if you do not submit those reports to us in a timely manner, and/or if you do not permit us to access your Computer System as provided, we will have the right to charge you for the costs that we incur in auditing your records. We may modify the frequency in which we require you to submit Sales Reports to us.

12.2 *Financial Statements*.

12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared on a review basis by an independent certified public accountant (as to whom we do not have a reasonable objection) within ninety (90) days after the end of each fiscal year of the Licensed Business during the term of this Agreement. Your financial statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Licensed Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Licensed Business during the most recently completed fiscal year, supported by detailed and complete schedules.

12.2.2 In addition, during the term of this Agreement after the opening of the Licensed Business, you agree to submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): **(a)** a fiscal period and fiscal year-to-date profit and loss statement and a periodic balance sheet (which may be unaudited) for the Licensed Business and a periodic trial balance through the end of each Period; **(b)** reports of those income and expense items of the Licensed Business for the Period that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective Sublicensees (provided that we will not identify to prospective Sublicensees the specific financial results of the Licensed Business); **(c)** copies of all state sales tax returns for the Licensed Business; and **(d)** copies of withholding remittances. You agree to provide to us the materials required by Sections 12.2.2(a) and 12.2.2(b) above within fifteen (15) days after the end of each fiscal quarter; and the materials required by Sections 12.2.2(c) and 12.2.2(d) within ten (10) days after you have filed those returns with the appropriate taxing authorities.

12.2.3 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2. You also agree to provide us with copies of your income tax returns within ten (10) days after you file those but not more than one hundred and eighty (180) days after each fiscal year end. If you do not meet your obligation to provide us with access to your books and records, as well as copies of required accounting records and financial statements, as specified in this Section 12, or if you fail to provide us with required reports (such as sales reports), then we will have the right to require you to have your annual financial statement prepared on a review basis by an independent certified public accountant that is reasonably satisfactory to us.

12.2.4 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your Computer System in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.

12.3 *Additional Information*. You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Guidelines or otherwise in writing, including: **(a)** information in electronic format; **(b)** restated in accordance with our financial reporting periods; **(c)** consistent with our then-current financial reporting periods and accounting practices and standards; and/or **(d)** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Licensed Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.

12.4 *PCI Compliance and Credit Cards*. With respect to processing customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to comply with all of our policies regarding customer payment by credit and/or debit cards, including for example the required use of credit and/or debit cards and other payment methods offered by Payment Vendors, minimum purchase requirements for a customer's use of a credit and/or debit card, and other such requirements that we may set out in the Guidelines.

12.4.2 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").

12.4.3 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.4 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.

12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.

12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.5 *Gift Cards and Incentive Programs*. You agree to offer for sale, participate in, and honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile apps, mobile payment, and/or other customer affinity applications; together, "**Customer Apps**"); and you agree to do all of those things in compliance with the standards and procedures for such programs (which may be set out in the Guidelines or otherwise in writing). You agree to abide by our written standards with respect to gift card residual value. For this purpose, you must purchase the software, hardware, and other items needed to participate in, sell, and process Customer Apps, and to contact with Customer App vendors (including suppliers of gift cards and gift card processing services), as we may specify in writing in the Guidelines or otherwise. You must also pay such transaction fees as may be required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.

12.6 *Our Right to Inspect Your Books and Records*. We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your Royalties), by two percent (2%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

12.7 *Operational Inspections*. In addition to the provisions of Section 12.6 above, you also grant to us and our agents the right to enter upon the Licensed Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Guidelines. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree to pay us our then-current per diem fee for our representative(s) and to reimburse us for our reasonable travel expenses if additional inspections at the Licensed Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records upon reasonable request that is permitted under this Agreement.

13 MARKETING

13.1 *Grand Opening Marketing Program*. You agree to spend at least $3,500 for grand opening marketing and promotional programs in conjunction with the Licensed Business's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program must begin sixty (60) days before the scheduled commencement date for the Licensed Business and be completed no later than sixty (60) days after the Licensed Business commences operation, and is subject to the provisions of Section 13.4 below. You may include giveaways in the Grand Opening Marketing Program (but only the wholesale cost plus direct labor associated with those giveaways).

13.2 *Materials Available for Purchase.* We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

13.3 *Standards*. All of your local marketing and promotion must: (a) be in the media, and of the type and format, that we may approve; (b) be conducted in a dignified manner; and (c) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.4 below.

13.4 Our *Review and Right to Approve All Proposed Marketing*. For all proposed local marketing and promotion, advertising, and promotional plans, you must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you have not received our written approval within fourteen (14) days after we have received those proposed ads, samples, and/or other marketing materials, then we will be deemed to have disapproved them. You agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.

13.5 *Rebates*. You agree that periodic rebates, give aways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, give aways, marketing programs, and other promotions that we establish and/or that other Sublicensees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.6 *Considerations as to Charitable Efforts.* You agree that certain associations between you and/or the Licensed Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions, positions, and/or make statements that are (or that may be perceived by the public to be) taken in the name of, in connection or association with you, the Proprietary Marks, the Licensed Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

13.7 *Additional Marketing Expenditure Encouraged*. You understand and acknowledge that the required contributions and expenditures (including the Grand Opening Marketing Program and the expenditures in your Annual Marketing Plan) are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Licensed Business.

13.8 *Promotions*. You agree to participate in promotional programs that we periodically develop, in the manner that we direct, which may include providing services and products to frequent customers, including discounted and/or complimentary products or services.

14 TECHNOLOGY PLATFORM

14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Ladurée Stores, and in accordance with the standards, including:

a. back office and point of sale systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems for use at Ladurée Stores, between or among Ladurée Stores, and between and among the Licensed Business, and you, and us;

b. point-of-sale (POS) (defined in Section 14.6 below);

c. physical, electronic, and other security systems and measures;

d. printers and other peripheral devices;

e. archival back-up systems;

f. internet access mode (such as form of telecommunications connection) and speed;

g. technology used to enhance and evaluate the customer experience (including digital ordering devices, kiosk, touchpads, and the like);

h. digital and virtual display boards and related technology, hardware, software, and firmware;

i. front-of-the-house WiFi and other connectivity service for customers;

j. cloud-based back-end management systems and storage sites;

k. in-shop music systems under Section 8.4.7 above; and

l. consumer-marketing oriented technology (including customer apps, affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites)

(collectively, all of the above in this Section 14.1.1 are referred to as the "**Computer System**").

14.1.2 We have the right, but not the obligation, to develop or have developed for us, or to designate: **(a)** programs, computer software, and other software (e.g., accounting system software) that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which you must install and maintain; **(b)** updates, supplements, modifications, or enhancements to the Required Software, which you must install and maintain; **(c)** the media upon which you must record data; and **(d)** the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so. The term "Required Software" also includes the affinity program cards and related items that are required under Section 12.5 above.

14.1.3 You agree to install, use, maintain, update, and replace (as needed) all elements of the Computer System and Required Software at your expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.

14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**") (which may be in conjunction with a Minor Refurbishment or as is otherwise needed).

14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.6 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

14.2 *Data*.

14.2.1 You agree that all data relating to the Licensed Business that you collect, create, provide, or otherwise develop on your Computer System (whether or not uploaded to and/or downloaded from our system) is and will be owned exclusively by us, and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Licensed Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.

14.2.3 In order to operate your Licensed Business under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Licensed Business. You agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.

14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, or at the time of any transfer of an interest in you and/or of the Licensed Business.

14.2.5 For the limited purpose of this Section 14.2, references to "data" exclude consumers' credit card and/or other payment information.

14.3 *Data Requirements and Usage*. We may periodically specify in the Guidelines or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Licensed Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:

14.3.1 You agree to abide by all applicable laws pertaining to the data (including those pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information) ("**Privacy Laws**").

14.3.2 You agree to also comply with any standards and policies that we may issue (without any obligation to do so) pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information. If you become aware (and/or if you should be aware) that there is a conflict between the standards and policies and Privacy Laws, then you agree to: **(a)** comply with the requirements of the Privacy Laws; **(b)** immediately give us written notice of that conflict; and **(c)** promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet the standards and policies pertaining to privacy within the bounds of Privacy Laws.

14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply with any standards and policies that we may issue (without obligation to do so) in this regard.

14.4 *Extranet*. You agree to comply with our requirements (as set forth in the Guidelines or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). The Extranet may include, among other things, the Guidelines, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

14.5 *No Separate Digital Sites*. Except to the extent that we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Licensed Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term "**Digital Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply:

14.5.1 You agree that you will not establish or use any Digital Site without our prior written approval.

14.5.2 Any Digital Site that you own or that is maintained by or for your benefit will be deemed "marketing" under this Agreement, and will be subject to (among other things) our right of review and prior approval under Section 13.9 above.

14.5.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content (including, proposed screen shots, links, and other content), and non-visible content (including, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.

14.5.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.

14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Guidelines or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site).

14.5.6 If we require, you agree to establish such hyperlinks to our Digital Site and others as we may request in writing.

14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to the Digital Site to reflect information regarding specials and other promotions at your Licensed Business.

14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

14.6 *POS Systems*. You agree to record all sales on integrated computer-based point of sale systems we approve or on such other types of cash registers and other devices (such as iPads, touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) that we may designate in the Guidelines or otherwise in writing (taken together, "**POS Systems**"), which shall be considered part of your Computer System. You agree to utilize POS Systems that are fully compatible with any program, software program, and/or system which we, in our discretion, may employ (including mobile or remote device, application and payment systems), and you agree to record all Net Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you agree to enter into and maintain such agreements (including making such payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. You agree to at all times maintain a continuous high-speed connection to the Internet to send and receive POS data to us, in accordance with any standards for that internal connection that we may establish.

14.7 *E-Mail*. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: **(a)** the content of such electronic advertisements or solicitations; and **(b)** your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), the Federal Telephone Consumer Protection Act, and the Canada Anti-Spam Law (known as "CASL"). (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, app- and/or internet-based communication, and faxes.)

14.8 *Outsourcing*. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent.

14.9 *Telephone Service*. You agree to use the telephone service for the Ladurée Store that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for your Licensed Business, and you agree to sign the forms necessary to implement this clause.

14.10 *Changes*. You agree that changes to technology are dynamic and likely to occur during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards as if this Section 14 were periodically revised by us for that purpose, and you also agree to pay vendors' charges for those new items and services.

14.11 *Electronic Communication – Including E-Mail, Texts, and other Messaging*. You agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.

14.11.1 In order to implement the terms of this Section 14.11, you agree that: **(a)** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; **(b)** you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and **(c)** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as "jane.jones@LadureeSublicensee.com") (the "**Permitted E-mail Address**") in connection with the operation of the Licensed Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Licensed Business.

15 INSURANCE

15.1 *Required Insurance Coverage*. Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Licensed Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Licensed Business or other facilities on premises. Such policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Licensed Business is located, and must include, at a minimum (however, you agree that we may reasonably specify additional coverages and higher policy limits in the Guidelines or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, and/or other relevant changes in circumstances), the following (all subject to the additional requirements of this Section 15):

15.1.1 Commercial general liability insurance with limits of at least $2,000,000 per occurrence, including the following coverages: personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with sublimits of at least $1,000,000..

15.1.2 Comprehensive liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1,000,000 combined single limit, and $1,000,000 general aggregate limit.

15.1.3 Excess liability coverage over general liability, auto liability, worker's compensation, and abuse/molestation, with at least $5,000,000) per occurrence.

15.1.4 Statutory workers' compensation insurance and employer's liability insurance for a minimum limit equal to at least the greater of $1,000,000, statutory requirements, and the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Ladurée Store is located.

15.1.5 Data theft and Cyber Liability Privacy Notification and Crisis Management First & Third Party with limits of liability not less than $1,000,000.

15.1.6 Employment practices liability insurance (subject to Section 15.2 below) with limits of liability not less than $1,000,000 per occurrence , including Employer's liability and abuse and molestation coverage.

15.1.7 Any other insurance coverage that is required by applicable law (subject to Section 15.2 below).

15.1.8 All coverages must be written with no coinsurance penalty.

15.2 *Additional Terms Applicable to All Policies.* In addition to the other provisions of this Section 15 (above and those below), you agree that:

15.2.1 All policies listed in Section 15.1 above (unless otherwise noted below) must contain such endorsements as we periodically specify in the Guidelines.

15.2.2 All liability and property damage policies must: **(a)** list as additional insureds, us, Ladurée International, PEL, and our and their respective affiliates, and each of those parties' respective members, managers, shareholders, directors, officers, partners, joint venturers, employees, servants, and agents, and their successors and assigns; and **(b)** contain a provision that we, Ladurée International, and PEL, although named as additional insureds, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees, including as additional insureds.

15.2.3 All policies must waive subrogation as between the additional insureds identified above (and their respective insurance carriers) and you (and your insurance carriers).and, 15.2.4 All policies must insure us, Ladurée International, and PEL, against all claims, suits, obligations, liabilities, and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Licensed Business. This coverage may not exclude losses due to assault, battery, and/or the use or brandishing of firearms

15.2.5 You agree to provide us with thirty (30) days' advance written notice in the event of cancellation, change, and/or non-renewal of any policy, in the manner provided in Section 24 below.

15.3 *Other Insurance Does Not Impact your Obligation*. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other Ladurée Stores that you (and/or your affiliates) operate under the System.

15.4 *Certificates of Insurance*. At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy (and also on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date), you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that those parties' interests will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

15.5 *Required Coverages are Minimums*. You agree that the specifications and coverage requirements in this Section 15 are minimums only, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Licensed Business.

15.6 *Obtaining Coverage*. If you fail to maintain or acquire insurance, we will have the right (but not the obligation) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our reasonable expenses, and you agree to pay those invoices within five (5) days after we send them to you.

16 TRANSFER OF INTEREST

16.1 *By Us*. We will have the right to transfer or assign this Agreement and/or all or any part of our rights or obligations under this Agreement to PEL and/or Ladurée International and/or their affiliates, or where applicable, and subject to the prior written approval of PEL and Ladurée International, any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals*. Each party that holds any interest whatsoever in you (whether directly, indirectly, and/or beneficially) (each, a "**<u>Principal</u>**"), and the interest that each Principal holds in you (directly, indirectly, and/or beneficially) is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, and/or their respective interests in you, to change without complying with this Agreement.

16.3 *Principals*. We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be so amended automatically upon written notice to you.

16.4 *By You*. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent, or, where applicable, PEL and/or Ladurée International's prior written consent.

16.4.1.1 As used in this Agreement, the term "**transfer**" is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: **(a)** this Agreement; **(b)** you; **(c)** any or all of your rights and/or obligations under this Agreement; and/or **(d)** all or substantially all of the assets of the Licensed Business.

16.4.1.2 Any purported assignment or transfer that does not have our prior written consent, or, where applicable, PEL and/or Ladurée International's prior written consent, as required by this Section 16 will be null and void and will also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

16.4.2 You agree (unless you are a partnership) that: **(a)** without our prior written approval, or, where applicable, PEL and/or Ladurée International's prior written consent, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(b)** the recipient of any such security or other interest will become a Principal under this Agreement if we designate them as such. If you are a general partnership, limited partnership, or limited liability partnership, then the partners of that partnership will not, without our prior written consent, or, where applicable, PEL and/or Ladurée International's prior written consent, admit additional limited or general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.

16.4.3 Principals must not, without our prior written consent, or, where applicable, PEL and/or Ladurée International's prior written consent, transfer, pledge, and/or otherwise encumber their interest in you. Any such transaction shall also be deemed a "transfer" under this Agreement.

16.4.4 If the Licensed Business was developed by you (or your predecessor) pursuant to a Development Agreement with us, you may transfer the Licensed Business only if you simultaneously transfer to the same transferee all Ladurée Stores that were developed pursuant to the same Development Agreement as well as the Development Agreement itself if there remain any obligations under the Development Agreement to develop additional Ladurée Stores.

16.4.5 You also agree that in the case of any proposed transfer, you authorize us to truthfully answer questions posed to us by the proposed transferee, including providing that party with information relating to your Ladurée Store (such as sales reports) (although we will have the right not to provide any or all such information).

16.5 *Transfer Conditions*. We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, claims arising under this Agreement, any other agreement between you and us, and/or your affiliates, our affiliates, and applicable laws and rules.

16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.

16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Licensed Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Licensed Business.

16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of Sublicense Agreement that we are then offering to new System sublicensees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, higher Royalties and marketing fees.

16.5.5 If we request, then you must conduct Major Remodeling and purchase new equipment to conform to the then-current standards and specifications of new Ladurée Stores then-being established in the System, and you agree to complete the upgrading and other requirements specified above in Section 8.8.2 within the time period that we specify.

16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).

16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Licensed Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.

16.5.8 A Principal of the transferee whom we designate to be a new Designated Principal, and those of the transferee's Designated Principal, General Manager, and Key Personnel as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).

16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. The transfer fee will be 50% of our then-current initial franchise fee plus reimbursement of our actual costs.

16.5.10 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3, 19.4, and 19.5 below.

16.6 *Right of First Refusal*. If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:

16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.

16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination (or, if unable to reach a single determination, a valuation determined by a majority vote of those appraisers), which determination will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.

16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.

16.6.5 For the avoidance of doubt, this Section 16.6 will not apply in case of offer from PEL and/or Ladurée International and/or their affiliates, notably in the event of the execution of their call option rights stipulated under the Development Agreement and/or the Master Agreements.

16.7 *Death or Incapacity*. If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within six (6) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting your proposed transaction, including our attorneys' fees.

16.7.1 In addition, if the deceased or incapacitated person is the Designated Principal, we will have the right (but not the obligation) to take over operation of the Licensed Business until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(a)** for a period of thirty (30) or more consecutive days; or **(b)** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.

16.8 *Consent to Transfer*. our consent to a transfer that is the subject of this Section 16 will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 *No Transfers to a Non-Sublicensee Party to Operate a Similar Ladurée Store*. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Licensed Business to a third party who will operate a similar business at the Accepted Location but not under the System and the Proprietary Marks, and not under a Sublicense Agreement with us.

16.10 *Bankruptcy Issues*. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including the terms of Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers*. All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by applicable law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: **(a)** no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; **(b)** our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and **(c)** we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Sublicensor Parties (as defined in Section 21.5.2 below) in connection with the offering.

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of $10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing, documenting, and discussing the proposed offering with you and your representatives.

16.11.4 You agree to give us written notice at least thirty (30) days before starting any offering or other transaction described in this Section 16.11. Any such offering will be subject to all of the other provisions of this Section 16, including the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

16.11.5 You agree to deliver to us (at your expense) an opinion of your legal counsel (addressed to us and in a form acceptable to us) that the offering documents properly use the Proprietary Marks and accurately describe your relationship with us and/or our affiliates.

16.11.6 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

16.12 *Call Option*. You acknowledge and agree that the assets of the Licensed Business and this Agreement is subject to purchase by Sublicensor pursuant to the “Call Option” under the terms set out in the Development Agreement.

17 DEFAULT AND TERMINATION

17.1 *Automatic with no notice and no opportunity to cure*. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: **(a)** if you become insolvent or make a general assignment for the benefit of creditors; **(b)** if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; **(c)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(d)** if proceedings for a composition with creditors under any applicable law is instituted by or against you; **(e)** if a material final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); **(f)** if you are dissolved; or if execution is levied against your business or property; **(g)** if suit to foreclose any lien or mortgage against the Licensed Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or **(h)** if the real or personal property of your Licensed Business will be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 *With Notice and no opportunity to cure.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):

17.2.1 If you do not obtain an Accepted Location for the Licensed Business within the time limits specified under the Site Selection Addendum, or if you do not construct and open the Licensed Business within the time limits specified in Sections 5.1 and 8.2 above (and within the requirements specified in Sections 5 and 8.2 above);

17.2.2 If at any time: **(a)** you cease to operate or otherwise abandon the Licensed Business for two (2) or more consecutive days and/or two (2) or more days within any week (during which you are otherwise required to be open, and without our prior written consent otherwise, unless necessary due to an event of force majeure as defined in Section 22 below); **(b)** you lose the right to possession of the premises; **(c)** forfeit the right to do or transact business in the jurisdiction where the Licensed Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our consent to relocate and/or reconstruct the premises, which we will not unreasonably withhold, subject to Section 1.2.3 above);

17.2.3 if you or any of your Principals or the General Manager violates the confidentiality obligations in Section 11 or the exclusivity and similar covenants in Section 19.3;

17.2.4 If you or any of your Principals are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interests in them;

17.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Licensed Business and/or if you fail to comply with the requirements of Section 8.15 above;

17.2.6 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;

17.2.7 If you fail to comply with the requirements of Section 19 below;

17.2.8 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Guidelines or other confidential information that we provide to you;

17.2.9 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Section 16.7 above;

17.2.10 If you maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;

17.2.11 If you commit three (3) or more material defaults under this Agreement in any one (1) year period, whether or not each such default has been cured after notice;

17.2.12 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any Input Items from an unapproved supplier, or if you sell anything from the Ladurée Store that is not a Retail Product or a Service;

17.2.13 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; and/or

17.2.14 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure*.

17.3.1 If **(a)** you are late in making any required payment under this Agreement and fail to cure that default within 5 days after written notice from us; **(b)** you fail to achieve at least 75% of the Net Sales called for by your Annual Business Plan, and do not, within 30 days after notice from us, propose a plan satisfactory to us that details the steps you will take to assure that you will achieve the Net Sales called for by your Annual Business Plan for the following calendar year; or **(c)** you fail during any calendar year to spend at least 1% of your Net Sales on marketing and do not, within 30 days after notice from us, propose a revision to your Annual Marketing Plan for the current year, satisfactory to us, that details how you will make "make-up" expenditures at least equal to the shortfall from the prior year. If you fail to complete the required "cure" steps outlined in this Section, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below).

17.3.2 Except as otherwise provided above in Sections 17.1, 17.2, and 17.3.1 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by: **(a)** immediately initiating a remedy to cure such default; **(b)** curing the default to our satisfaction; and **(c)** promptly providing proof of the cure to us, all within the thirty (30) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require).

17.3.3 If you are in default under the terms of any other Sublicense Agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.

17.4 *Bankruptcy*. If, for any reason, this Agreement is not terminated pursuant to this Section 17, and this Agreement is assumed, or assignment of same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: **(a)** the name and address of the proposed assignee; and **(b)** all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment or assumption of the Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment or assumption of this Agreement.

17.5 *Our Rights Instead of Termination*. If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement.

17.6 *Reservation of Rights under Section 17.5*. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.7 *Damages*. You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

17.8 *Cross-Default*. We have the right to consider any default by you under this Agreement as a default under any other agreement between us (including our affiliates) and you (including your affiliates). We also have the right to consider any default by you under any other agreement between you (including your affiliates) and us (including our affiliates) as a default under this Agreement.

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect (except to the extent otherwise permitted under a separate valid Sublicense Agreement between you and/or one of your affiliates and us):

18.1 *Cease Operation*. You agree to: **(a)** immediately and permanently stop operating the Licensed Business; and **(b)** never directly or indirectly represent to the public that you are a present or former Sublicensee of ours.

18.2 *Stop Using Marks and Intellectual Property*. You must immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including any confidential methods, procedures and techniques associated with the System, the marks "Ladurée" as well as any other current and former Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the above, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks. Without limiting our ability to seek injunctive relief, you must pay us $1,000 per day (adjusted for inflation) for each day that you are in violation of this Section 18.2.

18.3 *Cancel Assumed Names*. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the marks "Ladurée" as well as any other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 *Premises*. We will have the right (but not the obligation) to require you to assign to us, or, where applicable, PEL and/or Ladurée International, any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Ladurée Store is operated and/or for the building in which the Ladurée Store is operated.

18.4.1 If we, or, where applicable, PEL and/or Ladurée International, do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Licensed Business, or otherwise acquire the right to occupy the premises, you must make such modifications or alterations to the premises operated under this Agreement (including, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Ladurée Stores, and must make such specific additional changes to the premises that we may reasonably request for that purpose. In addition, you must destroy all Ladurée Manufactured Food products and other Ladurée-branded items, must cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Licensed Business, and must promptly execute such documents or take such steps necessary to remove reference to the Licensed Business from all trade or business directories, including online directories, or at our request transfer same to us.

18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) will have the right to enter upon the premises of the Licensed Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

18.5 *Our Option to Buy Your Assets*. We or, where applicable, PEL and/or Ladurée International and/or their affiliates, will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Licensed Business, at the lesser of your cost or fair market value. The parties agree that "fair market value" will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value is deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we will have the right to set off all amounts due from you.

18.6 *No Use of the Marks in Other Businesses*. You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.

18.7 *Pay All Sums Due*. You agree to promptly pay all sums owing to us and our affiliates (regardless of whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums will include all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

18.8 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.

18.9 *Return Confidential Information*. You agree to immediately return to us the Guidelines and all other materials, records, and instructions containing confidential information (including, any copies of some or all of those items, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.

18.10 *Right to Enter and Continue Operations*. In order to preserve the goodwill of the System following termination, we (or our designee) will have the right to enter the Licensed Business (without liability to you, your Principals, or otherwise) for the purpose of continuing the Licensed Business's operation and maintaining the goodwill of the business.

18.11 Our *Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.

18.12 *Lost Future Royalties*. If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Licensed Business, then, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: **(a)** the average of your monthly Royalty Fees that are due under this Agreement for the twenty-four (24) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than twenty-four (24) months, the average of your monthly Royalty Fees for the number of months you have operated the Shop); **(b)** multiplied by the lesser of twenty-four (24) or the number of months remaining in the then-current term of this Agreement under Section 2 above.

18.13 *Offsets*. We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

19 COVENANTS

19.1 *Full Time Efforts*. You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Designated Principal and/or General Manager) will devote full time, energy, and best efforts to the management and operation of the Licensed Business.

19.2 *Understandings*.

19.2.1 You agree that: **(a)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Sublicensees in the system if Sublicensees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term "**Competitive Business**" is agreed to mean a business that offers and sells macarons or "up-market" French style pastries.

19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.1 Divert or attempt to divert any actual or potential business or customer of any Ladurée Store to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.3.2 Own, maintain, develop, operate, engage in, assist, franchise, or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.3.3 Solicit customers of the Licensed Business for any commercial purpose other than the operation of the Licensed Business under this Agreement.

19.4 *Where Restrictions Apply*. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only (**a**) at the Accepted Location; (**b**) within 10 miles of the Accepted Location; and (**c**) within 10 miles of any other Ladurée Store business that is then-currently operated, was operated (within the past year), and/or is then under active development elsewhere in the United States. These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you (or your affiliates) pursuant to a Sublicense Agreement in good standing with us or one of our affiliates.

19.5 *Post-Term*. You further covenant and agree that, for a continuous period of two years after **(a)** the expiration of this Agreement, **(b)** the termination of this Agreement, and/or **(c)** a transfer as contemplated in Section 16 above:

19.5.1 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer the Accepted Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Accepted Location; and

19.5.2 You also agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Accepted Location, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at the Accepted Location for this two-year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.6 *Non-Compliance*. Any time during which you do not comply with the requirements of this Section 19, whether that non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.

19.7 *Publicly-Held Entities*. Section 19.3.3 above will not apply to your ownership of less than 5% beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "**publicly-held corporation**" will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

19.8 *Personal Covenants*. You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Designated Principal, General Manager, and Key Personnel and other managerial and/or executive staff, as well as your Principals. The covenants required by this section must be in the form provided in Exhibit F to this Agreement. If you do not obtain execution of the covenants required by this section and deliver to us those signed covenants, that failure will constitute a default under Section 17.2.6 above.

19.9 *Construction*. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

19.10 *Claims Not a Defense*. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

19.11 *Covenant as to Anti-Terrorism Laws*. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or relating to terrorist acts and/or acts of war.

19.12 *Defaults*. You agree that if you violate this Section 19, that would result in irreparable injury to us for which no adequate remedy at law may be available, and accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 *Payment of Taxes*. You agree to promptly pay when due all taxes levied or assessed, including, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a taxing authority.

20.2 *Payment of Trade Creditors*. You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Licensed Business (including for example the landlord for the premises of your Ladurée Store).

20.3 *Your Right to Contest Liabilities*. If there is a 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 procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Licensed Business, or any improvements thereon.

20.4 *Compliance with Law*. You agree to comply with all Operating Codes and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Licensed Business, including, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any Operating Codes are in conflict with the terms of this Agreement, the Guidelines, or our other instructions, you agree to: **(a)** comply with said laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

20.5 *Notice of Violations and Actions*. You agree to notify us in writing within two (2) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within two (2) days after occurrence of any accident or injury which may adversely affect the operation of the Licensed Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* The parties agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you are the only party that will be in day-to-day control of your Licensed Business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;

21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

21.2 *Notice of Status*. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out as an independent contractor operating the business pursuant to a franchise from us both to the public and also to your staff. You agree to take such action as may be necessary to do so, including exhibiting a notice of that fact in conspicuous places at the Accepted Location, the content and placement of which we reserve the right to specify in the Guidelines or otherwise.

21.3 *No Contracts in* our *Name*. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Licensed Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification*.

21.4.1 You agree to indemnify, defend, and hold harmless each of the Sublicensor Parties and the Ladurée Parties harmless against any and all Expenses arising directly or indirectly from any Claim, as well as from any claimed breach by you of this Agreement. Your indemnity obligations shall: **(a)** survive the expiration or termination of this Agreement, and shall not be affected by any insurance coverage that you and/or any Sublicensor Party may maintain; and **(b)** exclude any Claim and/or Expense that a court with competent jurisdiction determines was caused solely by a Sublicensor Party's gross negligence and/or willful misconduct.

21.4.2 *Procedure*. We will give you notice of any Claim and/or Expense for which the Sublicensor Parties and/or Laduree Parties intend to seek indemnification; however, if we do not give that notice, it will not relieve you of any obligation (except to the extent of any actual prejudice to you). You will have the opportunity to assume the defense of the Claim, at your expense and through legal counsel reasonably acceptable to us, provided that in our judgment, you proceed in good faith, expeditiously, and diligently, and that the defense you undertake does not jeopardize any defenses of the Sublicensor Parties. We shall have the right: **(a)** to participate in any defense that you undertake with counsel of our own choosing, at our expense; and **(b)** to undertake, direct, and control the defense and settlement of the Claim (at your expense) if in our sole judgment you fail to properly and competently assume defense of the Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between your interest and that of any Sublicensor Party.

21.4.3 *Definitions*. As used in this Section 21.4, the parties agree that the following terms will have the following meanings:

21.4.3.1 "**Claim**" means any allegation, cause of action, and or complaint asserted by a third party that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Ladurée Store, sale of Products, events occurring at the Ladurée Store, data theft or other data-related event, or otherwise, whether asserted by a customer, vendor, employee, or otherwise), a violation of any Operating Code, and/or any default by you under this Agreement (including all claims, demands, causes of action, suits, damages, settlement costs, liabilities, fines, penalties, assessments, judgments, losses, and Expenses). For the sake of clarify, the parties confirm that the indemnification obligations under Sections 9.2.9.2(b) and 16.11.2 are included within this definition of a Claim.

21.4.3.2 "**Expenses**" includes interest charges; fees for accountants, attorneys and their staff, arbitrators, and expert witnesses; costs of investigation and proof of facts; court costs; travel and living expenses; and other costs and expenses associated with litigation, investigative hearings, or alternative dispute resolution, whether or not a proceeding is formally commenced.

21.4.3.3 "**Sublicensor Parties**" means us and our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, managers, agents, and employees.

21.4.3.4 "**Ladurée Parties**" means Ladurée International, PEL, and each of their shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, managers, agents, and employees.

21.4.4 We agree to indemnify you with respect to your use of the Proprietary Marks as provided in Section 9.2.9.2(a) above.

22 FORCE MAJEURE

22.1 *Impact*. Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes reasonably beyond its control (except as otherwise provided in Section 22.1), including: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** public health emergencies, epidemics, pandemics, hurricanes, tornadoes, environmental emergencies, strikes, lockouts, labor actions, boycotts, floods, fires, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Licensed Business. You agree to abide by any brand standards that we may establish in connection with continuing to operate, reopening, and other matters relating to operations that are impacted by a Force Majeure event.

22.2 *Transmittal of Funds*. The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

23.1 *Request for Approval*. Whenever this Agreement requires our prior approval, acceptance, and/or consent, you agree to make a timely written request to us therefor, and in each instance, our approval, acceptance, or consent will be valid only if it is provided in writing.

23.2 *No Warranties or Guarantees*. You agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers*. The parties agree that: (a) no delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other Sublicensee under any of the terms, provisions, covenants, or conditions of this Agreement; (b) no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you; (c) if we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement; and (d) no course of dealings or course of conduct will be effective to amend the terms of this Agreement.

24 NOTICES

24.1 Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified U.S. mail, or by other means that provides the sender with evidence of delivery, rejected delivery, and/or attempted delivery. Any notice by a means that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

24.2 Notices shall be sent to the address designated on the signature page of this Agreement (unless a party changes its address for those notices by giving prior written notice to the other party in the manner specified above). If the parties have designated a specific e-mail address, then notices sent to that e-mail address (which may be changed as noted above) will be considered as having been sent at the time they are delivered into that e-mail address.

24.3 The Guidelines, any changes that we or Ladurée International or PEL make to the Guidelines, and/or any other written instructions that we or Ladurée International or PEL provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 24.

25 ENTIRE AGREEMENT AND AMENDMENT

25.1 *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements, communications, statements, and representations (however, if this Agreement is to renew a previous sublicense agreement, then the parties' original agreement on the number of renewal terms shall apply during the term of this Agreement notwithstanding Section 2.2 above). The parties confirm that: **(a)** they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and **(b)** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement.

25.2 *Amendment*. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

26.1 *Introductory Paragraphs*. The parties agree that the introductory paragraphs of this Agreement, under the heading "Introduction," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here in full.

26.2 *Severability*. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any portion, section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

26.3 *No Third Party Rights*. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.

26.4 *Captions Don't Amend Terms*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.

26.5 *Including*. The parties agree that when the terms "include", "includes", and "including" are used in this Agreement, those terms shall be understood to mean "*including but not limited to*".

26.6 *Survival*. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.

26.7 *Expenses*. Each party agrees to bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

26.8 *Counterparts*. This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic means, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

27 APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 *Choice of Law*.

27.1.1 This Agreement will be interpreted and construed exclusively under the laws of the State of New York, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, the choice-of-law rules of New York or any other jurisdiction); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under New York law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Licensed Business is located.

27.1.2 Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of New York (or any other state) that would not otherwise apply if the words in this Section 27.1 were not included in this Agreement.

27.1.3 The parties agree that the UN Convention on Contracts for the International Sale of Goods is disclaimed, and shall not apply, to the parties' relationship.

27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us and/or Ladurée International or PEL, in any court, must be brought only within the courts that have jurisdiction over where we then currently have our principal place of business (currently, in New York, New York). Any action that we and/or Ladurée International or PEL bring against you in any court may be brought within the judicial district in which we maintain our principal place of business. In addition, the parties agree that:

27.2.1 This Section 27.2 will not be construed as preventing either party from removing an action to a federal court; provided, however, that venue will be as set forth above;

27.2.2 They hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision; and

27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

27.3 *Mediation*. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to New York, NY.

27.4 *Parties Rights Are Cumulative*. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy under this Agreement, by law, and/or equity provided or permitted, but each will be cumulative of every other right or remedy.

27.5 *Injunctions*. Nothing contained in this Agreement will bar our right (or that of Ladurée International and PEL) to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. If we seek such an injunction, you agree that we will not be required to post a bond.

27.6 ***Waiver of Jury Trials*. Each party to this Agreement irrevocably waives trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.**

27.7 ***Must Bring Claims Within One Year.* Each party to this Agreement agrees that any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, and/or your operation of the Licensed Business, brought by any party to this Agreement against the other (excluding claims seeking indemnification), shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or, it is expressly acknowledged and agreed by all parties, such claim or action shall be irrevocably barred.**

27.8 ***Waiver of Punitive Damages*. Each party to this Agreement hereby waives to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages it has sustained (including lost future royalties).**

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: **(a)** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including Sections 9 and 17 above); and/or **(b)** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

28 LADURÉE INTERNATIONAL AND PEL AS THIRD PARTY BENEFICIARIES

28.1 Sublicensee and Sublicensor agree, and Ladurée International and PEL accept, that Ladurée International and PEL shall be third-party beneficiaries with the independent right to exercise each right of Sublicensor and to enforce each obligation of Sublicensee under this Agreement. If Sublicensor fails to take action within a reasonable time to exercise any right of Sublicensor or to enforce any obligation of Sublicensee, Ladurée International or PEL may take action to exercise such right or to enforce such obligation.

28.2 If Sublicensor's rights under the Master Agreements expire or are terminated, then Ladurée International and PEL shall have the unilateral right (but not the obligation) to assume Sublicensor's rights and obligations under this Agreement. If Ladurée International or PEL elects to assume Sublicensor's rights and obligations under this Agreement in such circumstances, then any such assumption shall be effective upon written notice thereof from Ladurée International or PEL:

28.3 Sublicensee shall thereafter make each payment required under this Agreement directly to Ladurée International or PEL, as applicable, and shall otherwise treat such party as Sublicensor in all respects, until such time as Sublicensee receives notice from Ladurée International or PEL that Sublicensor has been replaced by a third party.

28.4 Sublicensee hereby consents to the assignment by Sublicensor to Ladurée International or PEL, and to the assumption by Ladurée International or PEL, pursuant to Section 28.2, of all rights and obligations of Sublicensor hereunder, and to the subsequent assignment and assumption of such rights and obligations to the new sublicensor appointed by Ladurée

International or PEL for the Territory. Sublicensee agrees to sign such additional documents that Ladurée International or PEL may reasonably require in order to implement this Section 28.

29 ACKNOWLEDGMENTS

29.1 *Your Investigation of the Ladurée Store Possibilities.* You acknowledge, recognize, and agree that: **(a)** you conducted an independent investigation of the business franchised under this Agreement; **(b)** this business venture involves business and financial risks; and **(c)** your success will be largely dependent upon your personal ability (and that of your owners as independent businesspersons).

29.2 *No Warranties or Guarantees.* We expressly disclaim the making of (and you agree that you did not receive) any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.

29.3 *Receipt of FDD and Complete Agreement.* You acknowledge that you received a copy of this Agreement, the exhibit(s), and agreements relating to this Agreement (if any), with all of the blank lines filled in, with sufficient time to review it with your advisors. You also acknowledge that you received our FDD at least fourteen (14) days before you signed this Agreement and made any payment to us.

29.4 *You Have Read the Agreement.* You agree that you have read and understood the FDD, this Agreement, and all of the exhibits to this Agreement.

29.5 *Your Advisors.* You acknowledge that we recommend that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that you had sufficient time and opportunity to consult with those advisors (even if you have chosen not to do so).

29.6 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.

29.7 *Your Responsibility for the Choice of the Accepted Location.* You agree that you have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you will be solely responsible for your own success at the Accepted Location.

29.8 *Your Responsibility for Operation of the Licensed Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Ladurée Store, you retain the right and sole responsibility for the day-to-day management and operation of the Licensed Business and the implementation and maintenance of system standards at the Licensed Business.

29.9 *Different Franchise Offerings to Others.* You agree that we may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

29.10 *Advice*. You agree that any advice that we and/or Ladurée International or PEL provide is only that; that such advice is not a guarantee of success; and that you must reach and implement your own decisions about how to operate your Licensed Business on a day-to-day basis under the System.

29.11 *Your Designated Principal and General Manager*. You agree that we have the right to rely upon either one or both of the Designated Principal or General Manager as having responsibility and decision-making authority regarding the Licensed Business's operation and your business.

29.12 *Your Independence*. You agree that:

29.12.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

29.12.2 neither we nor Ladurée International or PEL are your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

29.12.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

29.12.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement the System and standards for your business (including the system and the requirements under this Agreement); and

29.12.5 you have made (and will remain always responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting the standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

29.13 *Success Depends on You.* You agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided by you and your staff, as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

29.14 *General Release*. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

You (on behalf of yourself and your parent, subsidiaries and affiliate*s and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, Ladurée International, our respective parents, subsidiaries, and* affiliate*s, and their respective past and present officers, directors,* *shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, claims arising under applicable laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Ladurée Stores and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above.*

*****

IN WITNESS WHEREOF, intending to be legally bound by this Agreement, the parties have duly signed and delivered this Agreement as of the Effective Date (as written below).

AmMac Franchising, LLC	______________________ Sublicensee Entity
By:______________________	By:______________________
Name:______________________	Name:______________________
Title:______________________	Title:______________________
Effective Date:______________________	
	By:______________________
	Name:______________________
	Title:______________________
Address for Notices:	Address for Notices:
	______________________
129 W. 20th Street, PHAB	______________________
New York, NY 10011	Telephone:______________________
Telephone: 646-392-7868	Fax:______________________
Attn: Katina Dermatas	Attn:______________________
E-mail: katina@americanmacaroons.com	E-mail:______________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT A
DATA SHEET

¶	Section Cross-Reference	Item
1	1.2	The Accepted Location under this Agreement will be: ____ ____ .
2	1.3	The Protected Area under this Agreement (Subject to Section 1.3 of this Agreement) is: □ A circle with a radius of ______________________________ (________) miles and its center at the front door of the Store (subject to 1.3 of this Agreement) (but not including areas that are on the other side of a natural boundary and away from the Store, such as a river). *or* □ The area within the following boundaries: To the east:______________________________ To the south:_____________________________ To the west:______________________________ To the north:_____________________________

Initials

_______________________ _______________________
Sublicensee Sublicensor

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce AmMac Franchising, LLC ("**Sublicensor**") to sign the Ladurée Sublicense Agreement between Sublicensor and ____("**Sublicensee**"), dated ______________________ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Sublicensor and its successors and assigns that all of Sublicensee's obligations (monetary and otherwise) under the Agreement as well as any other contract between Sublicensee and Sublicensor (and/or Sublicensor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon demand from Sublicensor, Patisserie E. Ladurée and/or Ladurée International, s/he will immediately make each payment required of Sublicensee under the Agreement and/or any other contract (including another Sublicense Agreement) with Sublicensor and/or its affiliates.

- S/he waives any right to require Sublicensor, Patisserie E. Ladurée and/or Ladurée International to: **(a)** proceed against Sublicensee for any payment required under the Agreement (and/or any other contract with Sublicensor and/or its affiliates); **(b)** proceed against or exhaust any security from Sublicensee; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Sublicensee; and/or **(d)** give notice of demand for payment by Sublicensee.

- Without affecting the obligations of the undersigned persons under this Guarantee, Sublicensor, Patisserie E. Ladurée and/or Ladurée International may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Sublicensee, or settle, adjust, or compromise any claims against Sublicensee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Sublicensor, Patisserie E. Ladurée, Ladurée International, and/or their respective affiliates) and notice of demand for payment by Sublicensee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Sublicensor, Patisserie E. Ladurée, Ladurée International, and their respective affiliates).

- S/he will defend, indemnify and hold Sublicensor, Patisserie E. Ladurée and Ladurée International harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Sublicensee to perform any obligation of Sublicensee under the Agreement (and any other contract with Sublicensor and Sublicensor's affiliates) and/or any amendment to the Agreement.

- S/he will be personally bound by all of Sublicensee's covenants, obligations, and promises in the Agreement.

- S/he agrees to be personally bound by all of Sublicensee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers),

Section 18 (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Sublicensor's marks such as the "Ladurée" marks) or the system licensed to Sublicensee under the Agreement; **(b)** s/he have read, in full, and understands, all of the provisions of the Agreement that are referred to above in this paragraph, and that s/he intends to fully comply with those provisions of the Agreement as if they were printed here in full; and **(c)** s/he have had the opportunity to consult with a lawyer of her/his own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of New York, and that in the event of any conflict of law, New York law will prevail (without applying the conflict of law rules of New York or any other jurisdiction).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

______________________	______________________	______________________
(signed in his/her personal capacity)	(signed in his/her personal capacity)	(signed in his/her personal capacity)
Printed Name:__________________	Printed Name:__________________	Printed Name:__________________
Date:__________________	Date:__________________	Date:__________________
Home Address:	Home Address:	Home Address:
______________________	______________________	______________________
______________________	______________________	______________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	**Home Address**	**Percentage Interest Held in Sublicensee**

Initials

______________________________ ______________________________
Sublicensee Sublicensor

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT D

AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEBITS FOR ROYALTY AND OTHER FEES)

____ (Name of Person or Legal Entity)

____ (Tax ID Number (FEIN))

The undersigned depositor ("**Depositor**" or "**Sublicensee**") hereby authorizes AmMac Franchisng, LLC ("**Sublicensor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

Depository/Bank Name	Branch Name	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty (60) days after we have received written notification from Sublicensee of its termination.

Printed Name of Depositor: ______________________________

Signed By: ______________________________

Printed Name: ______________________________

Title: ______________________________

Date: ______________________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT E
ADA CERTIFICATION

AmMac Franchisng, LLC ("**Sublicensor**" or "**us**") and ______________ ("**Sublicensee**" or "**you**") are parties to a Sublicense Agreement dated _________, 202___ (the "**Sublicense Agreement**") for the operation of a Licensed Business at (the "**Licensed Business**").

- In accordance with Section 5.6.2 of the Sublicense Agreement, you certify to us that, to the best of your knowledge, the Licensed Business and its adjacent areas comply with all applicable accessibility laws, statutes, codes, rules, regulations, and standards (including but not limited to the Americans with Disabilities Act).

- You acknowledge that you are an independent contractor and the requirement of this certification by Sublicensor, Patisserie E. Ladurée and/or Ladurée International does not constitute ownership, control, leasing, or operation of the Licensed Business.

- You acknowledge that we have relied on the information contained in this certification.

- You agree to indemnify us, Patisserie E. Ladurée and Ladurée International, and our and their respective affiliates, and their respective officers, directors, members, managers, shareholders, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed:

____
Sublicensee:

By:___________________________________

Printed Name:__________________________

Title:_________________________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT F-1

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by Sublicensee with its executive/management staff)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("**Agreement**") is made on _________, 202___, by and between ___________________________ (the "**Sublicensee**"), and ___________________________, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, Sublicensee (the "**Member**").

Background:

A. AmMac Francisng, LLC ("**Sublicensor**") has been licensed a format and system (the "**System**") relating to the establishment and operation of "Ladurée" businesses in structures that bear the distinct Ladurée interior and exterior trade dress, and under the Ladurée Proprietary Marks, as defined below (each, a "**Ladurée Store**").

B. Ladurée Stores are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "Ladurée") and certain other trade names, service marks, and trademarks that Sublicensor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Sublicensor and Sublicensee have executed a Sublicense Agreement ("**Sublicense Agreement**") granting Sublicensee the right to operate a "Ladurée" Ladurée Store (the "**Licensed Business**") and to offer and sell products, services, and other ancillary products approved by Sublicensor and use the Proprietary Marks in connection therewith under the terms and conditions of the Sublicense Agreement.

D. The Member, by virtue of his or her position with Sublicensee, will gain access to certain Confidential Information, as defined below, and must therefore be bound by the same confidentiality and non-competition agreement that Sublicensee is bound by.

IN CONSIDERATION of these premises, the conditions stated in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. <u>Confidential Information</u>. During the time that Member is engaged by Sublicensee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Licensed Business that the Member learns about during the Member's engagement by Sublicensee. Any and all information, knowledge, know-how, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. <u>Covenants Not to Compete</u>.

(a) Member specifically acknowledges that, pursuant to the Sublicense Agreement, and by virtue of his/her position with Sublicensee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, recipes, sales, promotional, and marketing methods and techniques of Sublicensor and the System.

(b) Member covenants and agrees that during the term of the Sublicense Agreement, except as otherwise approved in writing by Sublicensor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Licensed Business or of any business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Sublicensor's Proprietary Marks and the System; or

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Licensed Business.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Sublicensor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Licensed Business and which business is, or is intended to be, located within a 25-mile radius of the Licensed Business.

(d) As used in this Agreement, the term "same as or similar to the Licensed Business" means a business that offers and sells macarons or "up-market" French style pastries.

(e) As used in this Agreement, the term "<u>Post-Term Period</u>" means two (2) years from the date of termination of Member's employment with Sublicensee (except as may otherwise be required under applicable law). Any period of non-compliance with this requirement shall not count toward satisfying this requirement.

3. <u>Injunctive Relief</u>. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Sublicensor irreparable injury, and Member agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Sublicensor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. <u>Severability</u>. All agreements and covenants contained in this Agreement are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Sublicensor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. <u>Delay</u>. No delay or failure by the Sublicensor or Sublicensee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided in this Agreement, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. <u>Third-Party Beneficiary</u>. Member hereby acknowledges and agrees that Sublicensor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Sublicensee.

7. Employer. Member hereby acknowledges and agrees that Sublicensee is its employer, and that Sublicensor does not employ Member, is not a "joint employer" with Sublicensee, nor does Sublicensor have anything to say about Member's employment relationship to Sublicensee.

IN WITNESS WHEREOF, the Sublicensee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

SUBLICENSEE	MEMBER
______________________________	______________________________
By:___________________________	By:___________________________
Name:_________________________	Name:_________________________
Title:__________________________	Title:__________________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT F-2

SAMPLE FORM OF
NON-DISCLOSURE AGREEMENT
(to be signed by Sublicensee with its non-management staff)

THIS NON-DISCLOSURE AGREEMENT ("**Agreement**") is made on _________, 202___, by and between ____________________________ (the "**Sublicensee**") and ____________________________, who is an employee of Sublicensee (the "**Employee**").

Background:

A. AmMac Franchisng, LLC ("**Sublicensor**") has been licensed a format and system (the "**System**") relating to the establishment and operation of "Ladurée" businesses in structures that bear the distinct Ladurée interior and exterior trade dress, and under the Ladurée Proprietary Marks, as defined below (each, a "**Ladurée Store**").

B. Ladurée Stores are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "Ladurée") and certain other trade names, service marks, and trademarks that Sublicensor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Sublicensor and Sublicensee have executed a Sublicense Agreement ("**Sublicense Agreement**") granting Sublicensee the right to operate a "Ladurée" Ladurée Store (the "**Licensed Business**") and to offer and sell products, services, and other ancillary products approved by Sublicensor and use the Proprietary Marks in connection therewith under the terms and conditions of the Sublicense Agreement.

D. The Employee, by virtue of his or her position with Sublicensee, will gain access to certain Confidential Information, as defined below, and must therefore be bound by the same confidentiality and non-competition agreement that Sublicensee is bound by.

IN CONSIDERATION of these premises, the conditions stated in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. <u>Confidential Information</u>. During the time that Member is engaged by Sublicensee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Licensed Business that the Member learns about during the Member's engagement by Sublicensee. Any and all information, knowledge, know-how, recipes, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. <u>Injunctive Relief</u>. Employee acknowledges that any failure to comply with the requirements of this Agreement will cause Sublicensor irreparable injury, and Employee agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Sublicensor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

3. Severability. All agreements and covenants contained in this Agreement are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Employee agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Sublicensor's and/or Employee's legitimate business needs as permitted by applicable law and public policy. In so doing, the Employee agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

4. Delay. No delay or failure by the Sublicensor or Sublicensee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided under this Agreement, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

5. Third-Party Beneficiary. Employee hereby acknowledges and agrees that Sublicensor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Sublicensee.

6. Employer. Employee hereby acknowledges and agrees that Sublicensee is its employer, and that Sublicensor does not employ Employee, is not a "joint employer" with Sublicensee, nor does Sublicensor have anything to say about Employee's employment relationship to Sublicensee.

IN WITNESS WHEREOF, the Sublicensee and the Employee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

SUBLICENSEE	EMPLOYEE
______________________________	______________________________
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:_________________________	Title:_________________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT G

SITE SELECTION ADDENDUM

AmMac Franchising, LLC ("**Sublicensor**" or "**us**" or "**we**") and _________________ ("**Sublicensee**" or "**you**") have on __________________, 202____ entered into a Ladurée Sublicense Agreement ("**Sublicense Agreement**") and wish to supplement its terms as set out below in this Site Selection Addendum (the "**Addendum**"). The parties agree as follows:

AGREEMENT

1. **Time to Locate Site**: Within one hundred and twenty (120) days after the date of this Addendum, you agree to acquire or enter into a binding lease/sublease (collectively, a "**lease**"), at your own expense, commercial real estate that is properly zoned for the use of the business that you will conduct under the Sublicense Agreement (the "**Licensed Business**") at a site that we will have approved in writing as provided below. You must provide us with a copy of the signed purchase agreement or lease/sublease (and you need to close/settle on the property if purchasing).

a. Such location must be within the following area: ______________________________ ____ (the "**Site Selection Area**").

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Licensed Business.

c. We will not establish, nor franchise another party to establish, a "Ladurée" business operating under the System within the Site Selection Area until the end of the Search Period. For purposes of this Addendum, the term "**Search Period**" means ninety (90) days from the date of this Addendum, or the period from the date of this Addendum until we have approved of a location for your Licensed Business, whichever event first occurs. Upon expiration of the Search Period, the protections of this paragraph 1.c will expire and you will have no further rights in and to the Site Selection Area other than as otherwise provided in the Sublicense Agreement.

d. If you do not acquire or lease a site (that we have accepted in writing) for the Licensed Business in accordance with this Addendum by not later than one hundred and eighty (180) days after the date of this Addendum, that will constitute a default under Section 17.2 of the Sublicense Agreement and also under this Addendum, and we will have the right to terminate the Sublicense Agreement and this Addendum pursuant to the terms of Section 17.2 of the Sublicense Agreement.

2. **Site Evaluation Services**: We will provide you with our site selection guidelines, including our minimum standards for a location for the Licensed Business, and such site selection counseling and assistance as we may deem advisable. We will perform one (1) on-site evaluation as we may deem advisable in response to your requests for site approval without a separate charge. If we perform any additional on-site evaluations, you must reimburse, as applicable, us for all reasonable expenses that we incur in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals. We will not provide on site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as set forth in Section 3 below).

3. **Site Selection Package Submission and Approval**: You must submit to us, in the form that we specify: ***(a)*** a completed site approval form (in the form that we require); ***(b)*** such other information or materials that we may reasonably require; and ***(c)*** an option contract, letter of intent, or other

evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have thirty (30) days after receipt of all such information and materials from you to approve or disapprove the proposed site as the location for the Licensed Business. We have the right to approve or disapprove any such site to serve as the Accepted Location for the Licensed Business. If we do not approve a proposed site by giving you written notice within the 30-day period, then we will be deemed to have disapproved the site.

4. **Lease Responsibilities**: After we have approved a site and before the expiration of the Search Period, you must execute a lease, which must be coterminous with the Sublicense Agreement, or a binding agreement to purchase the site. our approval of any lease is conditioned upon inclusion in the lease of the lease rider attached to the Sublicense Agreement as Exhibit H. However, even if we examine the lease, we are not responsible for review of the lease for any terms other than those contained in the lease rider.

5. **Accepted Location**: After we have approved the location for the Licensed Business and you have leased or acquired that location, the location will constitute the **Accepted Location** described in Section 1.2 of the Sublicense Agreement. The Accepted Location will be specified on Exhibit A to the Sublicense Agreement, and will become a part the Sublicense Agreement.

a. You hereby agree that our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Licensed Business or for any other purpose. our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You agree that your acceptance of a franchise for the operation of the Licensed Business at the site is based on its own independent investigation of the suitability of the site.

6. **Construction**: This Addendum will be considered an integral part of the Sublicense Agreement between the parties to this Addendum, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Agreement will have the same meaning as set forth in the Sublicense Agreement. Except as modified or supplemented by this Addendum, the terms of the Sublicense Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party to this Addendum intending to be legally bound has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

AmMac Franchising, LLC	______________________________
Sublicensor	Sublicensee
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT H
LEASE RIDER

THIS ADDENDUM (the "**Addendum**") was executed on ____________, 202___, by and between _________________ ("**Sublicensee**") and _______________________ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated in this Addendum ("**Lease**") dated as of ____, 202___ for the premises located at _______________________________, in ___________ ("**Premises**").

Sublicensee has also entered (or will also enter) into a Sublicense Agreement ("**Sublicense Agreement**") with AmMac Franchising, LLC ("**Sublicensor**") for the development and operation of a "Ladurée" business at the Premises, and as a condition to obtaining Sublicensor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth below, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Sublicensee hereby agree as follows:

1. Landlord agrees to deliver to Sublicensor a copy of any notice of default by Sublicensee or termination of the Lease at the same time such notice is delivered to Sublicensee. Sublicensor agrees to deliver to Landlord a copy of any notice of termination under the Sublicense Agreement. Sublicensee hereby consents to that exchange of information by Landlord and Sublicensor.

2. Sublicensee hereby assigns to Sublicensor, with Landlord's irrevocable and unconditional consent, all of Sublicensee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Sublicense Agreement, but no such assignment will be effective unless and until: **(a)** the Sublicense Agreement is terminated or expires without renewal; and **(b)** Sublicensor has notified the Sublicensee and Landlord in writing that Sublicensor assumes Sublicensee's obligations under the Lease.

3. Sublicensor will have the right, but not the obligation, to cure any breach of the Lease (within fifteen (15) business days after the expiration of the period in which Sublicensee had to cure any such default by Sublicensee, should Sublicensee fail to do so) upon giving written notice of its election to Sublicensee and Landlord, and, if so stated in the notice, to also succeed to Sublicensee's rights, title and interests thereunder. The Lease may not be modified, amended, supplemented, renewed, extended, or assigned by Sublicensee without Sublicensor's prior written consent.

4. Sublicensee and Landlord agree that Sublicensor will have no liability or obligation whatsoever under the Lease unless and until Sublicensor assumes the Lease in writing pursuant to Section 2 or Section 3, above.

5. If Sublicensor assumes the Lease, as provided above, Sublicensor may, without Landlord's prior consent, sublet and/or assign the Lease to another Sublicensee of Sublicensor to operate a "Ladurée" business at the Premises provided that the proposed Sublicensee has met all of Sublicensor's applicable criteria and requirements and has executed a Sublicense Agreement with Sublicensor. Landlord agrees to execute such further documentation to confirm its consent to an assignment permitted under this Addendum as Sublicensor may reasonably

request. Upon such assignment to a Sublicensee of Sublicensor, Sublicensor will be released from any further liability under the terms and conditions of the Lease.

6. Landlord and Sublicensee hereby acknowledge that Sublicensee has agreed under the Sublicense Agreement that Sublicensor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Sublicensor, its employees or agents. Landlord and Sublicensee hereby further acknowledge that if the Sublicense Agreement expires (without renewal) or is terminated, Sublicensee is obligated to take certain steps under the Sublicense Agreement to de-identify the Premises as a "Ladurée" business (unless Sublicensor takes an assignment of the lease, as provided above). Landlord agrees to permit Sublicensor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Sublicensor, provided that Sublicensor will bear the expense of repairing any damage to the Premises as a result thereof.

7. If Landlord is an affiliate or an owner of Sublicensee, Landlord and Sublicensee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Sublicensor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "Ladurée" business is located.

8. Landlord agrees that during and after the term of the Lease, it will not disclose or use Sublicensor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used in this Addendum will mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Sublicensee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan and layout, furnishings, equipment, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, techniques, trade dress, "look and feel," design, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Sublicensee on the Premises. Landlord acknowledges that all such Confidential Information belongs exclusively to Sublicensor.

9. Landlord agrees that: **(a)** Sublicensor has granted to only one party, the Sublicensee, the right to use Sublicensor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs, and indicia of origin (collectively the "**Marks**") at the Premises under the terms of the Sublicense Agreement; and **(b)** Sublicensor has not granted any rights or privileges to use the Marks to Landlord.

10. Landlord and Sublicensee agree that the Premises will be used solely for the operation of a "Ladurée" business.

11. Landlord and Sublicensee agree that any default by Sublicensee under the Lease will also constitute a default under the Sublicense Agreement, and any default by Sublicensee under the Sublicense Agreement will also constitute a default by Sublicensee under the Lease.

12. Landlord and Sublicensee agree that the terms in this Addendum will supersede any contrary terms in the Lease and that they will not later amend the lease in a manner that supersedes the terms in this Addendum.

13. Sublicensor (and Ladurée International) along with their respective successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

14. Landlord and Sublicensee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Sublicensor at 129 W 20th St, PHAB, New York, NY 10011 (attention Katina Dermatas), or to such other address as Sublicensor may specify by giving written notice to Landlord.

WITNESS the execution hereof under seal.

Landlord:	Sublicensor* **AmMac Franchising, LLC**	Sublicensee:
____________________________	____________________________	____________________________
Date:	Date:	Date:
____________________________	____________________________	____________________________
Subscribed and sworn to before me this ___ day of _____________, 202_____.	Subscribed and sworn to before me this ___ day of _____________, 202_____.	Subscribed and sworn to before me this ___ day of _____________, 202_____.
___________________ Notary Public	___________________ Notary Public	___________________ Notary Public
My Commission expires: _________	My Commission expires: _________	My Commission expires: _________
	* The Sublicensor has signed this lease rider only to acknowledge its terms and not to accept any obligations under the lease.	

Ladurée
SUBLICENSE AGREEMENT
EXHIBIT I
INDEX TO DEFINED TERMS

Ladurée
Development Agreement

LADURÉE
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into on this ___ day of _____________, 202__ ("Effective Date") by and between:

• AmMac Franchising, LLC, a limited liability company organized under the laws of the State of Delaware ("**Sublicensor**" or "**us**" or "**we**"); and

• ________________________________ , a [resident of] [corporation organized in] [limited liability company organized in] the State of ________________ and having offices at __________ ____ ("**you**" or "**Developer**").

Introduction

Ladurée International, whose head office is in Switzerland, Route de Rez 2, 1667 Enney ("**Ladurée International**"), and PEL (defined below), whose head office is in Paris, 84 avenue d'Iéna – 75116 PARIS, as the result of the expenditure of time, skill, effort, and money, have developed for years and own a distinctive format and system (as defined below) relating to the creation, manufacture and distribution of French luxury food Products (defined below), including the macaron which is its most famous Product. The Ladurée business is carried out within dedicated restaurants, tea-rooms and retail boutiques and online under the Proprietary Marks (defined below) (each, a "**Ladurée Store**"),

Sublicensor entered into a Master Know-How License Agreement with Ladurée International's parent company, Patisserie E. Ladurée ("**PEL**"), effective May 8, 2024 (the "**Master Know-How Agreement**"). Sublicensor also entered into a Master Trademark License Agreement with Ladurée International effective May 8, 2024 (the "**Master Trademark Agreement**," together with the Master Know-How Agreement are referred to in this Agreement as the "**Master Agreements**"). Under the Master Agreements, Sublicensor is granted, and Sublicensor accepted, the right and obligation to establish and operate Ladurée Stores and to license third parties (such as Sublicensee) to operate Ladurée Stores and to use the Proprietary Marks in connection therewith, all according to the terms of contracts such as this Agreement, and all within the United States and its territories (the "**Territory**");

Among the distinguishing characteristics of a Ladurée Store are that it operates under the System. The term "**System**" as used in this Agreement includes methods implemented by Ladurée International and PEL in connection with the operation of Ladurée Stores, comprising of (among other things) certain operational methods and techniques, food products and non-food products that are authorized for sale from a Ladurée Store ("**Products**"); signage; technical assistance and training in the operation, management and promotion of Ladurée Stores, distinctive interior and exterior design and accessories, and specific reporting, all of which may be changed, improved and further developed by Ladurée International and/or PEL.

The System is identified by means of the Proprietary Marks. The Proprietary Marks include certain trade names (for example, the mark "**LADURÉE**"), service marks, trademarks, logos, emblems, and indicia of origin (for example, the "**LADURÉE**" mark and logo), as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as the "**Proprietary Marks**"). Ladurée International and PEL, and their affiliates, continue to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of Products and services marketed under those marks and under the System, and to represent the System's standards of quality, cleanliness, appearance, and service.

You have requested to be in the business of operating Ladurée Stores within the Development Area (defined below), using the same brand and Proprietary Marks as other independent businesses that operate other Ladurée Stores under the System (including some operated by our affiliates), and you and we are entering into this Agreement for that purpose.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1 **Development.** This Agreement relates to the terms under which you will develop Ladurée Stores within the "**Development Area**" that is specified in Exhibit A attached to this Agreement. Each Ladurée Store will be established under the terms of a separate Sublicense Agreement (the "**Sublicense Agreement**") that will specify, among other things, the approved location of each such Ladurée Store.

2 **Development Schedule and Business Plan.**

2.1 You agree to establish each of the Ladurée Stores according to the development schedule that the parties have agreed to, as specified in Exhibit A attached to this Agreement. That schedule is referred to as the "Development Schedule" in this Agreement.

2.2 You also agree to meet the annual plan for Net Sales estimates for the Ladurée Stores operated in the Development Area as specified in Exhibit A attached to this Agreement. That plan is referred to as the "**Business Plan**" in this Agreement.

2.3 You acknowledge that the Development Schedule and the Business Plan are independent obligations, and that you must comply with both; you may comply with the Business Plan by any combination of new unit development and same-store–sales increases. You further acknowledge that you have agreed to comply with the Development Schedule and the Business Plan after having obtained advice from your financial and other advisors, and that the Development Schedule and Business Plan are essential elements of Sublicensor's consent to enter into this Agreement.

2.4 The parties agree that if Developer fails to achieve the Business Plan, and/or reach at least 75% of the estimated annual Net Sales in any year, shall entitle Sublicensor to terminate this Agreement pursuant to Section 9.2 below. In that event, Ladurée International will continue to have the right to exercise the Call Option set out in Section 12 below.

3 **Term.** The term of this Agreement (the "**Term**") starts only when both parties have signed below, and ends on the first to occur of (a) the date that Developer has opened the last Ladurée Store that the Developer has committed to open pursuant to the Development Schedule; (b) the last date specified in the Development Schedule by which Developer committed to open the last Ladurée Store that the Developer has committed to open pursuant to the Development Schedule; and (c) the date on which, unless this Agreement is sooner terminated pursuant to Section 9 of this Agreement.

4 **Development Fee.** In consideration of the development rights granted under this Agreement, you agree to pay us a development fee in an amount equal to $__________________ (the "**Development Fee**"), which you agree to pay to us when you sign this Agreement.

4.1 If you are in compliance with your obligations under this Agreement, then at the time you enter into each Sublicense Agreement with us for Ladurée Stores that you develop pursuant to the Development Schedule, we will credit to you the sum of $25,000 towards the payment of the initial franchise fee due under the Sublicense Agreement for that Ladurée Store (provided, that the total amount of the credits that we grant to you under this Section 4.1 will not exceed the total Development Fee that you have actually paid to us).

4.2 The Development Fee will be fully earned when we receive it from you and it will be non-refundable in consideration of the development opportunities lost or deferred as a result of the rights we have granted to you under this Agreement and the administrative and other expenses we incur in connection with this Agreement.

5 **Development Rights.** If you are in compliance with your obligations under this Agreement and all of the Sublicense Agreements between you (and your affiliates) and us (and our affiliates), then we will not establish, nor license anyone other than you to establish, a Ladurée Store in the Development Area until the end of the Term, except as otherwise provided under Section 6 below.

6 **Reservation of Rights.** Except as otherwise specifically provided under Section 5 above, we retain all other rights, and therefore we will have the right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to:

6.1 establish, and franchise others to establish, Ladurée Stores anywhere outside the Development Area;

6.2 establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks, even if those businesses offer or sell Products and services that are the same as or similar to those offered from a Ladurée Store, no matter where those businesses are located (but not to be operated as a Ladurée Store inside the Development Area);

6.3 acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Ladurée Store inside the Development Area); and

6.4 market and sell Products and services through alternate distribution channels and any channel of distribution (including e-commerce), anywhere (but not from a Ladurée Store that is physically located inside the Development Area), even if those Products are delivered to locations within the Development Area.

7 **No License to Use the Proprietary Marks or System.** This Agreement does not confer upon you any license to use, in any manner whatsoever, the Proprietary Marks or System. To the extent that we are licensing those rights to you, that license will be set out under each of the Sublicense Agreements.

8 **Signing of the Sublicense Agreement.** You must sign a Sublicense Agreement for each Ladurée Store. Each Ladurée Store will be located at a site that we must have approved, within the Development Area, as provided below (the "**Accepted Location**"). The Sublicense Agreement for the first Ladurée Store developed under this Agreement will be in the form of the Sublicense Agreement that is attached as Exhibit D. The Sublicense Agreement for each additional Ladurée Store that you develop will be the form of Sublicense Agreement that we are then generally offering at the time such Sublicense Agreement is signed. You must sign the Sublicense Agreement for each Ladurée Store and submit that Sublicense Agreement to us for countersignature not more than fifteen (15) days after you sign the lease for that Ladurée Store, and in any case not less than thirty (30) days before the Ladurée Store is reasonably expected to open for business.

9 **Default.**

9.1 Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer; or if Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer’s business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer’s assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer’s business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Ladurée Stores developed in connection with this Agreement is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of Developer shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.2 If Developer fails to meet its obligations under the Development Schedule, fails to achieve at least 75% of the Net Sales called for by the Business Plan, or otherwise fails to comply with the Business Plan, such action shall constitute a default under this Agreement, upon which Sublicensor, in its discretion, may terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon the delivery of written notice to Developer.

9.3 Except as otherwise provided in Sections 9.1 and 9.2, above, if Developer fails to comply with any material term and condition of this Agreement, or fails to comply with the terms and conditions of any Sublicense Agreement or other development agreement between the Developer (or a person or entity affiliated with or controlled by the Developer) and Sublicensor, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Sublicensor may terminate this Agreement by giving written notice of termination stating the nature of such default to Developer at least fifteen (15) days prior to the effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Sublicensor’s satisfaction, and by promptly providing proof thereof to Sublicensor within the fifteen day period (or such longer period as applicable law may require). If any such default is not cured within the specified time (or such longer period as applicable law may require), this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new Ladurée Stores) will terminate without further notice to Developer, effective immediately upon the expiration of the fifteen (15) day period (or such longer period as applicable law may require).

9.4 In lieu of termination, Sublicensor shall have the right to reduce or eliminate all or only certain rights of Developer under this Agreement (including, for example, to reduce the size of the Development Area or to allow others to develop Ladurée Stores in the Development Area); and if Sublicensor exercises said right, Sublicensor shall not have waived its right to, in the case of future defaults, exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.

9.5 Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Ladurée Stores for which a Sublicense Agreement has not been executed by Sublicensor at the time of termination. Thereafter, Sublicensor shall be entitled to establish, and to license others to establish, Ladurée Stores in the Development Area (except as may be otherwise provided under any Sublicense Agreement that has been executed between Sublicensor and Developer).

9.6 No right or remedy herein conferred upon or reserved to Sublicensor is exclusive of any other right or remedy provided or permitted by law or equity.

10 **Transfers.**

10.1 Sublicensor shall have the right to transfer or assign this Agreement and/or all or any part of its rights or obligations under this Agreement to PEL and/or Ladurée International and/or their affiliates, or where applicable, and subject to the prior written approval of PEL and Ladurée International, any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

10.2 If Developer is a corporation, partnership, or LLC, each principal of Developer ("**Principal**"), and the interest of each Principal in Developer, is identified in Exhibit C hereto. Any person or entity which owns a direct or indirect interest in Developer may be designated as a Principal by Sublicensor in its sole discretion, and Exhibit C shall be so amended automatically upon notice thereof to Developer.

10.3 Sublicensor shall have a continuing right to designate as a Principal any person or entity which owns a direct or indirect interest in Developer.

10.4 Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Sublicensor has granted the rights described in this Agreement in reliance on Developer's or Developer's Principals' business skill, financial capacity, and personal character. Accordingly:

10.4.1 Developer may not, without the prior written consent of Sublicensor, transfer, pledge or otherwise encumber: (a) the rights and obligations of the Developer under this Agreement; or (b) any material asset of Developer.

10.4.2 If Developer is a corporation, Developer may not, without the prior written consent of Sublicensor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so designated by Sublicensor.

10.4.3 If Developer is a partnership or LLC, the partners of the partnership or members of the LLC may not, without the prior written consent of Sublicensor, admit additional general partners or managing members, remove a general partner or managing member, or otherwise materially alter the powers of any general partner or managing member. Each general partner or member of a partnership or LLC shall automatically be deemed a Principal of Developer.

10.4.4 A Principal may not, without the prior written consent of Sublicensor, transfer, pledge or otherwise encumber any interest of the Principal in Developer as shown in Exhibit C.

10.4.5 Developer acknowledges and agrees that any transfer, pledge or other encumbrance by Developer which does not have Sublicensor's prior written approval shall be deemed null and void.

10.4.6 Developer may not transfer this Agreement unless Developer simultaneously transfers to the same party all Sublicense Agreements that have been executed pursuant to this Agreement.

10.5 Sublicensor will not unreasonably withhold any consent required by Section 10.4; provided, if Developer proposes to transfer its obligations hereunder or any material asset, or if a Principal proposes to transfer any direct or indirect interest in Developer, Sublicensor shall have absolute discretion to require any or all of the following as conditions of its approval:

10.5.1 The transferor shall have executed a general release, in a form satisfactory to Sublicensor, of any and all claims against Sublicensor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Developer and Sublicensor or its affiliates, and federal, state, and local laws and rules;

10.5.2 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Sublicensor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Developer; and, if the obligations of Developer were guaranteed by the transferor, the Principal shall guarantee the performance of all such obligations in writing in a form satisfactory to Sublicensor;

10.5.3 After the transfer, the Principals of the Developer shall meet Sublicensor’s educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the business of Developer, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the business;

10.5.4 If a proposed transfer would result in a change in control of the Developer, at Sublicensor’s option, the Developer shall execute, for a term ending on the expiration date of this Agreement the form of area development agreement then being offered to new System Developers, and such other ancillary agreements required by Sublicensor for the business contemplated hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement;

10.5.5 The transferor shall remain liable for all of the obligations to Sublicensor in connection with this Agreement that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Sublicensor to evidence such liability;

10.5.6 At Developer’s expense, one Principal designated by Sublicensor shall successfully complete all training programs required by Sublicensor upon such terms and conditions as Sublicensor may reasonably require;

10.5.7 Developer agrees to pay Sublicensor a transfer fee to compensate for the legal, accounting, training, and other expenses incurred by Sublicensor in connection with the transfer, in the amount of (a) 50% of Sublicensor’s then-current initial franchise fee for a single-unit Sublicense Agreement *plus* (b) reimbursement of Sublicensor’s actual costs.

10.5.8 The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Section 11.2 and Section 11.3 of this Agreement; and

10.5.9 Developer shall have paid Sublicensor all of remaining installments of the Development Fee, if any, that Developer has not yet paid to Sublicensor.

10.6 **Right of First Refusal.**

10.6.1 If Developer or any Principal desires to accept any bona fide offer from a third party to purchase Developer, any material assets of Developer, or any direct or indirect interest in Developer, Developer or such Principal shall promptly notify Sublicensor of such offer and shall provide such information and documentation relating to the offer as Sublicensor may require. Sublicensor shall have the right and option, exercisable within thirty (30) days after receipt of all such information, to send written notice to the seller that Sublicensor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Sublicensor elects to purchase the seller's interest, the closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by Sublicensor.

10.6.2 Any material change in the terms of the offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Sublicensor as in the case of the third party's initial offer. Failure of Sublicensor to exercise the option afforded by this Section 10.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 10, with respect to a proposed transfer.

10.6.3 In the event the consideration, terms, and/or conditions offered by a third party are such that Sublicensor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Sublicensor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they shall attempt to appoint a mutually acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then an independent appraiser shall be promptly designated by Sublicensor and another independent appraiser shall be promptly designated by Developer, which two appraisers will, in turn, promptly designate a third appraiser; all three appraisers shall promptly confer and reach a single determination, which determination shall be binding upon Sublicensor and Developer. The cost of any such appraisal shall be shared equally by Sublicensor and Developer. If Sublicensor elects to exercise its right of first refusal, it shall have the right to set off all amounts due from Developer, and one-half of the cost of the appraisal, if any, against any payment to the Seller.

10.7 Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Sublicensor within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the deceased's estate, then the distributee of such interest must be approved by Sublicensor. If the distributee is not approved by Sublicensor, then the distributee shall transfer the deceased's interest to a third party approved by Sublicensor within twelve (12) months after the deceased's death.

10.8 Upon the permanent disability of any Principal with a controlling interest in Developer, Sublicensor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section 10 within six (6) months after notice to Developer. "Permanent Disability" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Sublicensor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 10.8 as of the date of refusal. Sublicensor shall pay the cost of the required examination.

10.9 Upon the death or permanent disability of any Principal of Developer, such person or his representative shall promptly notify Sublicensor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any inter vivos transfer.

10.10 Sublicensor's consent to a transfer which is the subject of this Section 10 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Sublicensor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

10.11 If Developer or any person holding any interest (direct or indirect) in Developer becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of Developer, Developer's obligations and/or rights hereunder, any material assets of Developer, or any indirect or direct interest in Developer shall be subject to all of the terms of this Section 10, including without limitation the rights set forth in Sections 10.4, 10.5, and 10.6 above.

10.12 All materials for an offering of stock, ownership, and/or partnership interests in Developer or any of Developer's affiliates that are required by federal or state law must be submitted to Sublicensor for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to Sublicensor for such review before their use.

10.12.1 Developer agrees that: (a) no offering by Developer or any of Developer's affiliates may imply (by use of the Proprietary Marks or otherwise) that Sublicensor is participating in an underwriting, issuance, or offering of Developer's securities or Developer's affiliates; (b) Sublicensor's review of any offering will be limited solely to the relationship between Developer and Sublicensor (and, if applicable, any of Developer's affiliates and Sublicensor); and (c) Sublicensor will have the right, but not the obligation, to require that the offering materials contain a written statement that Sublicensor requires concerning the limitations stated above.

10.12.2 Developer (and the offeror if Developer is not the offering party), Developer's principals, and all other participants in the offering must fully indemnify Sublicensor and its affiliates and each of their directors, officers, agents and employees in connection with the offering.

10.12.3 For each proposed offering, Developer agrees to Sublicensor a non-refundable fee of $10,000 or such greater amount as is necessary to reimburse Sublicensor for its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.

10.12.4 Developer agrees to give Sublicensor written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 10.12 commences. Any such offering will be subject to all of the other provisions of this Section 10, including without limitation the terms set forth in Sections 10.4, 10.5, 10.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to Sublicensor's approval as to the structure and voting control of the offeror (and Developer, if Developer is not the offeror) after the financing is completed.

10.12.5 Developer must also, for the remainder of the term of the Agreement, submit to Sublicensor for Sublicensor's review and prior written approval all additional securities documents Developer is required to prepare and file (or use) in connection with any offering of stock, ownership, and/or partnership interests. Developer must reimburse Sublicensor for its reasonable costs and expenses Sublicensor incurs in connection with the review of those materials.

11 **Covenants.**

11.1 Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Sublicensor, Developer (or one (1) Principal of Developer who will assume primary responsibility for the operations of Developer and shall have been previously approved in writing by Sublicensor) shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder.

11.2 Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Sublicensor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Sublicensor, Developer may not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership corporation or entity, divert or attempt to divert any business or customer of the Ladurée Stores or of any Ladurée Stores using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Sublicensor's Proprietary Marks and the System.

11.3 Developer covenants that, except as otherwise approved in writing by Sublicensor, it may not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to Ladurée Stores; and may not for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 10 above; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 11.3; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity), own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Ladurée Stores required to be developed under this Agreement and which business is, or is intended to be, located (i) within the Development Area; (ii) within a 25-mile radius of any Ladurée Store developed under this Agreement; or (iii) within a 25-mile radius of any Ladurée Store under the System at the time the obligations under this Section 11.3 commenced. As used in this Agreement, the term "same as or similar to the business operated under this Agreement or the Ladurée Stores required to be developed under this Agreement" shall mean any other retail business that sells or offers macarons or "up-market" French style pastries at any one or more retail location(s).

11.4 Section 11.3 hereof shall not apply to ownership by Developer of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the federal Securities Exchange Act of 1934.

11.5 At Sublicensor's request, Developer shall require and obtain execution of covenants similar to those set forth in Sections 10 and 11 (as modified to apply to an individual) from any or all of the following persons: Developer's Principals and senior level management personnel. The covenants required by this Section 11.5 shall be in the form provided in Exhibit E to this Agreement. Failure by Developer to obtain execution of a covenant required by this Section 11.5 shall constitute a default under Section 9.3 hereof.

11.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 11 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Sublicensor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.7 Developer understands and acknowledges that Sublicensor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 11.2 and 11.3 in this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof; and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 17 hereof.

11.8 Developer expressly agrees that the existence of any claims it may have against Sublicensor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Sublicensor of the covenants in this Section 11. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Sublicensor in connection with the enforcement of this Section 11.

11.9 Developer acknowledges that Developer's violation of the terms of this Section 11 would result in irreparable injury to Sublicensor for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Developer in violation of the terms of this Section 11.

12 Call Option. By signing this Development Agreement, Developer irrevocably accepts the terms of the Call option agreement attached as Exhibit F, and undertakes to sign it at the same time as signing this Agreement.

13 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, rejected delivery, or delivery not possible because the recipient has moved and left no forwarding address shall be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery. The Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be "notices" for the purpose of the delivery requirements in this Section 13.

14 **Permits and Compliance with Laws.**

14.1 Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

14.2 Developer shall notify Sublicensor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Developer and/or any Ladurée Stores established pursuant to this Agreement.

15 **Independent Contractor and Indemnification.**

15.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Developer shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

15.2 At all times during the term of this Agreement, Developer shall hold itself out to the public as an independent contractor operating pursuant to this Agreement. Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Developer's offices, the content of which Sublicensor reserves the right to specify.

15.3 It is understood and agreed that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Sublicensor's behalf, or to incur any debt or other obligation in Sublicensor's name; and that Sublicensor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Sublicensor be liable by reason of any act or omission of Developer in Developer's operations hereunder, or for any claim or judgment arising therefrom against Developer or Sublicensor.

15.4 Developer shall, to the fullest extent permissible under applicable law, indemnify and hold Sublicensor, Sublicensor's owners and affiliates, and their respective officers, directors, employees, and agents, harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's operation of the business contemplated hereunder, as well as the costs, including attorneys' fees, of defending against them.

16 **Approvals and Waivers.**

16.1 Whenever this Agreement requires Sublicensor's prior approval or consent, Developer shall make a timely written request to Sublicensor therefor, and such approval or consent must be obtained in writing.

16.2 Developer acknowledges and agrees that Sublicensor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

16.3 No delay, waiver, omission, or forbearance on the part of Sublicensor to exercise any right, option, duty, or power arising out of any breach or default by Developer under any of the terms, provisions, covenants, or conditions of this Agreement, shall constitute a waiver by Sublicensor to enforce any such right, option, duty, or power as against Developer, or as to subsequent breach or default by Developer. Subsequent acceptance by Sublicensor of any payments due to it hereunder shall not be deemed to be a waiver by Sublicensor of any preceding breach by Developer of any terms, provisions, covenants, or conditions of this Agreement.

17 ***Entire Agreement and Amendment*.** This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between Sublicensor and Developer concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Developer to execute this Agreement. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. However, nothing in this Agreement or any other contract is intended as, nor shall it be interpreted to be, a disclaimer by Sublicensor of any representation made in its Franchise Disclosure Document ("FDD"), including the exhibits and any amendments to the FDD.

18 **Severability and Construction.**

18.1 Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

18.2 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Sublicensor, Sublicensor's officers, directors, and employees, and such of Developer's and Sublicensor's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by Section 10 hereof, any rights or remedies under or by reason of this Agreement.

18.3 Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which Sublicensor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

18.4 All capitalized terms not defined herein shall have the meaning ascribed to them in the Sublicense Agreement.

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

18.6 All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

19 **Applicable Law.**

19.1 This Agreement takes effect upon its acceptance and execution by Sublicensor, and shall be interpreted and construed exclusively under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the choice of law rules of Florida or any other jurisdiction); provided, however, that if the covenants in Section 11 of this Agreement would not be enforceable under the laws of Florida, and Developer is located outside of Florida, then such covenants shall be interpreted and construed under the laws of the state in which the Developer's principal place of business is located. Nothing in this Section 19.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Florida to which this Agreement would not otherwise be subject.

19.2 The parties agree that any action brought by Developer against Sublicensor in any court, whether federal or state, shall be brought within such state and in the judicial district in which Sublicensor has its principal place of business. Any action brought by Sublicensor against Developer in any court, whether federal or state, may be brought within the state and judicial district in which Sublicensor has its principal place of business. The parties agree that this Section 19.2 may not be construed as preventing either party from removing an action from state to federal court. Developer hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

19.3 Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to New York, NY. Notwithstanding anything to the contrary, this Section 19.3 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. If we seek such an injunction, you agree that we will not be required to post a bond.

19.4 No right or remedy conferred upon or reserved to Sublicensor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.5 Nothing herein contained shall bar Sublicensor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

19.6 Sublicensor and Developer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Developer and Sublicensor, or Developer's operation of the business contemplated hereunder, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.7 Sublicensor and Developer hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

20 **Acknowledgments.**

20.1 Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Developer and if a corporation, partnership, or LLC, its owners as independent businesspersons.

20.2 Sublicensor expressly disclaims the making of, and Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

20.3 Developer acknowledges that it received a copy of this Agreement, and has read and understood this Agreement the exhibit(s) hereto, and agreements relating hereto, if any, with all of the blank lines therein filled in, prior to the date on which this Agreement was executed, and with sufficient time within which to review the Agreement and to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement. Developer further acknowledges that it received Sublicensor's franchise disclosure document required by the Federal Trade Commission Franchise Rule, 16 C.F.R. Part 436, at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the day and year first above written.

AmMac Franchising, LLC Sublicensor	______________________________ Developer
By: __________________________	By: __________________________
Name: ________________________	Name: ________________________
Title: ________________________	Title: ________________________
Address for Notices:	Address for Notices:
129 W 20th St, PHAB New York, NY 10011	____________________________ ____________________________ ____________________________
Telephone: 646-392-7868 Attn: Katina Dermatas	Telephone: ____________________ Fax: ________________________ Attn: ________________________

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT AREA, DEVELOPMENT FEE
DEVELOPMENT SCHEDULE AND BUSINESS PLAN

1. **Development Area.** All Ladurée Stores developed under this Development Agreement shall be located within the boundaries of the following area:

____
____
____

2. **Development Fee.** The Development Fee shall be: $____________________

2. **Development Schedule.** Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below:

Year	Minimum number of new Ladurée Stores to be opened in the Development Area		Total minimum number of Ladurée Stores in operation on 31 December of each year in the Development Area
	Restaurant	Retail Shop	

3. **Business Plan.** Developer estimates annual Net Sales (among all Laduree Stores operated) in the Development Area during the Term, in accordance with the following Business Plan:

Calendar Year	Estimated annual Net Sales
	$
	$
	$
	$
	$
	$
	$
	$
	$
	$

INITIALED:

SUBLICENSOR: ______DEVELOPER: ___

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT B
GUARANTEE

As an inducement to AmMac Franchising, LLC ("**Sublicensor**") to execute the Ladurée Development Agreement between Sublicensor and __________________________ ("**Developer**") dated ___________, 202__ (the "**Agreement**"), the undersigned hereby agree to defend, indemnify and hold Sublicensor, Sublicensor's affiliates, and their respective officers, directors, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 11 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 19 of the Agreement (including but not limited to the waiver of jury trial, the waiver of punitive damages, the agreement not to participate in class actions, and the limitation on the time within which claims may be brought). This Guarantee shall be interpreted and construed under the laws of the State of Florida. In the event of any conflict of law, the laws of the State of Florida shall prevail (without regard to, and without giving effect to, the application of the conflict of law rules of Florida or any other jurisdiction).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTORS

By: ____________________ [In his/her personal capacity]	By: ____________________ [In his/her personal capacity]	By: ____________________ [In his/her personal capacity]
Printed Name: _________________	Printed Name: _________________	Printed Name: _________________
_______________________ _______________________ Home Address	_______________________ _______________________ Home Address	_______________________ _______________________ Home Address

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Address	Interest (%)

INITIALED:

SUBLICENSOR: ______ DEVELOPER: ______

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT D
SUBLICENSE AGREEMENT

The form of Sublicense Agreement currently offered by Sublicensor is attached.

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT E-1

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by Sublicensee with its
executive/management staff)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made on _________, 202___, by and between ___________________________ (the "Developer"), and ___________________________, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, Sublicensee (the "Member").

Background:

A. ____________________________ ("**Developer**") has been licensed a format and system (the "System") relating to the establishment and operation of "Ladurée" businesses operating in structures that bear the distinct Ladurée interior and exterior trade dress, and under the "Ladurée" Proprietary Marks, as defined below (each, a "**Ladurée Store**").

B. Ladurée Stores are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "**LADURÉE**") and certain other trade names, service marks, and trademarks that AmMac Franchising, LLC ("**Sublicensor**"). Sublicensor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Developer and Sublicensee have executed a Development Agreement ("**Development Agreement**") granting Sublicensee the right to operate, and obligating Suiblicensee to develop, Ladurée Stores (the "Development Business") and to offer and sell products, services, and other ancillary products approved by Sublicensor and use the Proprietary Marks in connection therewith under the terms and conditions of the Development Agreement.

D. The Member, by virtue of his or her position with Sublicensee, will gain access to certain Confidential Information, as defined below, and must therefore be bound by the same confidentiality and non-competition agreement that Sublicensee is bound by.

IN CONSIDERATION of these premises, the conditions stated in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. **Confidential Information.** During the time that Member is engaged by Sublicensee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Development Business that the Member learns about during the Member's engagement by Sublicensee. Any and all information, knowledge, know how, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. **Covenants Not to Compete.**

(a) Member specifically acknowledges that, pursuant to the Sublicense Agreement, and by virtue of his/her position with Sublicensee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, recipes, sales, promotional, and marketing methods and techniques of Developer and the System.

(b) Member covenants and agrees that during the term of the Sublicense Agreement, except as otherwise approved in writing by Developer, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Development Business or of any business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Development Business or a Ladurée Store.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Developer, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Development Business or a Ladurée Store and which business is, or is intended to be, located within a ___________ 25 mile radius of the Development Business.

(d) As used in this Agreement, the term "same as or similar to the Licensed Business" means a business that offers and sells macarons or "up-market" French style pastries.

(e) As used in this Agreement, the term "Post-Term Period" means two (2) years from the date of termination of Member's employment with Sublicensee (except as may otherwise be required under applicable law). Any period of non-compliance with this requirement shall not count toward satisfying this requirement.

3. **Injunctive Relief.** Member acknowledges that any failure to comply with the requirements of this Agreement will cause Developer irreparable injury, and Member agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Developer in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. **Severability.** All agreements and covenants contained in this Agreement are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Developer's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. **Delay.** No delay or failure by the Developer or Sublicensee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided in this Agreement, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. **Third-Party Beneficiary.** Member hereby acknowledges and agrees that Developer is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Sublicensee.

7. **Employer.** Member hereby acknowledges and agrees that Sublicensee is its employer, and that Developer does not employ Member, is not a “joint employer” with Sublicensee, nor does Developer have anything to say about Member’s employment relationship to Sublicensee.

IN WITNESS WHEREOF, the Sublicensee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

SUBLICENSEE	MEMBER
______________________________	______________________________
By; ___________________________	By; ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT E-2

SAMPLE FORM OF
NON-DISCLOSURE AGREEMENT
(to be signed by Sublicensee with its
non-management staff)

THIS NON-DISCLOSURE AGREEMENT ("**Agreement**") is made on _________, 202___, by and between ___________________________ (the "**Sublicensee**") and ___________________________, who is an employee of Sublicensee (the "**Employee**").

Background:

A. ___________________________ ("**Developer**") has been licensed a format and system (the "**System**") relating to the establishment and operation of "Ladurée" businesses operating in structures that bear the distinct Ladurée interior and exterior trade dress, and under the "Ladurée" Proprietary Marks, as defined below (each, a "**Ladurée Store**").

B. Ladurée Stores are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "**LADURÉE**") and certain other trade names, service marks, and trademarks that AmMac Franchising, LLC ("**Sublicensor**") Sublicensor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Developer and Sublicensee have executed a Development Agreement ("**Development Agreement**") granting Sublicensee the right to operate, and obligating Suiblicensee to develop, Ladurée Stores (the "**Development Business**") and to offer and sell products, services, and other ancillary products approved by Sublicensor and use the Proprietary Marks in connection therewith under the terms and conditions of the Development Agreement.

D. The Member, by virtue of his or her position with Sublicensee, will gain access to certain Confidential Information, as defined below, and must therefore be bound by the same confidentiality and non-competition agreement that Sublicensee is bound by.

IN CONSIDERATION of these premises, the conditions stated in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. **Confidential Information.** During the time that Member is engaged by Sublicensee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Development Business that the Member learns about during the Member's engagement by Sublicensee. Any and all information, knowledge, know how, recipes, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. **Injunctive Relief.** Employee acknowledges that any failure to comply with the requirements of this Agreement will cause Sublicensor irreparable injury, and Employee agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Developer in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

3. **Severability.** All agreements and covenants contained in this Agreement are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Employee agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Developer's and/or Employee's legitimate business needs as permitted by applicable law and public policy. In so doing, the Employee agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

4. **Delay.** No delay or failure by the Developer or Sublicensee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided under this Agreement, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

5. **Third-Party Beneficiary.** Employee hereby acknowledges and agrees that Developer is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Sublicensee.

6. **Employer.** Employee hereby acknowledges and agrees that Sublicensee is its employer, and that Developer does not employ Employee, is not a "joint employer" with Sublicensee, nor does Developer have anything to say about Employee's employment relationship to Sublicensee.

IN WITNESS WHEREOF, the Sublicensee and the Employee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

SUBLICENSEE	EMPLOYEE
______________________________	______________________________
By; ___________________________	By; ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________

LADURÉE
DEVELOPMENT AGREEMENT

EXHIBIT F

CALL OPTION AGREEMENT

CURRENT FRANCHISEES (with open units as of December 31, 2024)

Franchisee	Store Address	City	State	ZIP
Ladurée DMV, LLC	3060 M Street	Washington	DC	20007
Macaroons and More LLC	19501 Biscayne Blvd., Ste. 069 (retail unit)	Aventura	FL	33180
Macaroons and More LLC	19501 Biscayne Blvd. (cart)	Aventura	FL	33180
Macaroons and More LLC	140 NE 39th Street	Miami	FL	33137
Ladurée DMV, LLC	4808 Bethesda Ave.	Bethesda	MD	20814
Ladurée DMV, LLC	Union Station, 50 Massachusetts Ave NE	Washington	DC	20002

Name of Franchisee	Address and Telephone Number of Office
Macaroons and More LLC* (Luis Montenegro)	19501 Biscayne Blvd., Suite 400 Aventura, FL 33180 Tel : 929-312-6308
Ladurée DMV, LLC* (David Nanmour)	3060 M Street, N.W. Washington, D.C. 20007 Tel: 919-699-5852

* Although both Macaroons and More and Ladurée DMV remain franchisees, they both closed outlets during 2024 (in the case of Macaroons and More, it reopened an outlet that had temporarily closed in 2020 due to COVID and the need to renovate a grease trap, but it permanently closed that outlet later in 2024).

RESTAURANTS/CARTS OWNED BY AFFILIATES OF LDI (as of December 31, 2024)

Facility	Location
Soho (Retail & Restaurant)	396-398 West Broadway, New York, NY
Madison	Store F/O/B Madison Shoe Corp. of New York d/b/a Santoni Shoes in the building known as 864 Madison Avenue, Manhattan, NY
Penn Station (Cart)	411 Eighth Avenue and 372 Ninth Avenue, NY
Hudson Yards	RU #103B in Hudson Yards, New York, NY
Columbus Circle (Cart)	10 Columbus Circle, New York, NY 10019
North Beverly Drive	311 N. Beverly Drive, Beverly Hills, Los Angeles, CA
The Americana at Brand	889 Americana Way, Glendale, CA 91210
Short Hills	Store Number K101 in "The Mall at Short Hills," Millburn, Essex, NJ
Woodbury	Kiosk and Outdoor Seating Area in Woodbury Common Premium Outlets, Woodbury, Orange, NY

None

Exhibit F: Table of Contents to Guidelines

0. Brand presentation (67 pages)

A) Presentation Brand Ladurée (42 pages)
B) Ladurée Guidelines- store types specificities 2024 (25 pages)

1. Marketing and communication (205 pages)

A) Opening KIT (60 pages):
1) Event (6 pages)
2) IT
3) Know-How Video
4) Merchandising (7 pages)
Effeil Tower and Phootocall Macaron Guidelines (1 page)
Merchandising elements (8 pages)
5) New product Launch Plan (24 pages)
6) Offer
7) OPENING CP & DP(20 pages)
CP ROYALE (9 pages)
DP CHAMPS ELYSEE (8 pages)
Opening Press example (3 pages)
8) Point of sale (1 page)
Manifesto (1 page)
Opening Hording
9) Social media (1 page)
Feed opening (1 page)
Story
Kit opening Social Media
10) Welcome Logo
B) Ladurée Guidelines marketing and communication (94 pages):
1) INSTITUTIONAL MARKETING – BRAND IDENTITY
2) PRODUCT MARKETING
3) OPERATIONAL MARKETING
4) COMMUNICATION
C) Ladurée Guidelines- Visual Merchandising (51 pages):
1) Ladurée product ranges
2) Merchandising
3) In-store advertising
4) Glossary & sales tools

2. Brand Image (77 pages)

A) Brand Guidelines (58 pages):
1) BRAND
2) PRIMARY ASSETS

3) ICONOGRAPHY
4) PHOTOGRAPHY
5) ILLUSTRATION
6) TONE OF VOICE
7) MUSIC

B) Logotypes:
1) CROWN
2) TYPOGRAPHIC
3) MONOGRAM

C) COLOURS (3 pages)

D) TYPEFACES:
1) Maint typefaces
2) Desktop Typefaces

E) Graphic Patterns:
1) Friezes
2) Patterns
3) Signage Arrows

F) Club Ladurée

G) Trame Presentation (7 pages)

H) Pictures Guidelines (7 pages)

I) Business cards

J) Introduction Text (1 page)

3. Quality of service (126 pages)

A)The Fundamentals of Ladurée Service (61 pages):
1) Essentials of the Ladurée Employee
2) On-Site and Takeaway Sales Procedures
3) On-Site Sales
4) Takeaway Sales

B) Human Ressources (14 pages)
1) Job Description (14 pages)

C) Packaging & Procedures (51 pages):
1) Equipment
2) Macarons
3) Cakes
4) Pastries
5) "Savoury" range
6) Ice creams
7) Chocolates
8) Delicatesse
9) Secrets
10) Tying a bow

4. LID TEAM (351 pages)

A) Design Book (44 pages):
1) History

2) Strenght
3) Architecture

B) Logistics (11 pages):
1) Export Documents
2) Process Order Management (11 pages)
3) Document fees

C) Operations (182 pages):
1) Audit (34 pages)
2) Equipment list (64 pages)
3) Karts (41 pages)
4) Pastry and Viennoiserie (17 pages)
5) Savory offer (13 pages)
6) Retail counter (8 pages)
7) Menu Structure (5 pages)

D) Reporting templates (114 pages):
1) Marketing (13 pages):
Brief Template Collections and Collaborations (7 pages)
Collections & new launches (6 pages) (quantitive analysis/ New prodoct quanitative data analy
2) Sales
3) Stocks turnover
4) Pos Presentation (46 pages)
5) Business Plan template
6) Retroplanning opening
7) Ladurée Main contacts (54 pages)
8) Meeting to organize opening (1 page)

5. Quality of products (47 pages)

A) Chocolates Defrosting (2 pages)

B) Food safety Guidelines (23 pages):
1) SUMMARY FILES
2) BASIC RULES TO FOLLOW IN LADUREE
3) HYGIEN
4) SUPPLIES
5) STORAGE AND RETHERMALIZATION
6) TRACEABILITY
7) WITHDRAWAL / CALLBACK PROCEDURE
8) ALLERGENS / LABELLING
9) AUDITS AND INTERNAL INSPECTIONS

C) Hand washing and wearing gloves (1 page)

D) Product shelf life (9 pages)

E) Allergens (4 pages)

F) Defrosting Process (4 pages)

G) Product storage conditions (4 pages)

6. Finance

A) Ribs

7. E-COMMERCE (94 pages)

A) Guidelines (56 pages):
1) INTRODUCTION TO A WEBSITE PROJECT
2) ROADMAP AND GRAPHIC CHARTER
3) E-COMMERCE WEBSITE
4) SHOWCASE WEBSITE
5) CORPORATE WEBSITE

B) Ladurée x 1:800 Flowers (38 pages)
1) Ladurée Brand Overview
2) US Customers Overview
3) US Sales Overview

8. Savory Recipes

A) Guidelines

9. B2B (66 pages)

A) Offer (37 pages)
B) Spaces (29 pages)

Content Links (2 page)

Total of 1035 pages

STATE ADDENDUMS AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR AMMAC FRANCHISING< LLC

The following modifications are made to the Franchise Disclosure Document ("**FDD**") for AmMac Franchising, LLC. ("**Franchisor**," "**us**," "**we**," or "**our**"), the U.S. franchisor of the Ladurée system of restaurants, tearooms, and boutiques.

These materials may supersede, to the extent required by applicable state law, portions of the Franchise Agreement between you and us dated ______________________________, 20____ ("**Franchise Agreement**").

Some states have laws governing the franchise relationship and franchise documents. Some states require modifications to the FDD, Franchise Agreement, and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement, or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in the state in which the Franchisor's headquarters is located on the date of the arbitration. 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 Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

The highest interest rate allowed by law in California is 10%.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF

COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on Exhibit J of the FDD, entitled "State Effective Dates".

2. States which have refused, by order or otherwise, to register these Franchises are:

   None

3. States which have revoked or suspended the right to offer the Franchises are:

   None

4. States in which the proposed registration of these Franchises has been withdrawn are:

   None

ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

INDIANA

Item 13 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two (2) years within the Designated Area.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise New York law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or New York state law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

    > **No Limitation on Litigation**. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to AmMac Franchising, LLC, 1178 Broadway, Third Floor #1014, New York, NY 10001not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: ______________________________

By: _____________________________________

Print Name: ______________________________

Its: _____________________________________

Date: ___________________________________

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement and Supplemental Agreements are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit 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 three (3) years after the grant of the Franchise.

The Franchise Agreement and franchisee questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

MICHIGAN

This Michigan notice applies only to franchisees who are residents of Michigan or who operate their franchises in Michigan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, Consumer Protection Division (Attention: Franchise), P.O. Box 30213, Lansing, MI 48909, telephone (517) 373-7117.

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise 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 Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 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 non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or

expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

> **No Abrogation**. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the FDD and of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD and the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD and the Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

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

Initials__________________ Date_____________

NOTICE OF CANCELLATION

__________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to **AmMac Franchising, LLC,** 1178 Broadway, 3rd Floor #1014, New York, NY 10001, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Date: ______________________

Franchisee:

____

By: ________________________

Print Name: ________________

Its: ________________________

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for AmMac Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> **Additional Disclosure**. The following statements are added to Item 8 and Item 17.h.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD and the Franchise Agreement are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD and the Franchise Agreement are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD and the Franchise Agreement are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD and the Franchise Agreement are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD and the Franchise Agreement are amended accordingly.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Maryland	☐	Ohio
☐	Hawaii	☐	Michigan	☐	Rhode Island
☐	Illinois	☐	Minnesota	☐	Virginia
☐	Iowa	☐	New York	☐	Washington
☐	Indiana	☐	North Dakota	☐	Wisconsin

Dated: ____________________, 20_____

FRANCHISOR:

AmMac Franchising, LLC

By: ________________________________

Title: ______________________________

FRANCHISEE:

____

By: ________________________________

Title: ______________________________

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner Dep't of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	**NEW YORK** New York State Dep't of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8285
HAWAII Commissioner of Securities Dep't of Commerce & Consumer Affairs Business Registration Div. Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Dep't State Capitol Dep't 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Dep't of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Div. of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Div. 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Div. of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Corporate Oversight Div., Franchise Section 525 West Ottawa Street, 1st Floor Lansing, Michigan 48913 (517) 335-7567	**WASHINGTON** Dep't of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Dep't of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Div. of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner Dep't of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Dep't of State One Commerce Plz, 99 Washington Av, 6th Fl. Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities Dep't of Commerce & Consumer Affairs Business Registration Div. Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Dep't of Business Regulation Dep't of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Div. of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Corporate Oversight Div., Franchise Section 525 West Ottawa Street, 1st Floor Lansing, Michigan 48913 (517) 335-7567	**WASHINGTON** Director of Dep't of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Dep't of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 / (651) 539-1600	**WISCONSIN** Div. of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

The following is our current general release language that we expect to include in a release that a franchisee or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

Franchisee, its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless American Macaroon, LLC (a Delaware limited liability company), Ladurée International SA, their respective current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "**Franchisor Group**"), from any and all claims, demands, debts, liabilities, actions, or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Sublicense Agreement, the relationship created by the Sublicense Agreement, or the development, ownership, or operation of the Licensed Business.

Each party represents and warrants to the others, and agrees, that it may later learn of new or different facts, but that still, it is that party's intention to fully, finally, and forever release all of the Demands that are released above. This includes the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.") The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Sublicense Agreement or the Licensed Business. The Franchisee Group and its owners represent and warrant that they have not asserted (nor made an assignment or any other transfer of any interest in) the claims, causes of action, suits, debts, agreements, or promises described above.

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	Not Registered
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Pending
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit K-1: **FDD Receipts**

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 we offer you a franchise, then we must provide this disclosure document to you at least 14 calendar days (but in Michigan and Rhode Island 10 business days; and in New York, 10 business days or at the earlier of the first personal meeting if earlier) before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit F.

The franchisor is AmMac Franchising, LLC, located at 1178 Broadway, 3rd Floor #1014, New York, NY 10001. Its telephone number is 917-341-1041

The issuance date of this Franchise Disclosure Document is June 9, 2025.

The franchise seller(s) for this offering is/are:

√	Name and Title	Address	Telephone
[√]	Katina Dermatas	1178 Broadway, 3rd Floor #1014 New York, NY 10011.	917-341-1041
[_]	____________________	______________________________	____________
[_]	____________________	______________________________	____________

We authorize the state agencies identified on Exhibit H-2 to receive service of process for us in those states.

I received a Franchise Disclosure Document dated June 9, 2025, that included the following Exhibits:

A Financial Statements
B Sublicense Agreement
C Development Agreement
D List of Franchisees
E Franchisees That Left the System
F Table of Contents of Guidelines
G State-Specific Disclosures and Amendments to Agreements
H List of State Administrators and Agents for Service of Process
G Form of General Release
J State Effective Dates
K Receipts

____
Date Received

____
Prospective Franchisee (signature)

____
Name (Please print)

Address:
____
____

Please keep this copy for your records

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 we offer you a franchise, then we must provide this disclosure document to you at least 14 calendar days (but in Michigan and Rhode Island 10 business days; and in New York, 10 business days or at the earlier of the first personal meeting if earlier) before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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G Form of General Release
J State Effective Dates
K Receipts

____
Date Received

____
Prospective Franchisee (signature)

____
Name (Please print)

Address: ______________________________

____

Please sign, date, and either mail this receipt page to American Macaroon at 1178 Broadway, 3rd Floor #1014,, New York, NY 10011or scan and e-mail it to katina@americanmacaroons.com