

## FRANCHISE DISCLOSURE DOCUMENT



JBR FRANCHISE CO  
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The franchise offered is for “JEFF’S BAGEL RUN” stores (“**JEFF’S BAGEL RUN” Store**”) that specializes in the sale of fresh-baked bagels, cream cheeses and other spreads, specialty coffees and teas, baked sweets and snacks, among other things. We offer the following franchise programs:

1. A single “JEFF’S BAGEL RUN” Store. The total investment necessary to begin operation of a “JEFF’S BAGEL RUN” franchise ranges from \$435,000 to \$712,500, excluding land. This includes initial fees totaling between \$175,000 to \$288,000 that must be paid to the franchisor or its affiliates.
2. Multiple “JEFF’S BAGEL RUN” Stores within a defined area under an Area Development Agreement. The total investment necessary to begin operation of a “JEFF’S BAGEL RUN” franchise under an Area Development Agreement ranges from \$51,000 to \$140,000. This includes initial fees totaling between \$50,000 and \$80,000 that must be paid to the franchisor or its affiliates. We will credit the development fee against the initial franchise fees (at the rate of \$10,000 for the second and each subsequent Franchise Agreement).
3. Existing Franchisees. If you are an existing franchisee with an open and operational “JEFF’S BAGEL RUN” Store and then enter into an Area Development Agreement, you will pay an initial franchise fee equal to \$20,000 for each additional “JEFF’S BAGEL RUN” Store you agree to open.
4. Experienced Managers. If you (or your owner in the case of an entity) are an Experienced Manager, with at least 2 years of prior experience as a manager or assistant manager at a “JEFF’S BAGEL RUN” Store owned by us or our affiliate, the initial franchise fee for your first (and each subsequent) Franchise Agreement for your “JEFF’S BAGEL RUN” Stores will be equal to \$20,000 and you will not pay an initial training fee.

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, 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 the Franchise Sales Team at [franchising@jeffsbagel.com](mailto:franchising@jeffsbagel.com) or (407) 213-1337.

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 an attorney 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](http://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: May 6, 2024

## 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only “JEFF’S BAGEL RUN” business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a “JEFF’S BAGEL RUN” franchisee?</b>	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 J.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Supplier control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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EXHIBITS:

- Exhibit A – Franchise Agreement
- Exhibit B – Area Development Agreement
- Exhibit C – General Release
- Exhibit D – Guaranty
- Exhibit E – Confidentiality Agreement
- Exhibit F - Table of Contents of Manuals
- Exhibit G – State Addenda
- Exhibit H – Financial Statements
- Exhibit I – System Information
- Exhibit J – Agents for Service of Process and State Administrators
- Exhibit K – Participation Agreement
- Exhibit L - Receipts

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

To simplify the language in this disclosure document, “we,” “us” or “JBR” means JBR Franchise Co, a Florida corporation, the franchisor. “You” means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise. If the franchisee will operate through a corporation, partnership, limited liability company, or other entity, “you” also includes the franchisee’s owners or partners.

Our principal business address is 4190 Millenia Boulevard, Orlando, Florida 32839. We conduct business under the name of our corporation. The principal business address of our agent for service of process in Florida is Min Cho at 4190 Millenia Boulevard, Orlando, Florida 32839. Our agents for service of process in other states are listed in the attached Exhibit J.

We are a Florida corporation, incorporated on March 13, 2023. We will franchise stores under the name “JEFF’S BAGEL RUN” (“**JEFF’S BAGEL RUN**” Stores”). We have not previously engaged in any other line of business. We have been offering “JEFF’S BAGEL RUN” franchises since October, 2023. One or more of our related parties owns an interest in entities that operate (as of December 31, 2023) two existing “JEFF’S BAGEL RUN” Stores that are substantially similar to the franchise “JEFF’S BAGEL RUN” Stores offered in this document. The two current corporate locations are in Ocoee, Florida and Orlando, Florida. We have not previously offered franchises in any other line of business, nor do we intend to operate “JEFF’S BAGEL RUN” Stores ourselves, though one or more of our related parties may continue to do so.

Our direct parent company is Jeff's Bagel Run Holdings Co, a Florida corporation formed on July 6, 2023 located at 4190 Millenia Boulevard, Orlando, Florida, which is in turn owned by 1337 Capital Management LLC, a Florida limited liability company located at 4190 Millenia Boulevard, Orlando, Florida; TheBagel, LLC a Florida limited liability company located at 2787 Old Winter Garden Road, Ocoee, Florida and some of our employees through our employee stock plan.

Our predecessors are TheBagel, LLC which contributed all the intellectual property associated with the JEFF’S BAGEL RUN” Stores to us in March 2023 after having acquired the intellectual property from the chain’s founders, Jeffrey and Danielle Perera and their company, Jeff’s Bagel Run LLC (which currently operates the JEFF’S BAGEL RUN” Store in Ocoee, Florida pursuant to a license agreement with us). None of our predecessors has conducted or offered a business of the type to be operated by you nor has any offered franchises in other lines of business.

JBR Supply Co LLC (referred to in this document as the “JBR Supply Co”) was organized in Florida on July 26, 2023 and shares our principal business address. JBR Supply Co operates our distribution center and supplies certain goods, equipment, supplies, and other inventory to our franchisees and our affiliate-owned Stores.

Our affiliate, JBR Supply Co LLC acquired Otus Coffee Company LLC on April 1, 2024. Otus will be supplying coffee products to the franchisees. Otus Coffee Company LLC’s principal business address is 1331 Green Forest Ct., Unit 12, Winter Garden, Florida 34787. Otus Coffee Company LLC does not operate “Jeff’s Bagel Run” Stores or offer franchises in any line of business and except as described above, we have no affiliates that provide products or services to franchisees.

The “JEFF’S BAGEL RUN” store concept was developed by Jeff and Danielle Perera in August 2019. Jeff Perera formed Jeff’s Bagel Run LLC in May 2020, and business through Jeff’s Bagel Run LLC. In July 2021, Jeff’s Bagel Run LLC opened the first “JEFF’S BAGEL RUN” Store.

“JEFF’S BAGEL RUN” Stores principally offer and sell fresh-baked bagels, cream cheeses and other spreads, specialty coffees and teas, baked sweets and snacks, as well as other related products which we approve from time to time (“**Approved Products**”), to consumers, at and from the location and on a limited mobile basis within the territory through third party delivery service providers such as Uber Eats and DoorDash. We offer separate franchise programs by this disclosure document (unit franchise and multi-unit area development franchises), though we may not necessarily allow you the opportunity to purchase under both of these programs.

You will sign a Franchise Agreement (Exhibit A), to operate a single “JEFF’S BAGEL RUN” Store at a location which you choose and which we approve.

If you participate in our area development program, we will assign a defined area within which you must develop and operate a specified number of “JEFF’S BAGEL RUN” Stores within the specified periods of time. The development area may be one or more cities, one or more counties, one or more states, or some other defined geographic area. You will sign an Area Development Agreement (Exhibit B) which will describe your development area and your development schedule and other obligations. For each “JEFF’S BAGEL RUN” Store you open under the Area Development Agreement, promptly after our approval of the site for the “JEFF’S BAGEL RUN” Store, you will sign a separate Franchise Agreement on the then current form used by JBR at the time, except to the extent otherwise provided in your Area Development Agreement.

We believe that the market for the sale of fresh-baked bagels, cream cheeses and other spreads, specialty coffees and teas, baked sweets and snacks is mature and consists of the general public. You will compete with other local, regional and national companies offering services similar to those offered by a “JEFF’S BAGEL RUN” Store. The typical “JEFF’S BAGEL RUN” Store will contain approximately 900-1500 square feet and will likely be mostly located in suburban areas in business districts. The “JEFF’S BAGEL RUN” Stores will typically be open year round, closing only on selected holidays.

You must comply with all local, state, and federal laws that apply to your “JEFF’S BAGEL RUN” Store operations, including, for example, zoning, building code, health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, sexual harassment, and tax laws. The Americans with Disability Act of 1990 and state equivalents require readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. For example, you must obtain permits for your building, construction, outdoor patio, and zoning, as well as operational licenses. There are also regulations that pertain to sanitation, food and menu labeling (such as nutritional and caloric information), food preparation, food handling, food content (such as on trans fats), and food service. You must comply with all applicable federal, state, and local laws and regulations during the operation of your “JEFF’S BAGEL RUN” Store.

## **ITEM 2 BUSINESS EXPERIENCE**

### President and Treasurer: Justin Wetherill

Justin Wetherill has been our President and Treasurer since our incorporation on March 13, 2023. He has also been the President of Jeff's Bagel Run Holdings Co and the Manager of JBR Supply Co LLC since July 26, 2023. Since December 2019, he has also been and continues to be President of 1337 Capital Management LLC and its various affiliates in Orlando, Florida. From 2009 to April 2021, he was President of uBreakiFix Co and its various affiliates, including UBIF Franchising Co, in Orlando, Florida. Mr. Wetherill is located in Orlando, Florida.

### Vice President and Co-Founder: Jeffrey Perera

Jeffrey Perera is our Vice President since our incorporation on March 13, 2023. He has also been the Vice President of Jeff's Bagel Run Holdings Co since July 26, 2023. He is also the Co-Founder of Jeff's Bagel Run LLC in Ocoee, Florida. He has served as President of Jeff's Bagel Run LLC since May 2020. From April 2018 to August 2019, he was a Regional Vice President of Atria Senior Living in Winter Garden, Florida. Mr. Perera is located in Winter Garden, Florida.

### Vice President and Co-Founder: Danielle Perera

Danielle Perera is our Vice President since our incorporation on March 13, 2023. She has also been the Vice President of Jeff's Bagel Run Holdings Co since July 26, 2023. She is also the Co-Founder of Jeff's Bagel Run LLC in Ocoee, Florida. She has served as Vice President of Jeff's Bagel Run LLC since May 2020. From April 2019 to June 2021, she was a District Manager of Ross Stores, Inc. in Orlando, Florida. Ms. Perera is located in Winter Garden, Florida.

### Vice President, Technology: Aaron LeClair

Aaron LeClair has been our Vice President, Technology since September 2023. From September 2022 to August 2023, he was the Chief Technology Officer for Cambium Carbon PBC in Orlando, Florida. From November 2020 to September 2022 he was the Chief Technology Officer for SecureNet Technologies LLC in Lake Mary, Florida. From January 2018 to October 2020, he was the Director of Engineering, Technology & Support for UBIF Franchising Co d/b/a uBreakiFix. Mr. LeClair is located in Orlando, Florida.

### Vice President, Marketing: Catriona Harris

Catriona Harris has been our Vice President of Marketing since April 2024. From May 2011 to March 2024, she was the CEO of Up roar PR in Annapolis, Maryland and Orlando, Florida. Ms. Harris is located in Orlando, Florida.

### Vice President, Development: Ryann Frost

Ryann Frost has been our Vice President, Development since August 2023. From June 2022 to June 2023, she was the Vice President of Real Estate Development for M.H. Franchise Company Inc. d/b/a Teriyaki Madness in Denver, Colorado. From January 2014 to June 2022, she held various roles at UBIF Franchising Co d/b/a uBreakiFix in Orlando, Florida including the Director of

Franchise Development and Franchise Development Manager. Ms. Frost is located in Denver, Colorado.

Vice President, General Counsel, and Secretary: Min Cho

Min Cho is our Vice President, General Counsel, and Secretary since our incorporation on March 13, 2023. He has also been the Vice President, General Counsel, and Secretary of Jeff's Bagel Run Holdings Co since July 26, 2023. Since May 2022, he has also been and continues to be the General Counsel of 1337 Capital Management LLC and its various affiliates in Orlando, Florida. From June 2021 to May 2022, he was a corporate attorney at Byrd Campbell, P.A. in Winter Park, Florida. From August 2019 to May 2021, he was Vice President, Legal for UBIF Franchising Co d/b/a uBreakiFix in Orlando, Florida. From August 2017 to August 2019, he was Vice President, General Counsel, and Secretary of UBIF Franchising Co d/b/a uBreakiFix and its various affiliates in Orlando, Florida. Mr. Cho is located in Orlando, Florida.

Director, Franchising: Eric Kirby

Eric Kirby is our Director, Franchising since February 12, 2023. From January 2023 to February 2024, he was the Director, Service Sales for Encompass Supply Chain Solutions in Atlanta, Georgia. From March 2014 to July 2022, he held various roles at UBIF Franchising Co d/b/a uBreakiFix in Orlando, Florida including the Director of Business Development and Director of Sales Enablement. Mr. Kirby is located in Tampa, Florida.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

You must pay a \$30,000 lump sum initial franchise fee and a \$10,000 initial training fee when you sign your first franchise agreement. The initial franchise fee and initial training fee are not refundable under any circumstances. We will waive the initial training fee for your second or subsequent franchise agreement, in our sole discretion, if you or your Operating Principal has previously completed the training program to our satisfaction and your existing "JEFF'S BAGEL RUN" Store(s) is/are operating in accordance with our standards and specifications. In addition, we may in our sole discretion defer collection of the initial franchise fee until the Store(s) open to the public, and may even waive the initial franchise fee, for certain sales to our officers, directors, affiliates and their respective family and friends.

If you (or your owner in the case of an entity) are an Experienced Manager, with at least 2 years of prior experience as a manager or assistant manager at a “JEFF’S BAGEL RUN” Store owned by us or our affiliate, the initial franchise fee for your first Franchise Agreement will be equal to \$15,000 and you will not pay an initial training fee.

Before you open your “JEFF’S BAGEL RUN” Store, you must purchase certain designated items which make up your pre-opening inventory of equipment, initial supplies and information systems hardware and related fees, utensils, uniforms and initial food inventory, furniture, and signage from us or JBR Supply Co. We estimate that these designated items will cost between \$175,000 to \$247,000 which is not refundable under any circumstances. This does not apply if you sign a Franchise Agreement for the purchase of an existing “JEFF’S BAGEL RUN” Store, either from another franchisee or from JBR or an affiliate of JBR.

We will review three proposed sites for your “JEFF’S BAGEL RUN” Store at no charge. However, for the fourth site that we review, and for each additional site, you must reimburse us for all costs and expenses that we incur in reviewing the site, which we estimate to be about \$1,000, including our travel expenses in connection with any on-site review.

If the Franchise Agreement is executed with an assignment, including if you purchased your “JEFF’S BAGEL RUN” Store from an existing franchisee, the existing franchisee will pay us a non-refundable administrative/transfer fee and reimburse our associated out-of-pocket costs, in lieu of you paying an Initial Franchise Fee. Unless you are an existing Owner with an Experienced Manager or an Operating Partner who has previously completed the initial training program, you must attend our Initial Training Program and pay our Initial Training Fee.

#### **Incentive for franchisees signing leases for stores in 2024.**

If you execute a lease for your store before July 1, 2024, we will return your initial franchise fee (by credit given equal to the whole initial fee). If you execute a lease for your store on or after July 1, 2024 but before December 31 2024 then we will return one-half of your initial franchise fee (by credit equal to half of initial franchise fee).

If you have signed an Area Development Agreement that provides for payment amounts that differ from what is described above, your payments will be revised to reflect the terms of Area Development Agreement. Otherwise, the Initial Franchise Fee is uniform for franchises we are currently offering in this state.

#### **Area Development Agreement**

When you sign our current form of Area Development Agreement, you must pay us a non-refundable initial development fee (“**Development Fee**”) equal to \$10,000 multiplied by the number of “JEFF’S BAGEL RUN” Stores that you must open (excluding the first “JEFF’S BAGEL RUN” Store). You will concurrently sign your first Franchise Agreement and pay \$30,000 (representing the Initial Franchise Fee) and \$10,000 (representing the Initial Training Fee) for your first Franchise Agreement. When we accept the site for each subsequent “JEFF’S BAGEL RUN” Store, you will sign a separate Franchise Agreement and pay us an Initial Franchise Fee of \$20,000, but we will credit the previously paid Development Fee against the Initial Franchise Fee at the rate of \$10,000 per “JEFF’S BAGEL RUN” Store until the Development Fee is exhausted.

If you or any of your Owners are: (1) an existing franchisee with an open and operational Store or (2) are an Experienced Manager, with at least 2 years of prior experience as a manager or assistant manager at a “JEFF’S BAGEL RUN” Store owned by another franchisee, Franchisor or one of our affiliates, and are now entering into an Area Development Agreement, you will not pay an Initial Training Fee, but you will pay a Development Fee equal to \$10,000 multiplied by the number of “JEFF’S BAGEL RUN” Stores you must open. When we accept the site for each subsequent “JEFF’S BAGEL RUN” Store, you will sign a separate Franchise Agreement and pay us an Initial Franchise Fee of \$15,000, but we will credit the previously paid Development Fee against the Initial Franchise Fee at the rate of \$10,000 per “JEFF’S BAGEL RUN” Store until the Development Fee is exhausted.

In all cases, the development fee is non-refundable, fully earned by us when paid, and is uniform for franchisees we are currently offering in this state (except as described above).

**ITEM 6  
OTHER FEES**

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Continuing Royalty	6% of Gross Sales.	Payable electronically daily, through automatic debiting by our designated third party payment processor, for Gross Sales paid by credit or debit card and on demand but no less frequently than monthly for all other Gross Sales.	“ <b>Gross Sales</b> ” includes all revenues received or receivable by you as payment, whether in cash or for credit, barter or other means of exchange (and whether or not payment is received), for any and all goods, merchandise, services or products sold in or from your “JEFF’S BAGEL RUN” Store, or which are promoted or sold under any of the Marks during the term of the Franchise Agreement, whether or not we offer the products in our other locations. Gross sales includes the imputed amount of gross sales used in calculating your losses under any business interruption insurance, before the insurer’s deduction for expenses not incurred during the loss period, but after the satisfaction of any applicable deductible. “Gross Sales” excludes (i) sales, value added or other tax, excise or duty charged to customers imposed by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from your “JEFF’S BAGEL RUN” Store and actually paid to the appropriate governmental authority; and (ii) revenues received on account of

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
			<p>sales of pre-paid gift cards and certificates; provided, however, that revenues received on redemption of the pre-paid gift cards and certificates shall be included as part of "Gross Sales."</p> <p>Franchisee must also reimburse us for any bank fee or charge imposed on account of credit card payments, which typically range between 1-3% of the payment amount.</p>
Advertising Fee	2% of Gross Sales.	Same as Continuing Royalty.	The advertising fee will be in addition to the 2% of the Gross Sales that you must spend on local advertising under Section 8.2 of your Franchise Agreement.
Advertising cooperatives ("Co-op")	Your minimum contributions to the advertising cooperative will be determined by us.	As determined by the Co-op.	We do not currently do so, however if we do so in the future, you must participate in any advertising Co-op for the region in which your "JEFF'S BAGEL RUN" Store is located. We will notify you in writing if you must join a regional advertising cooperative for your area and the amount of your advertising cooperative contributions. We determine the area of each advertising cooperative.
On Site Opening Assistance	Our out-of-pocket expenses.	Upon demand.	We will provide the On-Site Training at no additional charge; provided, however, that if we determine in our reasonable judgment that more than 2 weeks of on-site training is necessary, you must reimburse us for all travel, living, compensation, and other expenses we incur as a result of extending the On-Site Training, and at our election a per diem training charge at our then current rates.
Additional Training & Assistance	Our then-current charge, currently \$125 person per day.	Prior to beginning of training.	The initial training fee covers the initial training program for up to 3 persons. We may charge a fee for any additional personnel that attend the initial training program. Also, we will not charge for mandatory training but reserve the right in our sole discretion to charge a fee for

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
			any optional training courses which we may periodically offer, in our sole discretion. In addition to any training fee, you must pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at any additional training courses.
Annual Meeting Expenses	Currently \$299 per attendee or our then-current charge.	As incurred.	We may host an annual meeting or convention of franchisees which you must attend. You must pay us a per attendee fee to defray our costs for meals and local transportation we provide at the annual meeting. You are responsible for your other expenses to attend including, travel, other meals and accommodations, and for the expenses of your other attendees.
Transfer / Assignment	10% of our then-current initial franchise fee plus our out-of-pocket costs associated with the transfer/assignment, including attorneys' fees (the amount of which will vary depending on the circumstances, which we do expect to exceed \$1,500).	Upon submission of your request to transfer our assign.	<p>Payable when you transfer your franchise or upon any "Assignment" as defined in the Franchise Agreement.</p> <p>No charge if franchise is transferred to an entity which you control, but you must reimburse us for our out-of-pocket costs (the amount of which will vary depending on the circumstances, which we do not expect to exceed \$1,500).</p> <p>If you offer securities in a private offering then, in addition to the transfer fee, you must pay us the greater of: (a) a non-refundable fee equal to \$5,000, or (b) our reasonable costs and expenses (the amount of which will vary depending on the circumstances, which we do not expect to exceed \$5,000) associated with reviewing the proposed offering.</p>
Food Safety Audit	Cost of audit (estimated to be approximately \$300)	As incurred	If you pass any food safety audit conducted by us or our representative, we will bear the cost, but if you fail a food safety audit, we may or will require you to undergo one or more additional food

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
			safety audit(s) in which case you will reimburse us our costs on demand.
Audit	Cost of audit plus interest on the underpayment at the highest rate allowed by law (not to exceed 18%).	Upon demand.	You must pay the cost of the audit if the audit shows an under-reporting or under-recording of 2% or more. If the audit shows an under-reporting or under-recording error of 5% or more, we, in addition to any other rights and remedies we may have, have the right to terminate the Franchise Agreement.
Late Fee	Interest of 18% per annum, or the highest interest rate allowable by law, on any unpaid amounts.	Upon demand.	Due only if you are late in paying any amounts owed to us.
Charges for unpaid checks, drafts or electronic payments	Our costs and expenses arising from the non-payment, including bank fees in the amount of at least \$50 and other related fees incurred by us, subject to limitations and restrictions under applicable law to the contrary.	Upon demand.	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.
Renewal Fee	10% of our then-current initial franchise fee.	Upon signing a successor franchise agreement.	
Supplier Review Costs	Costs of review of application and inspection,	Upon demand.	You or your proposed Supplier must pay us in advance (or if we request, reimburse us) our reasonably anticipated costs to review the Supplier's application and any

<b>(1) Type of Fee</b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
	currently \$1,000.		<p>current and future reasonable costs and expenses, to inspect and audit the Suppliers' facilities, equipment, and products, and all product testing costs paid by us to third parties.</p> <p>Currently, we estimate Supplier Review Costs to be \$1,000. We do not anticipate this to increase in the foreseeable future.</p>
Architect Fee	\$2,500	Upon demand	<p>You must employ licensed architects, engineers and general contractors, at your sole cost and expense, to prepare architectural, engineering and construction drawings and site plans, and to obtain all permits required to construct, remodel, renovate, and/or equip your "JEFF'S BAGEL RUN" Store. You must only use one of our pre-approved architects. You may, however, use a licensed architect that is not one of our pre-approved architects with approval, which we may approve or deny based on our sole discretion. If we consent to you using an architect that is not on our pre-approved list, you will be charged a \$2,500 fee for review and evaluation of your architect's work by us or our designated architect.</p>
Insurance	Cost of insurance plus our costs to obtain the insurance for you, currently approximately \$4,000 annually.	Upon demand, see Remarks.	<p>If you do not obtain and maintain the requisite insurance coverage, we may, at our option, purchase the insurance for you and you must pay us the premiums and our costs to obtain the insurance, which we estimate will cost approximately \$4,000 per year.</p>
Email account fee	Currently, \$150 yearly per email account, but subject to change.	Upon demand, see Remarks.	<p>You must also maintain a functioning e-mail address for your store, on our outsourced web hosting service. We reserve the right to require you to reimburse us for our actual costs associated with this service.</p>

<b>(1) Type of Fee</b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
Site Review Fees	Currently, between \$0 and \$1,000.	Upon demand, see Remarks.	We will review three proposed sites at no charge. However, for the fourth site that we review, and for each additional site, you must reimburse us for all costs and expenses that we incur in reviewing the site. These figures include our expenses for travel, food and lodging in connection with each on-site review.
Equipment, Utensils, Supplies and Product Inventory	Then current published wholesale prices for each particular item	Upon shipment.	<p>Your “JEFF’S BAGEL RUN” Store may only offer the public the products we approve. Before you open your “JEFF’S BAGEL RUN” Store, you must purchase a pre-opening inventory of equipment, utensils, and supplies needed to begin business, for a total cost between \$160,000 and \$228,000. As they are depleted, and as new supplies are required for you to sell the Approved Products, you must replenish your supplies as needed to meet reasonably anticipated consumer demand for your business.</p> <p>You will make ongoing purchases of supplies and product inventory from any approved supplier, including our affiliate, JBR Supply Co.</p>
Promotional Campaigns	Not to exceed 100% of our actual costs.	Upon demand, See Remarks.	We may establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation, promote particular products or marketing themes. You and each Co-op Advertising Region, if any, must participate in these promotional campaigns under the terms and conditions we may establish. Your participation may include purchasing point of sale advertising material, posters, flyers, product displays and other promotional material (unless provided at no charge through the Advertising Fund).

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Extension Program	\$1,500 for each of the first 6 months of extension, and \$2,500 per month for months 7-12; payable on a monthly basis.		If you are in good faith using your best efforts to commence operations within 9 months of signing the Franchise or Area Development Agreement, then we may, upon written request and execution of our then-current withdrawal authorization form, we will permit you to extend, for up to twelve (12) months, the date by which you must commence operating your "JEFF'S BAGEL RUN" Store.
Fines (1)	Then-current fines set forth in the Manuals. Our fines vary depending on various factors, including, the nature and severity of the violation.	On Demand	Payable if you violate your duties under the Franchise Agreement or Manuals, but it is not an agreement to permit you violate the Franchise Agreement or Manuals nor liquidated damages

(1) All fees are imposed by and are payable to JBR or our affiliate. All fees are non-refundable and are uniform for franchises currently being offered in this state except as described in the table, however, we reserve the right to reduce or waive the fees for certain Stores.

(2) Interest begins from the date of the underpayment.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

(1) Type of Expenditure	(2) Amount		(3) Method of Payment	(4) When Due	(5) To Whom Paid
	Low	High			
Initial Franchise Fee	\$0**	\$30,000	Lump Sum	Upon Signing Franchise Agreement	Us
Initial Training Fee	\$0**	\$10,000	Lump Sum	Upon Signing first Franchise Agreement	Us

(1) Type of Expenditure	(2) Amount		(3) Method of Payment	(4) When Due	(5) To Whom Paid
	Low	High			
Initial Kitchen Equipment	\$150,000	\$200,000	Lump Sum	Prior to Opening	Our Affiliates or Approved Suppliers
Initial Supplies & POS / Information Systems Hardware	\$10,000	\$20,000	Lump Sum	Prior to Opening	Our Affiliates or Approved Suppliers
Security & Internet Hardware/Fees	\$1,000	\$5,000	Lump Sum	Prior to Opening	Our Affiliates or Approved Suppliers
Uniforms & Initial Food Order / Inventory	\$10,000	\$13,000	Lump Sum	Prior to Opening	Our Affiliates or Approved Suppliers
Furniture and Fixtures	\$1,500	\$5,000	Lump Sum	Prior to Opening	Our Affiliates or Approved Suppliers
Interior Signage	\$2,500	\$4,000	Lump Sum	As Arranged	Our Affiliates or Approved Suppliers
External Signage	\$7,000	\$24,000	As Arranged	As Arranged	Vendors
Wages, Travel and Living Expenses During Site Review	\$0	\$1,000	As Arranged	As Arranged	Us
Legal and Accounting	\$1,500	\$10,000	As Arranged	As Arranged	Vendors
Business Licenses and Permits	\$2,500	\$7,500	As Arranged	As Arranged	Government
First 3 Months Marketing	\$0	\$6,000	Monthly	As Arranged	Vendors

(1) Type of Expenditure	(2) Amount		(3) Method of Payment	(4) When Due	(5) To Whom Paid
	Low	High			
Insurance	\$4,000	\$7,000	As Incurred	As Arranged	Vendors
Security Deposits	\$0	\$10,000	As Arranged	As Arranged	Landlord
Construction and Leasehold Improvements	\$225,000	\$310,000	As Arranged	As Arranged	Contractors
Additional Funds – 3 Months	\$20,000	\$50,000	As Arranged	As Arranged	Employees and Vendors
<b>TOTAL</b>	<b>\$435,000</b>	<b>\$712,500</b>			

\*\* We intend to waive the initial franchise fee and initial training fee for Franchise Agreements executed with our affiliated entities for our 2 (as of December 31, 2023) existing affiliate-owned “JEFF’S BAGEL RUN” Stores and any stores that they open in the future. If you purchase an existing “JEFF’S BAGEL RUN” Store owned by one of our Affiliates, you will pay a purchase price for the business as mutually agreed by you and that Affiliate. We may waive the initial training fee for your second or subsequent franchise agreement, in our sole discretion, if you or your Operating Principal have previously completed the training program to our satisfaction.

The above chart describes the estimated initial investment for a single “JEFF’S BAGEL RUN” Store. If you sign an Area Development Agreement, you must also pay us a non-refundable initial development fee equal to \$10,000 multiplied by the number of “JEFF’S BAGEL RUN” Stores (excluding the first “JEFF’S BAGEL RUN” Store) which you must open, and you will concurrently sign your first Franchise Agreement and pay \$30,000 representing the initial franchise fee and \$10,000 representing the initial training fee for your first Franchise Agreement. When we accept the site for each subsequent “JEFF’S BAGEL RUN” Store, you will sign a separate Franchise Agreement and pay us an initial franchise fee of \$20,000. However, we will apply a \$10,000 from the development fee against the franchise fee for the second and each subsequent Franchise Agreement until the development fee is exhausted. If you are an Experienced Manager, the initial franchise fee for your first (and each subsequent) “JEFF’S BAGEL RUN” Stores is \$20,000 and you will not pay an initial training fee.

Actual costs will vary for each franchisee and each location depending on a number of factors. Neither we nor our affiliate finances any part of the initial investment. Payments to us are not refundable. We are not able to represent whether or not amounts that you pay to third parties are refundable.

1. The initial franchise fee and initial training fee are detailed in Item 5. The initial training fee is payable in connection with your first franchise agreement.
2. This figure includes the approximate initial cost for the Information Systems which is \$2,500 to \$3,500 (which includes vendor provided training). We have not included the cost of software maintenance agreements, if any. This figure also does not include any technical support costs associated with operating the hardware or software.
3. These figures include your costs of travel, food, lodging and other expenses during your initial 2-week training program. The initial training program will be approximately 48 hours per week of training over a 2-week period.
4. Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site. We will review three proposed sites at no charge. However, for the fourth site that we review, and for each additional site, you must reimburse us for all costs and expenses that we incur in reviewing the site. The high end estimate above assumes we will review four sites. If additional site reviews are necessary, we estimate that each one could cost up to an additional \$1,000. These figures include our expenses for travel, food and lodging in connection with each on-site review.
5. If you also sign an Area Development Agreement, we anticipate that your legal fees may be larger and range from \$1,000 to \$10,000.
6. Most of the expenses described in the chart cover only the period before you open your Store, however, the estimate of additional funds for the initial phase of your business is based on your staff salaries and operating expenses for the first 3 months of operation. These amounts are the minimum recommended levels to cover your operating expenses for 3 months. However, we cannot guarantee that this amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. The estimate of additional funds does not include an owner's salary or draw. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skills, experience and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your products; the prevailing wage rate; competition; and the sales level reached during the initial period. If you also sign an Area Development Agreement, you should plan and budget accordingly based on the development schedule listed in your area development agreement. You should plan on incurring additional payroll expenses for training associates for stores that are not open yet.

## YOUR ESTIMATED INITIAL INVESTMENT

### Area Development Agreement

(1) Type of Expenditure	(2) Amount		(3) Method of Payment	(4) When Due	(5) To Whom Paid
	Low	High			
Initial Development Fee <sup>(1)</sup>	\$50,000	\$80,000	Lump Sum	Upon Signing Area Development Agreement	Us
Legal and Accounting <sup>(2)</sup>	\$1,000	\$10,000	As Arranged	As Arranged	Vendors
Additional Funds – 3 Months <sup>(3)</sup>	\$0	\$50,000	As Arranged	As Arranged	Employees and Vendors
<b>TOTAL</b>	\$51,000	\$140,000			

- (1) There is an initial fee of \$10,000 multiplied by the number of Stores (excluding the first Store, at a minimum of 2 stores) which you must open plus \$30,000 representing the initial franchise fee and \$10,000 representing the initial training fee for your first Franchise Agreement. We may waive the initial training fee for your second or subsequent franchise agreement, in our sole discretion, if you or your Operating Principal have previously completed the training program to our satisfaction. The high estimate assumes an area development agreement for 5 stores. In addition, the Area Development fees disclosed in the Table above, an Area Developer will incur the expenses set forth in the first Item 7 Table for establishing each Store.
- (2) If you also sign an Area Development Agreement, we anticipate that your legal fees may be larger and range from \$1,000 to \$10,000.
- (3) If you also sign an Area Development Agreement, you should plan and budget accordingly based on the development schedule listed in your area development agreement. You should plan on incurring additional payroll expenses for training associates for stores that are not open yet.

### General

In compiling these estimates, we relied on the experience of our affiliates in the construction and development of “JEFF’S BAGEL RUN” Stores.

**ITEM 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Real Estate**

You are solely responsible for locating your “JEFF’S BAGEL RUN” Store site (the “**Location**”), subject to our acceptance. Unless we notify you in writing that the proposed site is acceptable within 30 days after you have submitted a site review request a package for a proposed site (or 15 days after receipt of additional information which we request), the site will be deemed rejected. You may not relocate your “JEFF’S BAGEL RUN” Store without our prior written consent.

If you do not already have a location when you sign your Franchise Agreement, you must promptly purchase or lease a site for your “JEFF’S BAGEL RUN” Store. You must submit your proposed lease to us for acceptance at least 15 days before you sign it. Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us on the Location or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you. If we accept the proposed lease, we will notify you of our acceptance of the lease. Your lease must not (a) obligate us in any manner, (b) contain any provision inconsistent with your Franchise Agreement, or (c) contain a non-competition covenant which restricts us or our Affiliates. In addition, your lease must provide for a term at least as long as the term of your Franchise Agreement and must include the lease addendum attached to the Franchise Agreement as Exhibit D.

If you purchase the Location, you must submit the purchase contract to us for approval at least 15 days before you sign it, and provide a fully signed copy within 15 days following signing.

You must construct, equip and improve your “JEFF’S BAGEL RUN” Store in compliance with our current design criteria. You must employ one of our approved architects and general contractors. You may, however, use a licensed architect that is not one of our pre-approved architects with our prior written approval, which we may approve or deny based on our sole discretion; if we consent to you using an architect that is not on our pre-approved list, you will be charged a \$2,500 fee for review and evaluation of your architect’s work by us or our designated architect.

All plans and modifications to the Location must be submitted to us for our review and acceptance before you start construction. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected. You may not open your “JEFF’S BAGEL RUN” Store until you receive written authorization from us to do so, which may be subject to our satisfactory inspection of your “JEFF’S BAGEL RUN” Store, which may be accomplished remotely or by travel to your site at our sole discretion. You must commence operation of your “JEFF’S BAGEL RUN” Store no later than 9 months following the date you sign the Franchise Agreement.

**Approved Products and Supplies**

You must sell only Approved Products at your “JEFF’S BAGEL RUN” Store and such products must be offered strictly in accordance with our “System Standards.” “Approved Products” presently consist of (a) bagels, specialty cream cheeses and other spreads, cookies and other baked goods, coffee and tea. To be able to sell Approved Products, you will need to purchase and maintain an inventory of supplies from our approved suppliers.

Our “**System Standards**” include the specifications, standards, operating procedures, policies, rules, regulations, procedures, protocols, restrictions, recommendations and guidelines we establish for the operation of a “JEFF’S BAGEL RUN” Store. We will modify specifications to the System Standards in writing through the Manuals.

Although we presently allow you to purchase some of these items from any approved supplier, our affiliate, JBR Supply Co LLC (“JBR Supply Co”), sources or makes most of these items available for your purchase, at the same prices charged to other franchisees.

You must, however, purchase your coffee, bagel dough mix, certain toppings, and “Jeff’s Bagel Run” branded utensils, packaging and supplies from JBR Supply Co or one of our approved suppliers. We are not the only approved supplier of the Approved Products described above. We reserve the right to in the future designate additional items that may only be purchased from us our Affiliates or from suppliers we designate (“**Designated Products**”). Designated Products may include: (i) products that bear the “JEFF’S BAGEL RUN” mark or marks; (ii) food, toppings, ingredients, utensils, supplies, accessories, fixtures, furnishing, equipment, uniforms, stationary, packaging, forms, computer hardware, software, modems and peripheral equipment and other items, whose quality or other specifications we deem to be of significant important to you “JEFF’S BAGEL RUN” Store or which are produced or manufactured in accordance with our specification and/or formulas, and products which we select as designated products.

We may also specify certain products, like merchandise, fixtures, furnishings, equipment, uniforms, supplies, paper goods, packing, forms, Information Systems, and other products, supplies and equipment, some of which may be restricted or designated brands and models, other than Designated Products, which you may or must use and/or offer and sell at your “JEFF’S BAGEL RUN” Store (“**Ancillary Products**”). You may, but will not be obligated to, purchase the Ancillary Products from us or our Affiliates, if we or our Affiliates, supply the same. You may use, offer or sell only the Ancillary Products that we have expressly authorized, and that are purchased or obtained from us or a producer, manufacturer, distributor, or supplier (“**Supplier**”) designated or approved by us under the franchise agreement.

If you wish to obtain authorized Ancillary Products from a proposed Supplier other than us or one we have previously approved or designated (and subsequently disapproved), you must seek our approval of the Supplier by written notice which (i) identifies the name and address of the Supplier, (ii) contains the information we request or require to be provided in the Manuals (e.g. financial, operational and economic information regarding its business), and (iii) identifies the authorized item you seek to purchase from the Supplier. Upon request, we will furnish you with our criteria for approving suppliers and specifications for the Ancillary Products if they are not in the Manuals (and do not involve proprietary recipes or formulations, which we will not provide). The proposed Supplier must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure, and must demonstrate to our reasonable satisfaction (a) its ability to supply products meeting our specifications, (b) its reliability with respect to delivery and consistent high quality of products, and (c) its ability to price the proposed products competitively. The proposed Supplier must, at our request, furnish at no cost product samples, specifications and other information we may require, and allow us or our representatives to inspect the proposed Supplier’s facilities and establish economic terms, delivery, service and other requirements consistent with our other distribution relationship for our “JEFF’S BAGEL RUN” Stores.

We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval of a proposed Supplier and all requested back-up information.

Among other factors we may consider in deciding whether to approve a proposed Supplier, we may consider the effect that the approval may have on our and our franchisees' ability to obtain the lowest distribution costs with the quality and uniformity of product offered system wide by "JEFF'S BAGEL RUN" franchisees. We may also require a Supplier to agree in writing: (i) to provide us free samples on request of any Ancillary Products it intends to supply, (ii) to faithfully comply with our specifications, and (iii) to sell any product bearing our trademarks only to our franchisees and only under a Trademark License Agreement in a form we provide (which may require payment of a royalty), and (iv) to provide us to duplicate purchase invoices for our records and inspection. We reserve the right to subsequently revoke our approval upon written notice to you.

You or your proposed Supplier must pay us in advance (or if we request, reimburse us) our reasonably anticipated costs to review the Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Supplier's facilities, equipment, and products, and all product testing costs paid by us to third parties.

Several of our officers own a direct or indirect interest in JBR Supply Co, which will supply various products and services to you.

You must purchase your initial inventory of interior graphics, sign package, window graphics, equipment, and supplies from JBR Supply Co or one of our approved suppliers. While we will derive revenue from JBR Supply Co, we do not presently intend to derive revenue from any other approved suppliers and any arrangements with them will be made to directly benefit the franchisee. But JBR Supply Co may sell dough and certain other goods to our approved distributor for resale to our franchisees. We have negotiated a distribution agreement with a supplier to supply all of the products to our franchisees through its distribution channel at negotiated prices. You and the supplier will sign a participation agreement, on a form it prescribes, a current copy of which is attached to this disclosure document as Exhibit K. We do not provide any material benefits to you upon your use of any approved suppliers. We do not currently derive revenue or other material consideration from suppliers based on your purchases of products, merchandise and services from unaffiliated suppliers.

We do not provide any material benefits to you upon your use of any approved suppliers. We do not currently derive revenue or other material consideration based on your purchases of products, merchandise and services from unaffiliated suppliers. There are no purchasing or distribution cooperatives.

As of our most recently completed fiscal year end, there were no purchasing or distribution cooperatives. Since we recently began franchising, our total revenue was \$0 for the fiscal year ended December 31, 2023. Our affiliate derived \$7,130.95 in revenue from required franchisee purchases for the fiscal year ended December 31, 2023.

We estimate that substantially all (approximately 90%) of your expenditures for leases and purchases in establishing your "JEFF'S BAGEL RUN" Store and substantially all (approximately 90%) of your expenditures on any ongoing basis during the operation of your "JEFF'S BAGEL RUN" Store will be for goods which are subject to sourcing restrictions (that is, which must meet our

standards and specifications), or which must be purchased from suppliers which we designate or approve.

We may periodically require you to participate in test programs and market research to determine the salability of new products. The test programs may include selling certain products. If you are requested to participate in a test program, you must provide timely reports and other relevant information regarding the test program.

You must operate your “JEFF’S BAGEL RUN” Store in compliance with the standard procedures, policies, rules and regulations contained in the Manuals. We do not reward or provide material benefits to you based on your use of designated suppliers, but doing so if one of your obligations under the franchise agreement and may obligate you to purchase replacement or other designated or approved Suppliers and may terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement.

### **Computer Equipment & Information Systems**

You must obtain a “POS System” from JBR Supply Co as detailed in the Manuals. The POS System must be connected via a high-speed connection at all times and be capable of accessing the Internet. You must obtain certain Information Systems that we specify. You must also obtain related service contracts, support contracts and other similar arrangements.

### **Records**

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements.

### **Insurance**

You must maintain suitable insurance coverage and minimum amounts specified in the Franchise Agreement, Manuals or by written notice, including all risk, property and casualty insurance for the replacement value of your Location; business interruption insurance providing for continued payment of all amounts due (or to become due) to us under your Franchise Agreement or any other agreement with us; workers compensation as required by applicable law. Currently, you must maintain comprehensive public liability insurance against claims for bodily and personal injury, death and property damage in the amount of at least \$1,000,000. All policies must name us and our affiliates as additional insureds. You may obtain additional insurance coverage as you feel necessary, and as may be required by your landlord for your Location. You may purchase your insurance from any carrier subject to our approval, not to be unreasonably withheld.

### **Advertising**

In addition to your Advertising Fee, you must spend at least 2% of Gross Sales each month on local advertising and promotion (“**Local Advertising**”), conforming with our policies and standards. At our request, you must provide us, for review and approval, an advertising plan detailing the Local Advertising you will provide over a 12 month period.

## Vehicle

If you wish to use one or more Vehicles in connection with your “JEFF’S BAGEL RUN” Store, the vehicles must be used in the manner prescribed in the Manuals, and meet our System Standards, for example, specifications for quantity, make, model, year, color, signage and body wrap and customize the Vehicle as we instruct, including applying and installing all decals, logos and wraps, and you must obtain and maintain insurance policies meeting System Standards. You must maintain the condition and appearance of the vehicle in a “like new” condition and repair, perform periodic maintenance as necessary, and keep it clean, free of dents, scratches or other damage or mechanical problems. You must also maintain automobile insurance coverage, currently including bodily injury coverage of at least \$1,000,000 per person/\$2,000,000 in the aggregate.

### ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition / lease	Section 5.1, 5.2 and 5.3 of Franchise Agreement; Section 6.1 of Area Development Agreement	Items 8 & 11
b. Pre-opening purchases / leases	Section 5.3 of Franchise Agreement Sections 3.A	Item 8
c. Site development and other pre-opening requirements	Section 5.4 of Franchise Agreement; Section 6.1 of Area Development Agreement	Items 7 & 11
d. Initial and on-going training	Article 6 of Franchise Agreement	Item 11
e. Opening	Section 5.4.4 of Franchise Agreement	None
f. Fees	Article 4 of Franchise Agreement; Article 5 of Area Development Agreement	Items 5 & 6
g. Compliance with standards and policies / Operations Manuals	Article 7 of Franchise Agreement	Item 11

<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure Document Item</b>
h. Trademarks and proprietary information	Article 11 of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Section 7.6, 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 9.6 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Article 2 of Area Development Agreement	Item 12
l. Ongoing product/services purchases	Section 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 5.5 of Franchise Agreement	Item 11
n. Insurance	Article 16 of Franchise Agreement	Items 6 & 8
o. Advertising	Article 8 of Franchise Agreement	Items 6 & 11
p. Indemnification	Sections 13.2.4, 13.3.4, 17.1 and 17.2 of Franchise Agreement; Section 7.3, 10.1 and 10.2 of Area Development Agreement	Item 6
q. Owner's participation / management / staffing	Section 7.2 of Franchise Agreement	Items 11 & 15
r. Records/reports	Section 10.1 and 10.4 of Franchise Agreement	Item 6
s. Inspection/audits	Section 10.2 and 10.3 of Franchise Agreement	Items 6 & 11
t. Transfer	Sections 13.2, 13.3 and 13.4 of Franchise Agreement; Section 7.3 of Area Development Agreement	Item 17

Obligation	Section In Agreement	Disclosure Document Item
u. Renewal	Section 3.2, 3.3 and 3.4 of Franchise Agreement; Section 4.2, 4.3 and 4.4 of Area Development Agreement	Item 17
v. Post-termination obligations	Article 15 of Franchise Agreement; Section 4.5 of Area Development Agreement	Item 17
w. Non-competition covenants	Section 12.1 of Franchise Agreement; Section 8.1 and 8.2 of Area Development Agreement	Item 17
x. Dispute resolution	Article 19 of Franchise Agreement; Section 10.17 of Area Development Agreement	Item 17

## ITEM 10 FINANCING

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

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

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

### **Pre-Opening Obligations**

Before you open your "JEFF'S BAGEL RUN" Store, we will do the following:

**Site Review.** If you have not found a location for your "JEFF'S BAGEL RUN" Store when you sign the Franchise Agreement, you must promptly locate one or more proposed sites which meet our current standards and specifications. For each proposed site, you will submit to us certain information regarding the site that we request. Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site. We will review three proposed sites at no charge. However, for the fourth site that we review, and for each additional site, you must reimburse us for all costs and expenses that we incur in reviewing the site. If we do not approve your proposed site within 30 days after your submission (or 15 days after you provide any supplemental information we request), the site will be deemed rejected. (Franchise Agreement § 5.1) Your "JEFF'S BAGEL RUN" Store location will be purchased or leased by you from independent third parties.

**Site Selection Assistance.** You are solely responsible for selecting the site of your "JEFF'S BAGEL RUN" Store, which will be subject to our review and acceptance. We do not locate sites for you. However, we may, without obligation, assist you in locating or evaluating a site. You may not

construe any assistance we may provide, or our acceptance as a guarantee or other assurance that the site will be successful. The factors we consider in accepting sites include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. (Franchise Agreement, § 5.2)

Site Design Assistance. We will provide a copy of our basic specifications for the design and layout of your “JEFF’S BAGEL RUN” Store. You are responsible for the costs of preparing architectural engineering and construction drawings and site plans, which you must submit to us using one of our approved architects (unless we otherwise consent in advance, in which case you will pay an additional \$2,500 fee for our approved architect’s review/evaluation) for our review and approval before you begin construction of your “JEFF’S BAGEL RUN” Store. You are responsible for the costs of construction and remodeling. (Franchise Agreement, § 5.4)

Training. We provide an initial training program and on-site opening assistance described below. (Franchise Agreement, §§ 6.1 and 6.2)

Manuals. You will have access to our confidential Manuals during the term of your franchise agreement through our online portal system. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. (Franchise Agreement § 7.4). Attached as Exhibit F to this disclosure document, is a copy of the table of contents of our Manuals that indicates the number of pages devoted to each subject.

### **Time to Open**

We estimate the typical length of time between signing a Franchise Agreement and opening a “JEFF’S BAGEL RUN” Store is between nine and twelve months, assuming that a location can be obtained and leased within one month after you sign the Franchise Agreement. If there are unforeseen delays, it could take considerably longer for you to open your “JEFF’S BAGEL RUN” Store. Factors that may affect the length of time it takes you to open your “JEFF’S BAGEL RUN” Store includes the process of negotiating a lease, construction delays, drafting architectural plans, obtaining permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

Before the renovation or construction of your “JEFF’S BAGEL RUN” Store, we will provide you with copies of our specifications for the design and layout of your “JEFF’S BAGEL RUN” Store and required fixtures, equipment, furnishings, décor, trade dress, and signs. You will construct, equip and improve your “JEFF’S BAGEL RUN” Store in accordance with our System Standards, unless we agree, in writing, to any modifications. You must employ licensed architects, engineers and general contractors, at your sole cost and expense, to prepare architectural, engineering and construction drawings and site plans, and to obtain all permits required to construct, remodel, renovate, and/or equip your “JEFF’S BAGEL RUN” Store. You must only use one of our pre-approved architects. You may, however, use a licensed architect that is not one of our pre-approved architects with approval, which we may approve or deny based on our sole discretion. If we consent to you using an architect that is not on our pre-approved list, you will be charged a \$2,500 fee. All plans, and modifications and revisions must be submitted to us for our review and acceptance before you commence construction (within 60 days after signing the Franchise Agreement, unless we otherwise agree in writing). You must complete construction or renovation, as the case may be, of your “JEFF’S BAGEL RUN” Store and all improvements, including installation of all fixtures, signs, equipment and furnishing as soon as possible, but in any event within 6 months after commencement of construction,

unless we consent in writing to a longer period of time. You must commence operation of your “JEFF’S BAGEL RUN” Store no later than 12 months following the date you sign the Franchise Agreement.

### **Obligations After Opening**

During the operating of the franchise business:

1. Upon reasonable request, we will give you additional assistance and advice to help you run your “JEFF’S BAGEL RUN” Store. In our sole discretion, we may send a representative to your “JEFF’S BAGEL RUN” Store to discuss your operations. If provided at your request, you must reimburse our expenses and pay our then current training charges. (Franchise Agreement, §6.3)

2. We will periodically designate Approved Products which you must stock and provide. Our approved suppliers will sell you the products, as long as they have them. (Franchise Agreement, §7.6) Approved Products presently consist of (a) bagels, specialty cream cheeses and other spreads, cookies and other baked goods, coffee and tea.

3. We may, at our option, establish an Intranet through which our franchisees may communicate with each other, and through which we may communicate with you and may disseminate the Manuals, updates to the Manuals, and other confidential information to you. We will have sole discretion and control over all aspects of the Intranet, including content and functionality. (Franchise Agreement, §7.13)

4. Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with local advertising. (Franchise Agreement, §8.1)

### **Advertising (Franchise Agreement, § 8)**

#### **Advertising Fund**

You must pay us an Advertising Fee that we determine (not to exceed 2% of your Gross Sales) to our advertising fund. Stores operated by us will contribute to our advertising fund at the same rate as similarly situated franchised stores. We will direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation. Media placement may be on a national, regional or local basis. We need not make expenditures that are equivalent or proportionate to your contributions. We need not ensure that any particular franchise benefits directly or proportionately from fund advertising. The fund is not a trust and we are not a fiduciary.

The fund may be used to meet all costs of administering, directing, preparing, placing and payment for national, regional or local advertising to promote and enhance the image, identify or patronage of “JEFF’S BAGEL RUN” Stores owned by us or our Affiliates and by franchisees. We will either transfer the advertising contributions to a separate entity to whom we have delated the responsibility to operate and maintain the advertising fund or administratively segregate on our books and records the advertising contributions we receive from franchisees. However, we are not required to maintain the contributions paid by you or other franchises to the fund and income earned by the

fund in a separate account. But we may not use this money principally to solicit new franchise sales. We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Advertising Fund.

Within 60 days following each of our fiscal years in which we operated the Advertising Fund, we will prepare an unaudited report certified as correct by a JBR officer showing the Advertising Fund balance at the beginning of the year, the total amount contributed by franchisees and our company or affiliate-owned “JEFF’S BAGEL RUN” Stores, and the amount actually expended for the year, and remaining balance or deficit in the Advertising Fund at the end of the fiscal year end. At your request, we will furnish a copy of the report to you. We do not conduct an audit of the Advertising Fund.

We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Advertising Fund in that year and may cause the Advertising Fund to borrow funds to cover deficits or invest in surplus funds. If we spend less than the total of all contributions to the Advertising Fund during any fiscal year, we may accumulate those sums for us in later years. If we or an Affiliate advances money to the Advertising Fund beyond what it contributed on account of our company or affiliate-owned “JEFF’S BAGEL RUN” Stores, we will be entitled to reimbursement. Any interest earned on monies held in the Advertising Fund may be retained by us for our own use, in our discretion.

Although we intend the fund to be perpetual, we can terminate the fund. We will not terminate the fund until it has spent all the money in the fund for advertising and promotional purposes.

As of December 31, 2023, we did not operate the advertising fund and there were no contributions or expenditures. We will either transfer the advertising contributions to a separate entity to whom we have delegated the responsibility to operate and maintain the advertising fund or administratively segregate the on our books and records, but commingled with our general operating funds, the advertising contributions we receive from franchisees. We or our Affiliates may collect rebates and allowances and credits from suppliers based on purchases or sales by us, our Affiliates and franchisees and have the right to retain the sums for our own purposes, return the sums to be used by one or more franchisees, including for designated purposes, and use the sums for advertising the “JEFF’S BAGEL RUN” brand, or one of more Advertising Fund expenditures in our discretion. Any contribution of the rebates or credits to the Advertising Fund will not reduce your obligation to pay the Advertising Fee.

We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Advertising Fund.

#### Other Advertising Information

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your area or territory.

You may develop advertising materials for your own use, at your own cost. You must submit to us all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 15 days, the proposed advertising will be deemed disapproved. (Franchise Agreement § 8.1)

We require you to expend, in addition to the Advertising Fee, if any, at least 2% of your Gross Sales on local advertising (“**Local Advertising Expenditure**”) and promotion of your “JEFF’S BAGEL RUN” Store, conforming to our specifications in the Manuals. Although not required to do so, we strongly recommend that you expend an amount equal to 3-5% Gross Sales as your Local Advertising Expenditure during each year, on approved advertising programs. At our request, you must submit, for our acceptance, a local advertising plan that details the local advertising you will conduct over a 12 month period. Without our express written consent, you may not use your Local Advertising Expenditure for market-wide research, seminars, entertainment fees, fees paid to consultants not approved by us, incentive programs, charitable contributions, press parties or specialty items (unless part of a market-wide program approved by us and the cost is not recovered by the promotion). (Franchise Agreement § 8.2).

### Advertising Council

There is no advertising council of franchisees that advises the franchisor on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

### Advertising Cooperatives

As of the date of this disclosure document, we have not established any local or regional advertising cooperatives (“**Co-op**”). If we do so in the future, you must participate in any advertising Co-op for the region in which your “JEFF’S BAGEL RUN” Store is located. We will notify you in writing if you must join a regional advertising cooperative for your area and the amount of your advertising cooperative contributions. We determine the area of each advertising cooperative.

Each advertising cooperative must adopt written governing documents. A copy of the governing documents (if one has been established) is available upon request. At all meetings of cooperative advertising regions, each participating franchisee is entitled to one vote per “JEFF’S BAGEL RUN” Store that franchisee operates in the cooperative region and we are entitled to one vote for each company-owned “JEFF’S BAGEL RUN” Store in the region.

Your minimum contributions to the advertising cooperative will be determined by us. However, each cooperative may increase the contribution by affirmative vote of not less than a majority of the voting power of the cooperative region. We or our Affiliate, as applicable, will contribute to the advertising cooperative for each of our company or affiliate-owned “JEFF’S BAGEL RUN” Stores located in the cooperative region on the same basis as franchises.

The advertising cooperative must prepare quarterly and annual financial statements prepared by an independent CPA and be made available to all franchisees in that advertising cooperative.

### **Point of Sale/Information Systems (Franchise Agreement, § 7.3)**

Before you commence operating your “JEFF’S BAGEL RUN” Store, you must purchase the required point-of-sale hardware and software, remote control software, Internet connections and service, required dedicated telephone lines and other computer-related accessories, software, peripherals and equipment (the “**Information Systems**”). The approximate initial cost to you for the Information System is \$10,000 to \$20,000 (which includes vendor provided training); to purchase and install the Information Systems. You must purchase the POS system from JBR Supply Co. The pre-

installed POS software called “Au-dough-mation” will have at a minimum the ability to track sales, customers and sales tax collected. We will provide initial POS training on site and continued POS training through the company intranet. Basic trouble shooting and tech support will also be provided by us. We reserve the right to make changes to existing POS systems or change POS systems at any time. You must obtain high-speed communications access for your point-of-sale system, like broadband, DSL or other high-speed capacity as well as a wireless backup.

You must also maintain a functioning e-mail address for your store, on our outsourced web hosting service. We reserve the right to require you to reimburse us for our actual costs associated with this service (presently about \$150 yearly per email account, but subject to change). You must apply for and maintain systems for use of debit cards, credit cards, loyalty and Gift Cards and other non-cash payment methods. You must adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended.

You must sell, or otherwise issue, as we may designate, store-value, loyalty and gift cards, certificates and other non-cash payment methods (collectively, “**Gift Cards**”) that we designate and only in the manner specified in the Manuals. You must fully honor all Gift Cards that are in the form approved or required by us, regardless of whether the Gift Card was issued by you or another franchisee or operator in the “JEFF’S BAGEL RUN” System, or purchased at any other location, like a retail or grocery store, via the internet or via other means of distribution. You must sell, issue and redeem (without any offset) Gift Cards in accordance with the procedures and policies we may specify in the Manuals or otherwise in writing (the “**Gift Card Program**”). You may be required to (a) enter into a separate agreement with a third party provider of Gift Card processing services under the terms and conditions as may be required by the third party for participation in the Gift Card Program; (b) purchase or upgrade, as necessary, hardware, software or other equipment, required participation in the Gift Card Program; (c) purchase and maintain sufficient inventory of Gift Cards for sale at your “JEFF’S BAGEL RUN” Store; (d) promote the sale of Gift Cards using only marketing methods and materials we approve; (e) comply in all material respects with all applicable laws, statutes and regulations in performing your obligations under the Franchise Agreement and otherwise in connection with the Gift Card Program; and (f) executed other agreements or documents as may be reasonably required by us in connection with the Gift Card Program. We may discontinue or modify the Gift Card Program at any time, in our sole discretion.

The required Information Systems include multiple tablets with all necessary software pre-installed, at least one cash drawer, multiple receipt printers, and all other necessary peripherals required to operate the POS system. The pre-installed POS software will have at a minimum the ability to track sales and sales tax collected. You must purchase this system from JBR Supply Co.

You must provide all assistance we require to bring your point of sale system on-line with our headquarters computer at the earliest possible time and to maintain this connection as we require. We may retrieve all information that we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

Neither we nor any of our Affiliates have an obligation to provide ongoing maintenance, repairs, upgrades or updates to the system. There are no contractual limitations on our ability to require you to update, upgrade or replace the Information Systems, add components to the Information Systems, and upgrade, update and replace components of the Information Systems. We may require

you to update, upgrade or replace the Information Systems, including hardware and/or software, upon written notice, and these costs might not be fully amortizable over the time remaining in the term of your Franchise Agreement. We cannot estimate the cost of maintaining, updating or upgrading the Information Systems or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

**Training (Franchise Agreement, Article 6)**

Before opening your first “JEFF’S BAGEL RUN” Store to the public, we will train up to 3 persons at our training facilities in Orlando, Florida; or at some other location closer to your “JEFF’S BAGEL RUN” Store as we determine (the “**Designated Training Facility**”). The initial training program consists of approximately 48 hours per week of training over a 2-week period. The following tables describe our initial training program:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Orientation	4	0	Orlando, FL
Office and Administration	4	8	Orlando, FL
Marketing	4	4	Orlando, FL
Restaurant Training	0	44	Orlando, FL
Field Equipment	4	4	Orlando, FL
Manager on Duty Training	0	16	Orlando, FL
Sales Training	4	0	Orlando, FL

We will hold training as frequently as we determine necessary. If you are an individual, you must attend and complete the training program to our satisfaction. If you are an entity, your Operating Principal, must attend and complete the training program to our satisfaction. In either case, your “JEFF’S BAGEL RUN” Store Manager must attend and complete the training program to our satisfaction. We do not have a formal training staff. The training is conducted under the supervision of Vice Presidents, Jeffrey Perera and or Danielle Perera who have more than 2 years of experience running a “JEFF’S BAGEL RUN” Store. Specialized teaching materials will be used including manuals, checklists and exams.

Except as described below, we will provide the initial training program for up to three persons, and you must pay the initial training fee of \$10,000 (for your first “JEFF’S BAGEL RUN” Store) plus the travel and living expenses for you and your employees during that training. We may charge you our then-current training fee for any additional personnel that attend the initial training program and for any additional training we provide. If you or any of your affiliates already own or operate 1 or more “JEFF’S BAGEL RUN” Stores, we are not obligated to provide and you are not obligated to attend the initial training program (and pay the initial training fee), provided however, that we may require you or your Operating Principal to attend the initial training program for your or your affiliate’s second or subsequent “JEFF’S BAGEL RUN” Store if we determine, in our sole discretion, that your existing “JEFF’S BAGEL RUN” Store(s) do(es) not meet our standards and specifications.

Immediately before and after each “JEFF’S BAGEL RUN” Store opens to the public, we will provide up to 2 weeks of on-site training to your Operating Principal and “JEFF’S BAGEL RUN” Store Manager. We do not charge a fee for on-site training, however, if we determine that it is necessary to provide more than 2 weeks of on-site training, you must reimburse us for our costs and expenses, including wages, salaries, travel and lodging expenses, that we incur as a result of extending the on-site training.

We will provide additional assistance and training to you and your employees upon your request or as we deem necessary to instruct you and your employees with regard to new procedures or programs which we deem important to the operation of your “JEFF’S BAGEL RUN” Store. We may also provide optional additional assistance, and in addition to any charges we establish, you must pay all transportation costs, food, lodging and other similar costs that you and your employees incur in connection with attending any additional training.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

The location of your franchise will be specified in the franchise agreement. However, if you and we have not agreed upon the location of your “JEFF’S BAGEL RUN” Store when you sign your franchise agreement, you must secure a location for your “JEFF’S BAGEL RUN” Store at a site accepted by us; we will assign you a provisional territory for 90 days within which to find a site meeting our standards. Our acceptance of a proposed location is not a guarantee that your “JEFF’S BAGEL RUN” Store will be successful. You may not relocate the “JEFF’S BAGEL RUN” Store without our prior written approval. You may apply for the right to open additional “JEFF’S BAGEL RUN” Stores under separate franchise agreements, but we have no obligation to allow you to open additional “JEFF’S BAGEL RUN” Stores. The franchise agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

During the term of your Franchise Agreement, we will not open or operate, or license others to own or operate, any “JEFF’S BAGEL RUN” Store at any physical site in your Territory; provided however, we may open or operate, or license other to own or operate “Non-Traditional” “JEFF’S BAGEL RUN” locations. A “Non-Traditional” location includes a site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, including, toll roads, highway travel plazas, hotels and motels, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, military and other governmental facilities, movie theaters, hospitals, grocery stores, supermarkets, convenience stores, schools, college and university campuses, piers, gyms, offices or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, and any site for which the lessor, owner or operator has indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider. and/or food trucks. Your Territory will be described in Exhibit A to your Franchise Agreement before you sign the agreement; provided, that if we have not agreed upon the location when you sign, we will determine the size and boundaries of your Territory when we accept your location, the exact size of which will vary depending on the location you select. It will be a radius of one (1) mile surrounding your “JEFF’S BAGEL RUN” Store if located in an urban area or three (3) miles surrounding your “JEFF’S BAGEL RUN” Store if located

in a suburban area. Alternatively, it may be some other geographic area described by attaching a map, or by reference to streets, natural boundaries or zip codes, in which case we will assign an area which we in good faith determine to include a daytime and/or evening population of 50,000 using source(s) of demographic data we consider reliable.

We reserve all rights not expressly granted in the franchise agreement (“**Reserved Rights**”). Accordingly, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Our Reserved Rights include, the exclusive, unrestricted right, in our discretion, directly and indirectly and through our employees, affiliates, representatives, franchisees, licensees, assigns, agents and others:

- (i) To own or operate, and to license others (which may include our Affiliates) to own or operate “Jeff’s Bagel Run” Stores at any location outside your Territory; “Jeff’s Bagel Run” Stores at Non-Traditional Venues at any location, and of any type whatsoever, within or outside your Territory, and regardless of proximity to your Store; Stores or other businesses operating under names other than “Jeff’s Bagel Run”, at any location, and of any type whatsoever, within or outside your Territory and regardless of their proximity to your Store;
- (ii) To produce, license, distribute and market “Jeff’s Bagel Run” Approved Products, including pre-packaged food items, dressings and other food and beverage products; books; clothing; souvenirs and novelty items; through any outlet (regardless of its proximity to your Store), including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising, delivery, catering and other distribution channels; and
- (iii) To advertise and promote the System through any means, including the Internet.

We do not pay compensation to you for soliciting or accepting orders from inside your Territory.

You may not provide delivery services or catering services (directly or through a first party or any third party, including Uber Eats, DoorDash and other providers) without first obtaining our prior written consent, which we may grant or deny in our sole discretion, and which if granted, may be subject to any conditions and restrictions we may impose, including your strict adherence to our system standards and restrictions regarding the types of products and services you may offer and the geographic area in which you may provide such delivery and/or catering services. The exclusivity of your Territory will not depend on the achievement of a certain sales volume, market penetration or other contingency.

### **Area Development Agreement**

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of “JEFF’S BAGEL RUN” Stores at locations in a specified Development Area, subject to our approval. The Development Area may be one or more cities, counties, states or some other defined area.

During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate another “JEFF’S BAGEL RUN” Store in your Development Area. We expressly retain all of the same Reserved Rights with respect to the Development Area as described above with respect to your Franchise Agreement Territory. Accordingly, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement that you have signed, or a material breach of any other agreement with us, we may terminate your right to develop, open and operate “JEFF’S BAGEL RUN” Stores in your Development Area, but the termination of your right to develop your Development Area based solely on your failure to meet the development schedule, will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the expiration of the term of your Area Development Agreement, we may own, operate, or franchise or license others to operate additional “JEFF’S BAGEL RUN” Stores anywhere, without restriction, including in your Development Area, subject to the rights granted to you in your Territory established under any then existing Franchise Agreement, provided that, if you determine that further development of your Development Area is desirable after the term of your agreement, you must notify us in writing, including the number of proposed “JEFF’S BAGEL RUN” Stores and the proposed development schedule, within 180 days before the expiration of your Area Development Agreement. If we determine that your proposed additional development is unacceptable in any respect, we will negotiate with you in good faith for 60 days to try to agree upon a mutually acceptable development schedule. If we determine that your proposed additional development obligation is acceptable or if you and we reach an agreement on an alternative additional development obligation, you will have the right to enter into a new Area Development Agreement and undertake additional development of your Development Area. If you do not exercise your right to enter into a new area development agreement, we may own, operate, franchise or license others to operate additional “JEFF’S BAGEL RUN” Stores in your Development Area subject only to the territorial rights reserved to you in the individual Franchise Agreements.

Neither we nor our affiliate presently operates or plans to operate or franchise businesses under a different trademark that will sell similar goods or services to those of your “JEFF’S BAGEL RUN” Store.

## **ITEM 13 TRADEMARKS**

### **Franchise Agreement**


We license you the right to operate a “JEFF’S BAGEL RUN” Store under the name “JEFF’S BAGEL RUN.” You may also use our other designated current or future principal trademarks to operate your “JEFF’S BAGEL RUN” Store. By principal trademark we mean primary trademarks,

service marks, names, logos, and commercial symbols used to identify your “JEFF’S BAGEL RUN” Store.

We have registered the following principal trademarks on the Principal Register of the U.S. Patent and Trademark Office:

MARK	REGISTRATION NO.	REGISTRATION DATE
	Registration No. 7373264	April 30, 2024
	Registration No. 7373036	April 30, 2024
	7401561	May 28, 2024

We have the following principal trademarks that are currently pending registration on the Principal Register of the U.S. Patent and Trademark Office:

Mark	Serial Number	Application Date
<b>JEFF'S BAGEL RUN</b>	Serial No. 97881193	April 10, 2023
	Serial No. 97881187	April 10, 2023

We do not have a federal registration for the trademarks listed above for which an application is pending. Therefore, these trademarks do not have many of the legal benefits and rights of a federally registered trademark. If our right to use and of these trademarks is challenged, you may have to

change to an alternative trademark, which may increase your expenses. All required affidavits have been filed.

As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding; or any pending material federal or state court litigation involving the trademarks. As of the date of this disclosure document, we know of no prior rights or infringing uses that could materially affect your use of the principal trademarks.

You must follow our rules when you use these principal trademarks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our registered name in connection with the sale of an unauthorized product or in a manner not authorized in writing by us.

We do not know of either superior prior rights or infringing uses in the state in which your “JEFF’S BAGEL RUN” Store will be located that could materially affect your use of the principal trademarks.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think appropriate. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal trademark. You must sign all documents, render assistance and do all things that our counsel deems necessary to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect our interest in the principal trademarks.

If a third party challenges your proper use of our marks, we will take such action as we deem necessary and appropriate to defend you. You may participate in the defense, but at your own cost. You must notify us immediately when you learn about the infringement or challenge.

You must notify or discontinue the use of a principal trademark, at your expense, if we modify or discontinue it. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not own any right in or to any patents or copyrights that are material to the franchise system, except as described below. We currently have a pending provisional patent for an invention entitled “Dynamic Bagel Production Plans” that was filed with the United States Patent and Trademark Office on April 4, 2024 as Application Serial No. 63/574,699. We also claim common law copyright protection for our proprietary software web-based P.O.S. and for our portal system called “Au-dough-mation,” printed literature and our Confidential Operations Manuals. We will allow you to use our portal system and you will have access to our Manuals for confidential use in your “JEFF’S BAGEL RUN” Stores. The software and Manuals are our property and you may not duplicate, copy, disclose or disseminate the contents at any time, without our express written consent. We may modify or supplement the software and Manuals upon notice or delivery to you. You must keep them current

at all times, and upon the termination or non-renewal of your Franchise Agreement return the software and Manuals to us.

You may not copy, divulge or use any confidential information, which may include our Policies and the contents of our Manuals, marketing concepts, and operating methods and techniques (the “**Confidential Materials and Practices**”) during or after the term of your Franchise Agreement, except in connection with the operation of your “JEFF’S BAGEL RUN” Store under a valid Franchise Agreement. You must follow all reasonable procedures we prescribe to prevent unauthorized use and disclosure of our Confidential Materials and Practices. You must inform your employees to whom the information, or any of it, is made available of this obligation of confidence, and have them sign a written non-disclosure agreement, and submit a copy to us for our files.

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

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

If you are an individual, you must directly supervise the franchise business on its premises. If you are not an individual, you must designate an “Operating Principal” acceptable to us who has completed the training program to our satisfaction and will be principally responsible for communicating with us about business, operational and other ongoing matters concerning your “JEFF’S BAGEL RUN” Store. The Operating Principal must have the authority and responsibility for the day-to-day operations of your “JEFF’S BAGEL RUN” Store.

You (or your Operating Principal) must have completed the training program to our satisfaction and you must have a “JEFF’S BAGEL RUN” Store Manager and a staff of employees who have been trained to our satisfaction. Your Operating Principal, if applicable, must (a) devote his or her full time and best efforts solely to the operation of your “JEFF’S BAGEL RUN” Store; (b) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing; (c) be an owner with 10% or more (direct or indirect) of your equity or voting rights; (d) be accepted by us.

At our request, your Operating Principal and “JEFF’S BAGEL RUN” Store Manager(s) must sign a written confidentiality agreement regarding trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Each individual who owns a 10% or greater interest in the franchise entity must sign an agreement (Exhibit D – Guaranty) assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement.

During the term of your Franchise Agreement, you must maintain a business credit card with an available credit limit of not less than \$10,000 against which you will authorize us to charge amounts due from you, which are not drawn down by us by EFT. You will be responsible for any bank and credit card company charges imposed on us on account of credit card payments and the costs of these

charges will be added to the amounts you owe us. We have the right to terminate your franchise agreement if we are not able to collect amounts due from your business credit card.

## **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell and offer all and only the products that we authorize at or from your “JEFF’S BAGEL RUN” Store (i.e., “Approved Products”). Approved Products may differ among our franchisees, and may vary depending on the operating season and geographic location of your “JEFF’S BAGEL RUN” Store or other factors. Upon receipt of written notice from us, you must sell and provide additional approved products according to the instructions and within the time specified in the notice. You must stop selling any previously approved or discontinued products that you must sell. You may not stop offering any approved product without our express written approval. At our request, you must also sell certain test products and/or offer certain test services. If you are asked to do so, you must provide us with reports and other relevant information regarding the test products and services. There are no limits on our right to make changes to the types of authorized goods and services during the term of the franchise agreement.

You must offer and sell all Approved Products in accordance with our “System Standards.”

Our “System Standards” include the specifications, standards, operating procedures, policies, rules, regulations, procedures, protocols, restrictions, recommendations and guidelines we establish for the operation of a “JEFF’S BAGEL RUN” Store.

Unless specifically directed by us in writing, you must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Advertising Fund.

You may not offer, sell or provide any approved products in connection with any trademark, service mark, logo type or commercial symbol of any other person or business entity without our express written consent.

You may not use alternative distribution channels to solicit or fill orders.

We reserve the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. You and each Co op Advertising Region, if any, must participate in such promotional campaigns upon such terms and conditions as we may establish. Your participation may include the purchase point of sale advertising material, posters, flyers, product displays and other promotional materials (unless provided at no charge through the Advertising Fund).

We have no obligations to assist you in setting prices and presently we do not set minimum or maximum prices at which you must sell products.

**ITEM 17**  
**RENEWAL, TERMINATIONS, TRANSFER, AND DISPUTE RESOLUTION**

**The Franchise Relationship**

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

**FRANCHISE AGREEMENT**

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	§ 3.1	Approximately 10 years. (We may adjust the exact term to coincide with the term and option terms in your lease)
b. Renewal or extension of the term	§ 3.2	If you are in good standing, you may enter into 2 successor franchise agreements, each with a 10 year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. You have no further right to enter into additional successor franchise agreements, but may apply for the right to operate a “JEFF’S BAGEL RUN” Store under a new franchise agreement.
c. Requirements for franchise to renew or extend	§§ 3.2 – 3.4	We use the term “renewal” to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) and you must, at our option, sign a new franchise agreement that may have materially different terms and conditions than your original contract.  You must have complied with your obligations during the term of your Franchise Agreement, must undertake remodeling to comply with our then-current standards, must not have committed 3 or more material defaults of your Franchise Agreement during any 36 month period, must comply with our then-current training requirements, must sign a general release and successor

Provision	Section in Franchise Agreement	Summary
		franchise agreement, which may differ from the current form of franchise agreement, must pay a renewal fee in the amount of 10% of the then-current initial franchise fee.
d. Termination by franchisee	§ 14.8	You may terminate if we materially default, and if we do not cure the default within 60 days after our receipt or written notice from you detailing the alleged default.
e. Termination by Franchisor without cause	None	Not Applicable.
f. Termination by Franchisor with cause	§§ 14.1 – 14.7	We can terminate only if you default under your Franchise Agreement.
g. “Cause” defined – curable defaults	§ 14.4	You have 5 days to cure non-payment of fees and 10 days to cure defaults not listed in Section 14.3 of your Franchise Agreement
h. “Cause” defined – non-curable defaults	§ 14.2 – 14.3	Non curable defaults: (i) bankruptcy or insolvency; (ii) unsatisfied judgment; (iii) seizure, take-over or foreclosed upon (iv) levy of execution of attachment upon Franchise Agreement or upon any property used in the “JEFF’S BAGEL RUN” Store; (v) unreleased mechanics lien or if any person commences any action to foreclose; (vi) if you allow or permit any judgment to be entered against us or any of our affiliates, arising out of or relating to the operation of the “JEFF’S BAGEL RUN” Store; (vii) a condemnation or transfer in lieu of condemnation has occurred; (viii) imminent danger to the public health / health and safety violations; (ix) conviction, pleads guilty or nolo contendere to a felony or any other crime or offense; (x) failure to comply with your confidentiality or non-competition provisions of your

Provision	Section in Franchise Agreement	Summary
		franchise agreement; (xi) abandonment; (xii) Assignment without our consent; (xiii) repeated defaults, even if cured; (xiv) violation of law which is not cured within 10 days; (xv) sale of unauthorized products; (xvi) knowingly maintaining false books, underreporting or under recording of Gross Sales, certain underreporting or under-recording; (xvii) trademark and confidential information misuse; (xviii) misrepresentations in connection with the acquisition of the Agreement; (xix) failing to complete training; and (xx) failing to meet the Financial Covenants.
i. Franchisee’s obligations on termination/non-renewal	Article 15	You must stop using our Marks; pay all amounts due to us; makes cosmetic changes to your “JEFF’S BAGEL RUN” Store so that it no longer resembles our proprietary design; at our election, sell the equipment and furnishings that we designate to us, assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your “JEFF’S BAGEL RUN” Store; authorize and instruct the telephone company and all listing agencies of the termination of your right to use any telephone number or listing associated with your “JEFF’S BAGEL RUN” Store and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use our Marks. See also “r” below.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by Franchisor	§ 13.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	§ 13.2.1	Includes transfer of control of your business, transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchise approval of transfer	§§ 13.2	Transfers require our express written consent
m. Conditions for franchise approval of transfer	§§ 13.2 – 13.4	<p>New franchisee: must qualify, assume the Franchise Agreement or sign a new Franchise Agreement, complete training and pay our training fee, refurbish the “JEFF’S BAGEL RUN” Store. You must provide us with an estoppel agreement and a list of all persons having an interest in the Franchise Agreement or in the Franchisee, pay all amounts then-due to us, sign a general release, provide us with all documents relating to the transfer, disclose to us all material information that we request regarding the transferee, the purchase price, and the terms of the transfer, must not be in default of the Franchise Agreement, and pay a transfer fee.</p> <p>(See also “r” below).</p> <p>If the Franchise Agreement was signed under an Area Development Agreement, all Franchise Agreements must be assigned to the same assignee.</p> <p>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in</p>

Provision	Section in Franchise Agreement	Summary
		<p>connection with the transfer, including attorneys' fees.</p> <p>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable fee of \$5,000 or a greater amount if necessary to reimburse us for our costs and expenses associated with reviewing the proposed offering.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	§ 13.2.3I	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Article 18 § 5.3.1 and Addendum D	Upon termination or expiration of your Franchise Agreement, we may purchase the equipment and furnishings as we designate that are associated with your "JEFF'S BAGEL RUN" Store, using a 5-year straight line amortization period. Your lease must also grant us the option to assume the Lease, or execute a substitute lease on the same terms for the then remaining term of the Lease plus all remaining option/renewal terms, upon termination, expiration or your failure to exercise any option to renew, and/or extend the term of the Lease, as well as to cure your Lease default and succeed to rights in your Lease, or enter into a substitute Lease on the same terms.
p. Death or disability of franchisee	§ 14.3.2	Your heirs have 9 months after your death or legal incapacity to enter into a new franchise agreement, if the heirs meet our standards and qualifications. If your heirs do not meet our standards

Provision	Section in Franchise Agreement	Summary
		and qualifications, the heirs may sell to a person approved by us. See “m” above.
q. Non-competition covenants during the term of the franchise	§ 12.1	Cannot engage in “Competitive Activities” which means to, own, operate, lend to, advise, be employed by, or have any financial interest in any business, other than a “JEFF’S BAGEL RUN” Store operated under a validly subsisting franchise agreement with us, that: (i) specializes in the sale of bagels, specialty cream cheeses and other spreads, cookies and other baked goods, coffee and tea. “Competitive Activities” do not include: direct or indirect ownership, solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner of the securities (i) is not a controlling person of, or a member of a group which controls, the entity, and (ii) does not, directly or indirectly own 5% or more of any class of securities of the entity.
r. Non-competition covenants after the franchise is terminated or expires	§ 12.1	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 2 years in your Territory or within a 20 mile radius of any then existing “JEFF’S BAGEL RUN” Store.
s. Modification of the agreement	§ 20.8	The Franchise Agreement may be modified only by written agreement between the parties.
t. Integration/Merger clause	§ 20.8	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement and other related written agreements may not be enforceable. Notwithstanding the foregoing, nothing

Provision	Section in Franchise Agreement	Summary
		in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document
u. Dispute resolution by arbitration or mediation	Article 19	All disputes, other than disputes relating to preliminary injunction relief, must first be submitted to a process of negotiation and non-binding mediation. If mediation is not successful, all disputes except for those related to preliminary injunctive relief must be arbitrated in Florida.
v. Choice of forum	§ 20.14	Subject to applicable local state law to the contrary, Arbitration following unsuccessful negotiation and mediation must be in Florida.
w. Choice of law	§ 20.7	Subject to applicable local state law to the contrary, Florida law applies, except for the provisions respecting non-competition, which are governed by local law.

**AREA DEVELOPMENT AGREEMENT**

Provision	Section in Area Development Agreement	Summary
a. Length of the Franchise Term	§ 4.1	Typically 3 years or until you sign a Franchise Agreement for your last “JEFF’S BAGEL RUN” Store necessary to satisfy your Development Obligation, whichever is earlier.
b. Renewal or extension of the term	§§ 2.4 and 4.2	You do not have the right to renew your Area Development Agreement. However, if we determine that further development of your Development Area is desirable, if you are in good standing and you are not in default under the Area Development Agreement, we will

Provision	Section in Area Development Agreement	Summary
		offer you the opportunity to develop additional “JEFF’S BAGEL RUN” Stores. Unless we consent, you may not open more than the total number of “JEFF’S BAGEL RUN” Stores comprising your Development Obligation.
c. Requirements for franchisee to renew or extend	§§ 4.3 – 4.4	<p>We used the term “renewal” to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) and you must, at our option, sign a new area development agreement that may have materially different terms and conditions than your original contract.</p> <p>You must sign a new Area Development Agreement on our then current form, which will contain your additional development obligation. You and your affiliates who have a currently existing franchise agreement or area development agreement with us must sign a general release.</p>
d. Termination by franchisee	None	Not Applicable
e. Termination by Franchisor without cause	None	Not Applicable
f. Termination by Franchise with cause	§ 9.1	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, an individual Franchise Agreement, or any other agreement with us or any of our affiliates.
g. “Cause” defined – curable defaults	§ 9.1	You have 5 days to cure non-payment of fees and 10 days to cure any other default, provided that in the case of a breach or default, provided that in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other

Provision	Section in Area Development Agreement	Summary
		agreement, the notice and cure provisions of the agreement will control.
h. "Cause" defined – non-curable defaults	§ 9.1	Non curable defaults include: unapproved transfers; failure to meet development obligations, any breach of unfair competition provisions, and failure to meet Financial Covenants.
i. Franchisee's obligations on termination/non-renewal	§ 4.5	You will have no further right to develop or operation additional "JEFF'S BAGEL RUN" Stores which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us. You may continue to own and operate all "JEFF'S BAGEL RUN" Stores under any then existing Franchise Agreements.
j. Assignment of contract by Franchisor	§ 7.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§ 7.3	Includes transfer of control of your business, transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	§ 7.3	Transfers require our express written consent, which we may grant or withhold for any reason at all in our sole judgment.
m. Conditions for franchisor approval of transfer	§§ 7.2 and 7.3	Except as described below, you may not transfer your Area Development Agreement or any Franchise Agreement signed under the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all Franchise Agreements signed under the Area Development Agreement to the same assignee.

Provision	Section in Area Development Agreement	Summary
		<p>With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with the transfer, including attorneys' fees.</p> <p>At our election, the assignee must sign our then current form of Franchise Agreement for each "JEFF'S BAGEL RUN" Store then developed or under development.</p> <p>Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable \$5,000 fee to reimburse us for our costs and expenses associated with reviewing the proposed offering.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
o. Franchisor's option to purchase franchisee's business	None	Not Applicable
p. Death or disability of franchisee	§§ 7.3 and 9.1	We allow your heirs a reasonable time, up to 9 months, after your death and legal incapacity to assign the Area Development Agreement to a person

Provision	Section in Area Development Agreement	Summary
		acceptable to us, in our sole discretion. See also “m” above.
q. Non-competition covenants during the term of the franchise	§ 8.1	Unless we otherwise consent, you cannot engage in “Competitive Activities” which means to own, operate, lend to, advise, be employed by, or have any financial interest in any business, other than a “JEFF’S BAGEL RUN” Store operated under a validly subsisting franchise agreement with us, that: (i) specializes in the sale of bagels, specialty cream cheeses, cookies and other baked goods, coffee and tea. “Competitive Activities” do not include: direct or indirect ownership, solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner of the securities (i) is not a controlling person of, or a member of a group which controls, the entity; and (ii) does not, directly or indirectly own 5% or more of any class of securities of the entity.
r. Non-competition covenants after the franchise is terminated or expires	§ 8.2	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 24 months within the Development Area.
s. Modification of the agreement	§ 10.9	The agreement may be modified only by written agreement between the parties.
t. Integration/Merger clause	§ 10.9	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and area development agreement and other related written agreements may not be enforceable. Notwithstanding the foregoing, nothing in the area development agreement or any related

Provision	Section in Area Development Agreement	Summary
		agreement is intended to disclaim the representations made in the Franchise Disclosure Document
u. Dispute resolution by arbitration or mediation	§ 10.17	All disputes, other than disputes relating to preliminary injunctive relief, must first be submitted to a process of negotiation and non-binding mediation. If mediation is not successful, all disputes except for those related to preliminary injunctive relief must be arbitrated in Florida.
v. Choice of forum	§§ 10.15 and 10.17	Subject to applicable local state law to the contrary, Arbitration following unsuccessful negotiation and mediation must be in Florida.
w. Choice of law	§ 10.8	Subject to applicable state law to the contrary, Florida law applies, except for the provisions respecting Non-Competition, which are governed by the law of the state in which you will operate.

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figures to promote this franchise.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this 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, but providing information about possible performance at a particular location or under particular circumstances.

The information presented is of the actual past operating results, presented on a cash-basis, for three affiliate-owned Jeff’s Bagel Run Stores, including Gross Sales and certain operating expenses, but is

not a full profit and loss or income statement (or statement of cash flows), and omits amortization and depreciation, borrowing costs, and potentially other operating costs and expenses related to the operation of a Jeff's Bagel Run Store; the information includes only Costs of Goods Sold, Employee Payroll, Owner Compensation, Rent, Utilities, Office/General Administration Cost, Advertising, Merchant Fees, Royalty, and Advertising Fund (as those terms are defined below). The information has not been audited. The affiliate-owned "JEFF'S BAGEL RUN" Stores for which information is included in this Item 19 are substantially similar in the products offered to your store, though the store designs on some the original two Stores locations are different and may have offered a more limited menu during the reported periods, among other differences.

Your individual results may differ. **Some Stores have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

Written substantiation for the financial performance representations in this Item 19 will be made available to prospective franchisees upon reasonable request.

### **ANALYSIS OF REVENUES AND EXPENSES FOR JEFF'S BAGEL RUN STORES**

This Item 19 sets forth certain historical information on revenues and expenses for JBR Franchise Co affiliate-owned Jeff's Bagel Run Stores. These stores operated since as early as July 2021, but signed franchise agreements with us in December 2023. Affiliate-owned Jeff's Bagel Run Stores accrue certain expenses from time to time for internal reporting purposes. Thus, while presented on a cash-basis, in some instances, all of the expenses reflected in a given month may not have actually been paid as of the end of that month.

#### **Table 1: Jeff's Bagel Run – Ocoee, FL Store**

Table 1 reflects the annual revenues and expenses of the affiliate-owned Jeff's Bagel Run Store owned by Jeff's Bagel Run LLC located at 2787 Old Winter Garden Rd, Ocoee, FL 34761 (the "Ocoee, FL Store"). The Ocoee, FL Store opened in July 2021. Prior to the store opening, the co-founders conducted a bagel delivery business out of their home in the vicinity from November 2019 to June 2021, and so they had developed some pre-existing customers before opening this Store. Jeff and Danielle Perera took a salary for themselves, designated as Owners Compensation. The store operated with 2 additional staff members until May 2022 and then began operating with a larger staff, achieving similar staffing to prototypical stores in June of 2023 when they began to reduce their role as operators in the location.

#### **Table 2: Jeff's Bagel Run – College Park, FL Store**

Table 2 reflects the annual revenues and expenses of the Jeff's Bagel Run Store located at 4339 Edgewater Dr., Orlando, FL 32804 (the "College Park, FL Store"). The College Park, FL Store was opened in August 2022 and owned and operated by Jeff's Bagel Run & Bakery LLC., an affiliate of JBR Franchise Co. This location and its assets were purchased in April of 2022 from an independent competitor who had operated under a different brand for approximately 2 years before that. Mr. Perera worked and operated that location, taking a salary in addition to his salary at the Ocoee Store, designated as Owners Compensation. In May of 2023, the College Park, FL Store's ownership was sold and transferred to 1337 Bagels LLC, an affiliate of JBR Franchise Co.

**Table 3: Jeff's Bagel Run - Oviedo, FL**

Table 3 reflects the annual revenues and expenses of the “Jeff’s Bagel Run” Store located at 1351 Alafaya Trail, Unit 1013, Oviedo, FL 32765 (the “Oviedo, FL Store”). The Oviedo, FL Store was opened in March 2024 and is owned and operated by 1337 Bagels LLC., an affiliate of JBR Franchise Co. This is the first store to open organically with the current prototypical design of the Jeff’s Bagel Run Stores to be operated by franchisees.

The following notes generally define each line-item category shown on the attached Tables. You should review the attached Tables only in conjunction with the following notes, which are an integral part of the numerical information.

**Note 1: Gross Sales:**

DEFINED: “**Gross Sales**” includes all revenues received or receivable by you as payment, whether in cash or for credit, barter or other means of exchange (and whether or not payment is received), for any and all goods, merchandise, services or products sold in or from your “JEFF’S BAGEL RUN” Store, or which are promoted or sold under any of the Marks during the term of the Franchise Agreement, whether or not we offer the products in our other locations. Gross sales includes the imputed amount of gross sales used in calculating your losses under any business interruption insurance, before the insurer’s deduction for expenses not incurred during the loss period, but after the satisfaction of any applicable deductible. “Gross Sales” excludes (i) sales, value added or other tax, excise or duty charged to customers imposed by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from your “JEFF’S BAGEL RUN” Store and actually paid to the appropriate governmental authority; (ii) revenues received on account of sales of pre-paid gift cards and certificates; provided, however, that revenues received on redemption of the pre-paid gift cards and certificates shall be included as part of “Gross Sales” and (iii) tips paid by customers and remitted to workers.

**Note 2: Other Sales:**

DEFINED: The sum of all tips received whether in cash, check, credit, barter or other means of exchange received in that month through POS and merchant reporting. Other Sales are not subject to Royalties or Advertising Fund contributions.

**Note 3: Total Sales:**

DEFINED: The sum of Gross Sales and Other Sales.

**Note 4: Cost of Goods Sold (COGS):**

DEFINED: The sum cost of all food ingredients for bagels, specialty cream cheeses or other spreads, cookies, other baked goods, coffee, tea, other beverages and paper goods (cups, napkins, straws, plastic utensils, take-away containers and wrapping paper). The cost of these items are reflected when they are purchased not when they are ordered, delivered, or utilized.

**Note 5: Gross Margin:**

DEFINED: Gross Sales less Cost of Goods Sold.

**Note 6: Payroll:**

DEFINED: The sum of all store personnel costs, including: salaries and wages for full-time and part-time employees, employer contributions for F.I.C.A. taxes, federal unemployment taxes, state unemployment taxes, workers' compensation, group health insurance, long term disability, wages for contracted labor, expense of "help wanted" ads, employment agency fees, and employee training expenses. The original two Affiliate-owned Jeff's Bagel Run Stores began operations with only the founders working in the stores but over time grew to a staff of approximately 15 associates, scaling with the sales of the store. You will typically begin with a full staff of associates. As stated above, the co-founders worked on-site at the Ocoee, FL Store and their compensation is not reflected in Payroll.

**Note 7: Owners Compensation:**

DEFINED: The sum of salaries and wages paid to the two co-founders.

**Note 8: Rent:**

DEFINED: The sum of costs of leased building including: rent, building maintenance, common area maintenance, real estate commissions, and real estate taxes. No amortization or depreciation of initial franchise fees or of build-out costs or equipment are included in this expense. JJeff's Bagel Run's recommended square footage is between 1,400 and 1,800 square feet. Jeff's Bagel Run's lease rate per square foot varies from \$30.00 to \$50.00, and common area maintenance charge (C.A.M.), property taxes and insurance varies from \$8.00 to \$20.00 per square foot. The cost per square foot in a strip-type shopping center and freestanding building varies considerably, depending on the location and the market conditions affecting commercial property.

**Note 9: Utilities:**

DEFINED: The sum of costs associated with essential services such as electricity, water, gas, sewage, telephone, internet, and security costs.

**Note 10: Office & General & Administrative Cost:**

DEFINED: Office & General Operating Cost is the sum of Store-level operating expenses, including: office supplies, postage, general liability insurance, bank charges, credit card charges, miscellaneous charges, petty cash shortages, miscellaneous legal expenses, local business licenses and permits, store personnel errand and travel expense.

**Note 11: Advertising:**

DEFINED: Advertising is the sum of local advertising expenses including: on-line advertising, social media cost, direct mail, handbills, circulars, in-store artwork and brochures, and agency fees, and is in addition to Advertising Fund payments described in Note 14 below.

**Note 12: Merchant Fees:**

DEFINED: Merchant fees encompass all processing or service fees incurred from third-party companies during revenue generation. This encompasses various expenses such as credit card

processing fees, charges from platforms like Uber, DoorDash, and Shopify, as well as fees from third-party catering services.

**Note 13: Royalty**

DEFINED: An imputed Royalty rate of 6% on Gross Sales (See Item 6 of the Disclosure Document) is included to illustrate that expense, while not actually incurred in the operation of all affiliate-owned Jeff's Bagel Run Stores during the periods reported, but will be incurred by you in the operation of a franchise-operated Jeff's Bagel Run Store.

**Note 14: Advertising Fund:**

DEFINED: An imputed Advertising Fund rate of 2% on Gross Sales (See Item 11 of the Disclosure Document) is included to illustrate that expense, while not actually incurred in the operation of the two of original affiliate-owned Jeff's Bagel Run Stores as of April 2024, but will be incurred by you in the operation of a franchise-operated Jeff's Bagel Run Store. Your participation may include purchasing point of sale advertising material, posters, flyers, product displays and other promotional material (unless provided at no charge through the Advertising Fund).

**Note 15: Total Expenses:**

DEFINED: The sum of all Payroll, Owners Compensation, Rent, Utilities, Office & General Administrative, Advertising, Merchant Fees, Royalty, and Advertising Fund.

**Note 16: Net Profit:**

DEFINED: Gross Margin less Total Expenses.

Table 1

Statement of Revenues and Expenses for Jeff's Bagel Run - Ocoee, FL Store

	2021-Jan		2021-Feb		2021-Mar		2021-Apr		2021-May		2021-Jun		2021-Jul		2021-Aug		2021-Sep		2021-Oct		2021-Nov		2021-Dec		2021 Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Gross Sales (Note 1)													\$37,998.69		\$40,802.52		\$47,527.79		\$50,085.24		\$35,238.00		\$51,944.72		\$263,596.96	
Other Sales (Note 2)													\$4,173.51	11.0%	\$4,260.38	10.4%	\$4,702.68	9.9%	\$4,974.93	9.9%	\$3,436.84	9.8%	\$5,155.33	9.9%	\$26,703.67	10.1%
<b>Total Sales: (Note 3)</b>													<b>\$42,172.20</b>		<b>\$45,062.90</b>		<b>\$52,230.47</b>		<b>\$55,060.17</b>		<b>\$38,674.84</b>		<b>\$57,100.05</b>		<b>\$290,300.63</b>	
COGS (Note 4)													\$7,894.08	20.8%	\$12,963.71	31.8%	\$9,722.84	20.5%	\$11,351.23	22.7%	\$9,404.94	26.7%	\$10,995.84	21.2%	\$62,332.64	23.6%
<b>Gross Margin (Note 5)</b>													<b>\$34,278.12</b>	<b>90.2%</b>	<b>\$32,099.19</b>	<b>78.7%</b>	<b>\$42,507.63</b>	<b>89.4%</b>	<b>\$43,708.94</b>	<b>87.3%</b>	<b>\$29,269.90</b>	<b>83.1%</b>	<b>\$46,104.21</b>	<b>88.8%</b>	<b>\$227,967.99</b>	<b>86.5%</b>
<b>Expenses:</b>																										
Payroll (Note 6)													\$769.78	2.0%	\$2,391.56	5.9%	\$6,180.12	13.0%	\$4,753.73	9.5%	\$7,049.06	20.0%	\$5,166.20	9.9%	\$26,310.45	10.0%
Owner Comp. (Note 7)													\$7,431.02	19.6%	\$6,681.30	16.4%	\$6,226.00	13.1%	\$6,389.37	12.8%	\$9,145.67	26.0%	\$6,702.70	12.9%	\$42,576.06	16.2%
Rent (Note 8)													\$3,489.39	9.2%	\$3,489.39	8.6%	\$3,489.39	7.3%	\$3,489.39	7.0%	\$3,489.39	9.9%	\$3,489.31	6.7%	\$20,936.26	7.9%
Utilities (Note 9)													\$498.32	1.3%	\$830.33	2.0%	\$993.33	2.1%	\$930.93	1.9%	\$948.37	2.7%	\$863.69	1.7%	\$5,064.97	1.9%
Office/G&A (Note10)													\$1,740.87	4.6%	\$2,734.67	6.7%	\$1,689.31	3.6%	\$1,603.90	3.2%	\$1,606.12	4.6%	\$1,317.22	2.5%	\$10,692.09	4.1%
Advertising (Note 11)													\$25.00	0.1%	\$127.65	0.3%	\$28.95	0.1%	\$112.66	0.2%	\$35.45	0.1%	\$89.64	0.2%	\$419.35	0.2%
Merchant Fees (Note 12)													\$1,073.72	2.8%	\$1,479.97	3.6%	\$1,718.85	3.6%	\$1,417.88	2.8%	\$1,472.18	4.2%	\$1,528.13	2.9%	\$8,690.73	3.3%
Royalty (Note 13)													\$2,279.92	6%	\$2,448.15	6%	\$2,851.67	6%	\$3,005.11	6%	\$2,114.28	6%	\$3,116.68	6%	\$15,815.82	6%
Advertising Fund (Note 14)													\$759.97	2%	\$816.05	2%	\$950.56	2%	\$1,001.70	2%	\$704.76	2%	\$1,038.89	2%	\$5,271.94	2%
<b>Total Expense: (Note 15)</b>													<b>\$18,068.00</b>	<b>47.5%</b>	<b>\$20,999.07</b>	<b>51.5%</b>	<b>\$24,128.17</b>	<b>50.8%</b>	<b>\$22,704.68</b>	<b>45.3%</b>	<b>\$26,565.28</b>	<b>75.4%</b>	<b>\$23,312.47</b>	<b>44.9%</b>	<b>\$135,777.67</b>	<b>51.5%</b>
<b>Net Profit (Note 16)</b>													<b>\$16,210.12</b>	<b>42.7%</b>	<b>\$11,100.12</b>	<b>27.2%</b>	<b>\$18,379.46</b>	<b>38.7%</b>	<b>\$21,004.26</b>	<b>41.9%</b>	<b>\$2,704.62</b>	<b>7.7%</b>	<b>\$22,791.74</b>	<b>43.9%</b>	<b>\$92,190.32</b>	<b>35.0%</b>

	2022-Jan		2022-Feb		2022-Mar		2022-Apr		2022-May		2022-Jun		2022-Jul		2022-Aug		2022-Sep		2022-Oct		2022-Nov		2022-Dec		2022 Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Sales:</b>																										
Sales (Note 1)	\$52,985.58		\$50,195.66		\$44,498.29		\$54,397.64		\$38,732.37		\$56,889.81		\$53,078.35		\$46,061.51		\$46,351.12		\$50,573.35		\$44,805.24		\$54,912.69		\$593,481.61	
Other Sales (Note 2)	\$5,282.50	10.0%	\$4,365.90	8.7%	\$3,686.81	8.3%	\$4,299.83	7.9%	\$2,967.03	7.7%	\$4,398.63	7.7%	\$4,157.72	7.8%	\$3,503.14	7.6%	\$3,632.17	7.8%	\$4,037.18	8.0%	\$3,660.06	8.2%	\$4,238.26	7.7%	\$48,229.23	8.1%
<b>Gross Sales: (Note 3)</b>	<b>\$58,268.08</b>		<b>\$54,561.56</b>		<b>\$48,185.10</b>		<b>\$58,697.47</b>		<b>\$41,699.40</b>		<b>\$61,288.44</b>		<b>\$57,236.07</b>		<b>\$49,564.65</b>		<b>\$49,983.29</b>		<b>\$54,610.53</b>		<b>\$48,465.30</b>		<b>\$59,150.95</b>		<b>\$641,710.84</b>	
COGS (Note 4)	\$10,829.34	20.4%	\$11,382.04	22.7%	\$10,610.51	23.8%	\$11,856.35	21.8%	\$9,698.55	25.0%	\$14,550.11	25.6%	\$11,905.81	22.4%	\$11,674.84	25.3%	\$11,559.12	24.9%	\$11,161.73	22.1%	\$13,956.05	31.1%	\$12,412.76	22.6%	\$141,597.21	23.9%
<b>Gross Margin (Note 5)</b>	<b>\$47,438.74</b>	<b>89.5%</b>	<b>\$43,179.52</b>	<b>86.0%</b>	<b>\$37,574.59</b>	<b>84.4%</b>	<b>\$46,841.12</b>	<b>86.1%</b>	<b>\$32,000.85</b>	<b>82.6%</b>	<b>\$46,738.33</b>	<b>82.2%</b>	<b>\$45,330.26</b>	<b>85.4%</b>	<b>\$37,889.81</b>	<b>82.3%</b>	<b>\$38,424.17</b>	<b>82.9%</b>	<b>\$43,448.80</b>	<b>85.9%</b>	<b>\$34,509.25</b>	<b>77.0%</b>	<b>\$46,738.19</b>	<b>85.1%</b>	<b>\$500,113.63</b>	<b>84.3%</b>
<b>Expenses:</b>																										
Payroll (Note 6)	\$7,066.56	13.3%	\$7,219.06	14.4%	\$5,607.46	12.6%	\$6,441.95	11.8%	\$10,525.89	27.2%	\$11,826.04	20.8%	\$17,560.91	33.1%	\$15,446.56	33.5%	\$15,504.07	33.4%	\$11,646.64	23.0%	\$11,517.67	25.7%	\$16,456.47	30.0%	\$136,819.28	23.1%
Owner Comp. (Note 7)	\$11,234.12	21.2%	\$11,194.78	22.3%	\$10,192.96	22.9%	\$10,966.62	20.2%	\$10,034.02	25.9%	\$9,452.98	16.6%	\$14,989.80	28.2%	\$9,562.44	20.8%	\$9,354.72	20.2%	\$9,975.76	19.7%	\$9,948.80	22.2%	\$14,803.74	27.0%	\$131,710.74	22.2%
Rent (Note 8)	\$3,489.39	6.6%	\$3,489.39	7.0%	\$3,489.39	7.8%	\$3,489.39	6.4%	\$3,489.31	9.0%	\$3,671.31	6.5%	\$3,671.31	6.9%	\$3,671.31	8.0%	\$3,671.31	7.9%	\$3,671.31	7.3%	\$3,771.31	8.4%	\$3,771.31	6.9%	\$43,346.04	7.3%
Utilities (Note 9)	\$622.42	1.2%	\$821.03	1.6%	\$791.39	1.8%	\$938.59	1.7%	\$721.96	1.9%	\$1,048.04	1.8%	\$1,712.02	3.2%	\$1,798.92	3.9%	\$1,328.53	2.9%	\$891.25	1.8%	\$1,072.19	2.4%	\$1,318.38	2.4%	\$13,064.72	2.2%
Office/G&A (Note10)	\$950.26	1.8%	\$684.67	1.4%	\$755.85	1.7%	\$1,128.75	2.1%	\$1,039.47	2.7%	\$1,973.78	3.5%	\$2,784.21	5.2%	\$1,976.55	4.3%	\$1,191.49	2.6%	\$2,342.37	4.6%	\$1,440.88	3.2%	\$2,284.90	4.2%	\$18,553.18	3.1%
Advertising (Note 11)	\$178.87	0.3%	\$565.67	1.1%	\$267.15	0.6%	\$85.39	0.2%		0.0%	\$137.36	0.2%	\$830.93	1.6%	\$276.70	0.6%	\$160.45	0.3%	\$160.45	0.3%	\$276.69	0.6%	\$253.31	0.5%	\$3,192.97	0.5%
Merchant Fees (Note 12)	\$1,794.19	3.4%	\$1,515.08	3.0%	\$3,111.76	7.0%	\$3,616.02	6.6%	\$2,656.14	6.9%	\$4,150.91	7.3%	\$3,782.61	7.1%	\$3,335.67	7.2%	\$3,303.86	7.1%	\$3,424.53	6.8%	\$3,398.58	7.6%	\$3,808.07	6.9%	\$37,897.42	6.4%
Royalty (Note 13)	\$3,179.13	6%	\$3,011.74	6%	\$2,669.90	6%	\$3,263.86	6%	\$2,323.94	6%	\$3,413.39	6%	\$3,184.70	6%	\$2,763.69	6%	\$2,781.07	6%	\$3,034.40	6%	\$2,688.31	6%	\$3,294.76	6%	\$35,608.90	6%
Advertising Fund (Note 14)	\$1,059.71	2%	\$1,003.91	2%	\$889.97	2%	\$1,087.95	2%	\$774.65	2%	\$1,137.80	2%	\$1,061.57	2%	\$921.23	2%	\$927.02	2%	\$1,011.47	2%	\$896.10	2%	\$1,098.25	2%	\$11,869.63	2%
<b>Total Expense: (Note 15)</b>	<b>\$29,574.66</b>	<b>55.8%</b>	<b>\$29,505.33</b>	<b>58.8%</b>	<b>\$27,775.82</b>	<b>62.4%</b>	<b>\$31,018.52</b>	<b>57.0%</b>	<b>\$31,565.38</b>	<b>81.5%</b>	<b>\$36,811.60</b>	<b>64.7%</b>	<b>\$49,578.06</b>	<b>93.4%</b>	<b>\$39,753.07</b>	<b>86.3%</b>	<b>\$38,222.52</b>	<b>82.5%</b>	<b>\$36,158.18</b>	<b>71.5%</b>	<b>\$35,010.54</b>	<b>78.1%</b>	<b>\$47,089.20</b>	<b>85.8%</b>	<b>\$432,062.88</b>	<b>72.8%</b>
<b>Net Profit (Note 16)</b>	<b>\$17,864.08</b>	<b>33.7%</b>	<b>\$13,674.19</b>	<b>27.2%</b>	<b>\$9,798.77</b>	<b>22.0%</b>	<b>\$15,822.60</b>	<b>29.1%</b>	<b>\$435.47</b>	<b>1.1%</b>	<b>\$9,926.73</b>	<b>17.4%</b>	<b>-\$4,247.80</b>	<b>-8.0%</b>	<b>-\$1,863.26</b>	<b>-4.0%</b>	<b>\$201.65</b>	<b>0.4%</b>	<b>\$7,290.62</b>	<b>14.4%</b>	<b>-\$501.29</b>	<b>-1.1%</b>	<b>-\$351.01</b>	<b>-0.6%</b>	<b>\$68,050.75</b>	<b>11.5%</b>

Table 1

Statement of Revenues and Expenses for Jeff's Bagel Run - Ocoee, FL Store

	2023-Jan		2023-Feb		2023-Mar		2023-Apr		2023-May		2023-Jun		2023-Jul		2023-Aug		2023-Sep		2023-Oct		2023-Nov		2023-Dec		2023 Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Sales:</b>																										
Sales (Note 1)	\$46,289.78		\$45,240.24		\$52,818.14		\$62,173.64		\$61,054.58		\$78,334.39		\$86,834.73		\$86,601.42		\$91,005.63		\$96,419.50		\$94,634.82		\$116,865.93		\$918,272.80	
Other Sales (Note 2)	\$3,490.52	7.5%	\$3,316.13	7.3%	\$3,967.69	7.5%	\$4,364.80	7.0%	\$4,419.06	7.2%	\$5,742.14	7.3%	\$6,081.10	7.0%	\$5,605.72	6.5%	\$6,023.71	6.6%	\$7,424.93	7.7%	\$7,555.78	8.0%	\$9,664.41	8.3%	\$67,655.99	7.4%
<b>Gross Sales: (Note 3)</b>	<b>\$49,780.30</b>		<b>\$48,556.37</b>		<b>\$56,785.83</b>		<b>\$66,538.44</b>		<b>\$65,473.64</b>		<b>\$84,076.53</b>		<b>\$92,915.83</b>		<b>\$92,207.14</b>		<b>\$97,029.34</b>		<b>\$103,844.43</b>		<b>\$102,190.60</b>		<b>\$126,530.34</b>		<b>\$985,928.79</b>	
COGS (Note 4)	\$14,321.89	30.9%	\$11,495.11	25.4%	\$16,552.49	31.3%	\$15,021.12	24.2%	\$20,429.52	33.5%	\$22,595.04	28.8%	\$21,722.11	25.0%	\$24,251.20	28.0%	\$21,213.77	23.3%	\$23,860.99	24.7%	\$29,823.67	31.5%	\$27,365.03	23.4%	\$248,651.94	27.1%
<b>Gross Margin (Note 5)</b>	<b>\$35,458.41</b>	<b>76.6%</b>	<b>\$37,061.26</b>	<b>81.9%</b>	<b>\$40,233.34</b>	<b>76.2%</b>	<b>\$51,517.32</b>	<b>82.9%</b>	<b>\$45,044.12</b>	<b>73.8%</b>	<b>\$61,481.49</b>	<b>78.5%</b>	<b>\$71,193.72</b>	<b>82.0%</b>	<b>\$67,955.94</b>	<b>78.5%</b>	<b>\$75,815.57</b>	<b>83.3%</b>	<b>\$79,983.44</b>	<b>83.0%</b>	<b>\$72,366.93</b>	<b>76.5%</b>	<b>\$99,165.31</b>	<b>84.9%</b>	<b>\$737,276.85</b>	<b>80.3%</b>
<b>Expenses:</b>																										
Payroll (Note 6)	\$10,127.42	21.9%	\$8,612.31	19.0%	\$10,279.47	19.5%	\$9,602.08	15.4%	\$12,982.29	21.3%	\$29,457.17	37.6%	\$26,942.65	31.0%	\$19,909.32	23.0%	\$19,331.62	21.2%	\$22,090.81	22.9%	\$24,848.40	26.3%	\$39,721.58	34.0%	\$233,905.12	25.5%
Owner Comp. (Note 7)	\$10,154.82	21.9%	\$10,170.64	22.5%	\$10,215.62	19.3%	\$10,284.66	16.5%	\$10,708.00	17.5%	\$15,374.68	19.6%	\$10,223.36	11.8%	\$10,695.62	12.4%	\$10,671.48	11.7%	\$10,665.18	11.1%	\$11,217.34	11.9%	\$16,014.04	13.7%	\$136,395.44	14.9%
Rent (Note 8)	\$3,771.31	8.1%	\$3,771.31	8.3%	\$3,771.31	7.1%	\$3,771.31	6.1%	\$3,771.31	6.2%	\$3,855.26	4.9%	\$3,855.26	4.4%	\$3,855.26	4.5%	\$3,855.76	4.2%	\$3,855.76	4.0%	\$3,855.76	4.1%	\$3,855.76	3.3%	\$45,845.37	5.0%
Utilities (Note 9)	\$1,580.74	3.4%	\$982.49	2.2%	\$1,102.49	2.1%	\$1,132.91	1.8%	\$1,789.14	2.9%	\$1,794.94	2.3%	\$1,589.64	1.8%	\$1,594.39	1.8%	\$1,533.30	1.7%	\$1,487.54	1.5%	\$576.20	0.6%	\$1,530.26	1.3%	\$16,694.02	1.8%
Office/G&A (Note10)	\$844.00	1.8%	\$1,258.72	2.8%	\$594.52	1.1%	\$1,008.02	1.6%	\$811.99	1.3%	\$1,680.02	2.1%	\$2,454.79	2.8%	\$818.90	0.9%	\$1,434.62	1.6%	\$1,380.24	1.4%	\$1,652.10	1.7%	\$1,071.29	0.9%	\$15,009.21	1.6%
Advertising (Note 11)	\$117.87	0.3%	\$125.48	0.3%	\$212.31	0.4%	\$134.88	0.2%	\$186.04	0.3%	-\$418.01	-0.5%	\$465.13	0.5%	\$574.96	0.7%	\$526.26	0.6%	\$668.30	0.7%	\$99.92	0.1%	\$2,263.52	1.9%	\$4,956.66	0.5%
Merchant Fees (Note 12)	\$4,088.82	8.8%	\$3,439.20	7.6%	\$2,877.25	5.4%	\$4,391.01	7.1%	\$4,288.54	7.0%	\$5,812.94	7.4%	\$6,652.35	7.7%	\$6,501.78	7.5%	\$6,758.38	7.4%	\$7,207.68	7.5%	\$7,635.15	8.1%	\$8,751.81	7.5%	\$68,404.91	7.4%
Royalty (Note 13)	\$2,777.39	6.0%	\$2,714.41	6.0%	\$3,169.09	6.0%	\$3,730.42	0.0%	\$3,663.27	6.0%	\$4,700.06	6.0%	\$5,210.08	6.0%	\$5,196.09	6.0%	\$5,460.34	6.0%	\$5,785.17	6.0%	\$5,678.09	6.0%	\$7,011.96	6.0%	\$55,096.37	6.0%
Advertising Fund (Note 14)	\$925.80	2.0%	\$904.80	2.0%	\$1,056.36	2.0%	\$1,243.47	2.0%	\$1,221.09	2.0%	\$1,566.69	2.0%	\$1,736.69	2.0%	\$1,732.03	2.0%	\$1,820.11	2.0%	\$1,928.39	2.0%	\$1,892.70	2.0%	\$2,337.32	2.0%	\$18,365.46	2.0%
<b>Total Expense: (Note 15)</b>	<b>\$34,388.16</b>	<b>74.3%</b>	<b>\$31,979.37</b>	<b>70.7%</b>	<b>\$33,278.42</b>	<b>63.0%</b>	<b>\$35,298.76</b>	<b>56.8%</b>	<b>\$39,421.68</b>	<b>64.6%</b>	<b>\$63,823.75</b>	<b>81.5%</b>	<b>\$59,129.95</b>	<b>68.1%</b>	<b>\$50,878.34</b>	<b>58.8%</b>	<b>\$51,391.87</b>	<b>56.5%</b>	<b>\$55,069.07</b>	<b>57.1%</b>	<b>\$57,455.66</b>	<b>60.7%</b>	<b>\$82,557.53</b>	<b>70.6%</b>	<b>\$594,672.55</b>	<b>64.8%</b>
<b>Net Profit (Note 16)</b>	<b>\$1,070.25</b>	<b>2.3%</b>	<b>\$5,081.89</b>	<b>11.2%</b>	<b>\$6,954.92</b>	<b>13.2%</b>	<b>\$16,218.56</b>	<b>26.1%</b>	<b>\$5,622.44</b>	<b>9.2%</b>	<b>-\$2,342.26</b>	<b>-3.0%</b>	<b>\$12,063.77</b>	<b>13.9%</b>	<b>\$17,077.60</b>	<b>19.7%</b>	<b>\$24,423.70</b>	<b>26.8%</b>	<b>\$24,914.38</b>	<b>25.8%</b>	<b>\$14,911.27</b>	<b>15.8%</b>	<b>\$16,607.78</b>	<b>14.2%</b>	<b>\$142,604.30</b>	<b>15.5%</b>

	2024-Jan		2024-Feb		2024-Mar		2024-Apr		2024-May		2024-Jun		2024-Jul		2024-Aug		2024-Sep		2024-Oct		2024-Nov		2024-Dec		2024 Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Sales:</b>																										
Sales (Note 1)	\$100,922.97		\$99,694.95		\$106,824.22																				\$307,442.14	
Other Sales (Note 2)	\$8,007.19	7.9%	\$7,658.74	7.7%	\$8,961.94	8.4%																			\$24,627.87	8.0%
<b>Gross Sales: (Note 3)</b>	<b>\$108,930.16</b>		<b>\$107,353.69</b>		<b>\$115,786.16</b>																				<b>\$332,070.01</b>	
COGS (Note 4)	\$28,801.52	28.5%	\$28,025.92	28.1%	\$31,870.85	29.8%																			\$88,698.29	28.9%
<b>Gross Margin (Note 5)</b>	<b>\$80,128.64</b>	<b>79.4%</b>	<b>\$79,327.77</b>	<b>79.6%</b>	<b>\$83,915.31</b>	<b>78.6%</b>																			<b>\$243,371.72</b>	<b>41.7%</b>
<b>Expenses:</b>																										
Payroll (Note 6)	\$27,648.97	27.4%	\$30,591.76	30.7%	\$31,205.15	29.2%																			\$89,445.88	40.0%
Owner Comp. (Note 7)	\$11,025.04	10.9%	\$9,890.74	9.9%	\$10,043.80	9.4%																			\$30,959.58	13.9%
Rent (Note 8)	\$3,855.76	3.8%	\$3,855.76	3.9%	\$3,885.76	3.6%																			\$11,597.28	5.2%
Utilities (Note 9)	\$1,179.56	1.2%	\$1,634.12	1.6%	\$1,344.04	1.3%																			\$4,157.72	1.9%
Office/G&A (Note10)	\$1,470.53	1.5%	\$404.60	0.4%	\$2,476.34	2.3%																			\$4,351.47	1.9%
Advertising (Note 11)	\$751.45	0.7%	\$954.55	1.0%	\$668.05	0.6%																			\$2,374.05	1.1%
Merchant Fees (Note 12)	\$7,395.53	7.3%	\$6,623.28	6.6%	\$6,699.68	6.3%																			\$20,718.49	9.3%
Royalty (Note 13)	\$6,055.38	6.0%	\$5,981.70	6.0%	\$6,409.45	6.0%																			\$18,446.53	8.3%
Advertising Fund (Note 14)	\$2,018.46	2.0%	\$1,993.90	2.0%	\$2,136.48	2.0%																			\$6,148.84	2.8%
<b>Total Expense: (Note 15)</b>	<b>\$61,400.68</b>	<b>60.8%</b>	<b>\$61,930.41</b>	<b>62.1%</b>	<b>\$64,868.76</b>	<b>60.7%</b>																			<b>\$188,199.84</b>	<b>61.2%</b>
<b>Net Profit (Note 16)</b>	<b>\$18,727.96</b>	<b>18.6%</b>	<b>\$17,397.36</b>	<b>17.5%</b>	<b>\$19,046.55</b>	<b>17.8%</b>																			<b>\$55,171.88</b>	<b>17.9%</b>

**Table 2**  
**Statement of Revenues and Expenses for Jeff's Bagel Run - College Park, FL Store**

	2022-Jan	2022-Feb	2022-Mar	2022-Apr	2022-May	2022-Jun	2022-Jul	2022-Aug	2022-Sep	2022-Oct	2022-Nov	2022-Dec	2022 Total
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
Gross Sales (Note 1)								\$22,835.68	\$22,336.74	\$26,334.07	\$19,854.86	\$29,478.53	\$120,839.88
Other Sales (Note 2)								\$2,221.68 9.7%	\$1,905.14 8.5%	\$2,239.53 8.5%	\$1,708.14 8.6%	\$2,576.07 8.7%	\$10,650.56 8.8%
<b>Total Sales: (Note 3)</b>								<b>\$25,057.36</b>	<b>\$24,241.88</b>	<b>\$28,573.60</b>	<b>\$21,563.00</b>	<b>\$32,054.60</b>	<b>\$131,490.44</b>
COGS (Note 4)								\$7,444.74 32.6%	\$5,858.75 26.2%	\$5,709.62 21.7%	\$7,046.17 35.5%	\$5,142.40 17.4%	\$31,201.68 25.8%
<b>Gross Margin (Note 5)</b>								<b>\$17,612.62 77.1%</b>	<b>\$18,383.13 82.3%</b>	<b>\$22,863.98 86.8%</b>	<b>\$14,516.83 73.1%</b>	<b>\$26,912.20 91.3%</b>	<b>\$100,288.76 83.0%</b>
<b>Expenses:</b>													
Payroll (Note 6)								\$11,670.25 51.1%	\$10,405.75 46.6%	\$8,843.76 33.6%	\$9,295.48 46.8%	\$13,473.47 45.7%	\$53,688.71 44.4%
Owner Comp. (Note 7)								\$1,888.93 8.3%	\$2,615.46 11.7%	\$2,620.44 10.0%	\$2,510.04 12.6%	\$3,944.62 13.4%	\$13,579.49 11.2%
Rent (Note 8)								\$1,342.60 5.9%	\$1,342.60 6.0%	\$1,342.60 5.1%	\$1,342.60 6.8%	\$1,342.60 4.6%	\$6,713.00 5.6%
Utilities (Note 9)								\$820.44 3.6%	\$72.98 0.3%	\$573.83 2.2%	\$502.48 2.5%	\$535.39 1.8%	\$2,505.12 2.1%
Office/G&A (Note10)								\$1,175.91 5.1%	\$3,394.72 15.2%	\$873.80 3.3%	\$758.95 3.8%	\$1,045.38 3.5%	\$7,248.76 6.0%
Advertising (Note 11)								\$93.72 0.4%					\$93.72 0.1%
Merchant Fees (Note 12)								\$1,003.53 4.4%	\$1,717.84 7.7%	\$2,100.70 8.0%	\$1,657.01 8.3%	\$2,465.63 8.4%	\$8,944.71 7.4%
Royalty (Note 13)								\$1,370.14 6.0%	\$1,340.20 6.0%	\$1,580.04 6.0%	\$1,191.29 6.0%	\$1,768.71 6.0%	\$7,250.39 6.0%
Advertising Fund (Note 14)								\$456.71 2.0%	\$446.73 2.0%	\$526.68 2.0%	\$397.10 2.0%	\$589.57 2.0%	\$2,416.80 2.0%
<b>Total Expense: (Note 15)</b>								<b>\$19,822.23 86.8%</b>	<b>\$21,336.29 95.5%</b>	<b>\$18,461.86 70.1%</b>	<b>\$17,654.95 88.9%</b>	<b>\$25,165.37 85.4%</b>	<b>\$102,440.70 84.8%</b>
<b>Net Profit (Note 16)</b>								<b>-\$2,209.61 -9.7%</b>	<b>-\$2,953.16 -13.2%</b>	<b>\$4,402.12 16.7%</b>	<b>-\$3,138.12 -15.8%</b>	<b>\$1,746.83 5.9%</b>	<b>-\$2,151.94 -1.8%</b>

	2023-Jan	2023-Feb	2023-Mar	2023-Apr	2023-May	2023-Jun	2023-Jul	2023-Aug	2023-Sep	2023-Oct	2023-Nov	2023-Dec	2023 Total
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
<b>Sales:</b>													
Sales (Note 1)	\$24,715.44	\$23,399.56	\$25,397.04	\$29,623.31	\$33,585.99	\$45,542.00	\$57,579.32	\$60,820.18	\$69,693.20	\$69,643.53	\$64,481.16	\$79,413.71	\$583,894.44
Other Sales (Note 2)	\$2,006.12 8.1%	\$1,921.45 8.2%	\$2,174.65 8.6%	\$2,561.74 8.6%	\$3,058.94 9.1%	\$4,033.67 8.9%	\$5,339.63 9.3%	\$5,666.64 9.3%	\$6,550.67 9.4%	\$6,133.46 8.8%	\$5,733.96 8.9%	\$7,024.76 8.8%	\$52,205.69 8.9%
<b>Gross Sales: (Note 3)</b>	<b>\$26,721.56</b>	<b>\$25,321.01</b>	<b>\$27,571.69</b>	<b>\$32,185.05</b>	<b>\$36,644.93</b>	<b>\$49,575.67</b>	<b>\$62,918.95</b>	<b>\$66,486.82</b>	<b>\$76,243.87</b>	<b>\$75,776.99</b>	<b>\$70,215.12</b>	<b>\$86,438.47</b>	<b>\$636,100.13</b>
COGS (Note 4)	\$5,397.84 21.8%	\$4,403.84 18.8%	\$6,956.93 27.4%	\$4,384.72 14.8%	\$5,013.11 14.9%	\$6,134.29 13.5%	\$19,390.84 33.7%	\$17,974.26 29.6%	\$20,120.98 28.9%	\$19,565.44 28.1%	\$18,467.85 28.6%	\$17,956.11 22.6%	\$145,766.21 25.0%
<b>Gross Margin (Note 5)</b>	<b>\$21,323.72 86.3%</b>	<b>\$20,917.17 89.4%</b>	<b>\$20,614.76 81.2%</b>	<b>\$27,800.33 93.8%</b>	<b>\$31,631.82 94.2%</b>	<b>\$43,441.38 95.4%</b>	<b>\$43,528.11 75.6%</b>	<b>\$48,512.56 79.8%</b>	<b>\$56,122.89 80.5%</b>	<b>\$56,211.55 80.7%</b>	<b>\$51,747.27 80.3%</b>	<b>\$68,482.36 86.2%</b>	<b>\$490,333.92 84.0%</b>
<b>Expenses:</b>													
Payroll (Note 6)	\$9,094.63 36.8%	\$8,855.43 37.8%	\$10,042.78 39.5%	\$10,181.13 34.4%	\$10,372.86 30.9%	\$22,452.03 49.3%	\$22,318.42 38.8%	\$22,615.98 37.2%	\$22,751.71 32.6%	\$22,023.52 31.6%	\$20,972.10 32.5%	\$32,463.40 40.9%	\$214,143.99 36.7%
Owner Comp. (Note 7)	\$2,488.75 10.1%	\$2,422.19 10.4%	\$2,419.28 9.5%	\$2,298.79 7.8%	\$1,510.90 4.5%	\$0.00 0.0%	\$0.00 0.0%	\$0.00 0.0%	\$0.00 0.0%	\$0.00 0.0%	\$0.00 0.0%	\$0.00 0.0%	\$11,139.91 1.9%
Rent (Note 8)	\$1,342.60 5.4%	\$1,342.60 5.7%	\$1,342.60 5.3%	\$1,347.97 4.6%	\$1,342.60 4.0%	\$1,411.65 3.1%	\$1,411.65 2.5%	\$1,411.65 2.3%	\$1,411.65 2.0%	\$1,411.65 2.0%	\$1,411.65 2.2%	\$1,398.65 1.8%	\$16,586.92 2.8%
Utilities (Note 9)	\$485.33 2.0%	\$562.22 2.4%	\$767.33 3.0%	\$731.86 2.5%	\$881.65 2.6%	\$1,190.18 2.6%	\$1,190.64 2.1%	\$1,171.02 1.9%	\$2,078.16 3.0%	\$2,156.94 3.1%	\$894.40 1.4%	\$1,296.07 1.6%	\$13,405.80 2.3%
Office/G&A (Note10)	\$1,220.91 4.9%	\$1,245.43 5.3%	\$1,496.28 5.9%	\$780.81 2.6%	\$1,525.34 4.5%	\$1,777.49 3.9%	\$1,457.46 2.5%	\$3,221.68 5.3%	\$4,011.17 5.8%	\$1,910.18 2.7%	\$3,996.62 6.2%	\$1,560.72 2.0%	\$24,204.09 4.1%
Advertising (Note 11)			\$34.00 0.1%		\$396.43 1.2%	\$461.58 1.0%	\$40.00 0.1%	\$732.22 1.2%	\$66.94 0.1%		\$903.88 1.4%	\$100.28 0.1%	\$2,735.33 0.5%
Merchant Fees (Note 12)	\$2,539.45 10.3%	\$2,066.95 8.8%	\$2,068.14 8.1%	\$2,325.02 7.8%	\$3,241.26 9.7%	\$2,893.10 6.4%	\$4,935.31 8.6%	\$4,790.05 7.9%	\$4,913.06 7.0%	\$5,641.16 8.1%	\$6,367.52 9.9%	\$7,247.12 9.1%	\$49,028.14 8.4%
Royalty (Note 13)	\$1,482.93 6.0%	\$1,403.97 6.0%	\$1,523.82 6.0%	\$1,777.40 6.0%	\$2,015.16 6.0%	\$2,732.52 6.0%	\$3,454.76 6.0%	\$3,649.21 6.0%	\$4,181.59 6.0%	\$4,178.61 6.0%	\$3,868.87 6.0%	\$4,764.82 6.0%	\$35,033.67 6.0%
Advertising Fund (Note 14)	\$494.31 2.0%	\$467.99 2.0%	\$507.94 2.0%	\$592.47 2.0%	\$671.72 2.0%	\$910.84 2.0%	\$1,151.59 2.0%	\$1,216.40 2.0%	\$1,393.86 2.0%	\$1,392.87 2.0%	\$1,289.62 2.0%	\$1,588.27 2.0%	\$11,677.89 2.0%
<b>Total Expense: (Note 15)</b>	<b>\$19,148.91 77.5%</b>	<b>\$18,366.78 78.5%</b>	<b>\$20,202.17 79.5%</b>	<b>\$20,035.44 67.6%</b>	<b>\$21,957.92 65.4%</b>	<b>\$33,829.39 74.3%</b>	<b>\$35,959.83 62.5%</b>	<b>\$38,808.21 63.8%</b>	<b>\$40,808.15 58.6%</b>	<b>\$38,714.93 55.6%</b>	<b>\$39,704.66 61.6%</b>	<b>\$50,419.34 63.5%</b>	<b>\$377,955.74 64.7%</b>
<b>Net Profit (Note 16)</b>	<b>\$2,174.81 8.8%</b>	<b>\$2,550.39 10.9%</b>	<b>\$412.59 1.6%</b>	<b>\$7,764.89 26.2%</b>	<b>\$9,673.90 28.8%</b>	<b>\$9,611.99 21.1%</b>	<b>\$7,568.28 13.1%</b>	<b>\$9,704.35 16.0%</b>	<b>\$15,314.74 22.0%</b>	<b>\$17,496.62 25.1%</b>	<b>\$12,042.61 18.7%</b>	<b>\$18,063.02 22.7%</b>	<b>\$112,378.18 19.2%</b>

**Table 2**  
**Statement of Revenues and Expenses for Jeff's Bagel Run - College Park, FL Store**

	2024-Jan	2024-Feb	2024-Mar	2024-Apr	2024-May	2024-Jun	2024-Jul	2024-Aug	2024-Sep	2024-Oct	2024-Nov	2024-Dec	2024 Total
<b>Sales:</b>	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
Sales (Note 1)	\$72,923.91	\$72,725.51	\$77,745.58										\$223,395.00
Other Sales (Note 2)	\$6,531.06 9.0%	\$6,014.58 8.3%	\$6,496.66 8.4%										\$19,042.30 8.5%
<b>Gross Sales: (Note 3)</b>	<b>\$79,454.97</b>	<b>\$78,740.09</b>	<b>\$84,242.24</b>										<b>\$242,437.30</b>
COGS (Note 4)	\$22,605.37 31.0%	\$20,038.97 27.6%	\$24,061.56 30.9%										\$66,705.90 29.9%
<b>Gross Margin (Note 5)</b>	<b>\$56,849.60 78.0%</b>	<b>\$58,701.12 80.7%</b>	<b>\$60,180.68 77.4%</b>										<b>\$175,731.40 30.1%</b>
<b>Expenses:</b>													
Payroll (Note 6)	\$30,075.13 41.2%	\$31,855.19 43.8%	\$27,459.42 35.3%										\$89,389.74 40.0%
Owner Comp. (Note 7)	\$0.00 0.0%	\$0.00 0.0%	\$0.00 0.0%										\$0.00 0.0%
Rent (Note 8)	\$1,398.65 1.9%	\$1,398.65 1.9%	\$1,398.65 1.8%										\$4,195.95 1.9%
Utilities (Note 9)	\$1,264.93 1.7%	\$1,122.42 1.5%	\$1,073.06 1.4%										\$3,460.41 1.5%
Office/G&A (Note10)	\$2,527.10 3.5%	\$1,691.55 2.3%	\$2,181.15 2.8%										\$6,399.80 2.9%
Advertising (Note 11)	\$458.67 0.6%	\$342.30 0.5%	\$1,112.98 1.4%										\$1,913.95 0.9%
Merchant Fees (Note 12)	\$6,558.07 9.0%	\$6,250.12 8.6%	\$6,348.88 8.2%										\$19,157.07 8.6%
Royalty (Note 13)	\$4,375.43 6.0%	\$4,363.53 6.0%	\$4,664.73 6.0%										\$13,403.70 6.0%
Advertising Fund (Note 14)	\$1,458.48 2.0%	\$1,454.51 2.0%	\$1,554.91 2.0%										\$4,467.90 2.0%
<b>Total Expense: (Note 15)</b>	<b>\$48,116.46 66.0%</b>	<b>\$48,478.27 66.7%</b>	<b>\$45,793.79 58.9%</b>										<b>\$142,388.52 63.7%</b>
<b>Net Profit (Note 16)</b>	<b>\$8,733.14 12.0%</b>	<b>\$10,222.85 14.1%</b>	<b>\$14,386.89 18.5%</b>										<b>\$33,342.88 14.9%</b>

**Table 3**  
**Statement of Revenues and Expenses for Jeff's Bagel Run - Oviedo, FL Store**

	2024-Jan	2024-Feb	2024-Mar	2024-Apr	2024-May	2024-Jun	2024-Jul	2024-Aug	2024-Sep	2024-Oct	2024-Nov	2024-Dec	2024 Total
	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %	\$ %
Gross Sales (Note 1)			\$105,952.55										\$105,952.55
Other Sales (Note 2)			\$9,847.00 9.3%										\$9,847.00 9.3%
<b>Total Sales: (Note 3)</b>			<b>\$115,799.55</b>										<b>\$115,799.55</b>
COGS (Note 4)			\$33,241.00 31.4%										\$33,241.00 31.4%
<b>Gross Margin (Note 5)</b>			<b>\$82,558.55 77.9%</b>										<b>\$82,558.55 68.3%</b>
<b>Expenses:</b>													
Payroll (Note 6)			\$41,212.02 38.9%										\$41,212.02 38.9%
Owner Comp. (Note 7)			\$0.00 0.0%										\$0.00 0.0%
Rent (Note 8)			\$5,576.74 5.3%										\$5,576.74 5.3%
Utilities (Note 9)			\$1,927.36 1.8%										\$1,927.36 1.8%
Office/G&A (Note10)			\$617.41 0.6%										\$617.41 0.6%
Advertising (Note 11)			\$1,411.24 1.3%										\$1,411.24 1.3%
Merchant Fees (Note 12)			\$3,307.30 3.1%										\$3,307.30 3.1%
Royalty (Note 13)			\$6,357.15 6.0%										\$6,357.15 6.0%
Advertising Fund (Note 14)			\$2,119.05 2.0%										\$2,119.05 2.0%
<b>Total Expense: (Note 15)</b>			<b>\$62,528.27 59.0%</b>										<b>\$62,528.27 59.0%</b>
<b>Net Profit (Note 16)</b>			<b>\$20,030.28 18.9%</b>										<b>\$20,030.28 18.9%</b>

Other than the above performance representation, Jeff's Bagel Run does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Min Cho, Vice President, General Counsel, and Secretary at 4190 Millenia Blvd., Orlando, Florida 32839, 407-213-1337; the Federal Trade Commission; and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
**Systemwide Outlet Summary**  
**For Years 2021 through 2023**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company/Affiliate-Owned	2021	0	1	+1
	2022	1	2	+1
	2023	2	2	0
Total Outlets	2021	0	1	+1
	2022	1	2	+1
	2023	2	2	0

Table No. 2  
**Transfers of Outlets From Franchisee to New Owners (other than the Franchisor)**  
**For Years 2021 through 2023**

Column 1 State	Column 2 Year	Column 3 Number of Transfer
TOTAL	2021	0
	2022	0
	2023	0

Table No. 3  
**Status of Franchised Outlets**  
**For Years 2021 through 2023**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termin- -ations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of Year
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table No. 4  
**Status of Company- and Affiliate-Owned Outlets  
 For Years 2021 through 2023**

Col. 1 State	Col. 2 Year	Col. 3 Business es at Start of Year	Col. 4 Business es Opened	Col. 5 Business es Reacquir ed from Franchis ee	Col. 6 Business es Closed	Col. 7 Business es Sold to Franchis ee	Col. 8 Business es at End of the Year
Florida	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2

Table No. 5  
**Projected Openings As Of December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed But Not Opened	Column 3 Projected New Franchised Outlets	Column 4 Projected New Company or Affiliate- Owned Outlets
Florida	0	0	5
North Carolina	0	0	2
Georgia	0	1	0
Texas	0	2	0
Total	0	3	7

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

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

No trademark specific franchisee association has been sponsored by us, or has requested to be included in this franchise disclosure document.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Our audited financial statements as of December 31, 2023 are attached as Exhibit H.

The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

**ITEM 22**  
**CONTRACTS**

Exhibit A – Franchise Agreement  
Exhibit B – Area Development Agreement  
Exhibit C – General Release  
Exhibit D – Guaranty  
Exhibit E – Confidentiality Agreement  
Exhibit G – State Addenda  
Exhibit K – Participation Agreement

**ITEM 23**  
**RECEIPTS**

You will find copies of a detachable receipt in Exhibit L at the end of this disclosure document.

**Exhibit A**  
**Franchise Agreement**

**“Jeff’s Bagel Run”  
FRANCHISE AGREEMENT**

**By and Between**

**JBR Franchise Co**

**And**

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# JEFF'S BAGEL RUN FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** (“**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) by and between JBR Franchise Co, a Florida corporation (“**Franchisor**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), with reference to the following facts:

A. Franchisor and/or an Affiliate of Franchisor owns certain proprietary and other property rights and interests in and to the “Jeff’s Bagel Run” name and service mark, and such other trademarks, service marks, logo types and commercial symbols as Franchisor may from time to time authorize or direct Franchisee to use in connection with the operation of the Licensed Store (the “**Marks**”).

B. Franchisor and/or an Affiliate of Franchisor have developed and continue to develop, and Franchisor owns or has the right to sublicense, a system for the operation of Stores specializing in the sale of fresh-baked bagels, cream cheeses and other spreads, specialty coffees and teas, baked sweets and snacks and other products.

C. Stores are developed and operated using the Marks and Franchisor’s and its Affiliates’ specified and distinctive recipes and ingredients, preparation techniques, business formats, trade dress, practices, specifications, techniques, Confidential Information (defined below), training programs, methods, marketing materials and techniques, copyrights, procedures, menus, uniforms, signs, designs, layouts, and Standards (defined below), all of which Franchisor and/or its Affiliates may improve, further develop, or otherwise modify from time to time (the “**System**”).

C. Franchisee desires to obtain the license and franchise to operate a single Store, under the Marks and in strict accordance with the System, and the System Standards established by Franchisor; and Franchisor is willing to grant Franchisee such license and franchise under the terms and conditions of this Agreement.

**NOW, THEREFORE**, the parties agree as follows:

## ARTICLE 1 DEFINITIONS

1.1 Certain Fundamental Definitions and Applicable Information. In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires:

“**Advertising Fee Rate**” means 2% (See Section 4.3)

“**Continuing Royalty Rate**” means 6% (See Section 4.2)

“**Franchisee Notice Address**” is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

“**Initial Franchise Fee**” means \$30,000 (See Section 4.1)

“**Initial Term**” means 10 years. (See Section 3.1)

“**Initial Training Fee**” means \$10,000. (See Section 4.1)

“**Location**” means \_\_\_\_\_.

“**Operating Principal**” means \_\_\_\_\_, or such other individual hereafter designated by Franchisee, and accepted by Franchisor (and until subsequently disapproved by Franchisor), to serve as

the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, who shall hold 10% or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

## **ARTICLE 2 GRANT**

### 2.1 Grant.

2.1.1 Franchisor hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Term, to use and display the Marks, and to use the System, to operate one (1) Store at, and only at, the Location upon the terms and subject to the provisions of this Agreement and all ancillary documents hereto.

2.1.2 Franchisee may not offer, sell or provide delivery services or Catering services (directly or through any third party, including Uber Eats and DoorDash) without first obtaining Franchisor's prior written consent, which shall be granted or denied in Franchisor's sole discretion. In the event such prior written consent is granted, and in addition to such other conditions and restrictions as Franchisor may impose, Franchisee shall at all times provide such delivery and/or Catering services in strict accordance with System Standards regarding the same, as may be amended from time to time. Such standards, specifications and policies may include, without limitation, restrictions regarding the types of products and services Franchisee may offer and the geographic area in which Franchisee may provide such delivery and/or Catering services.

2.2 No Sublicensing Rights. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Licensed Store or to use the System granted pursuant to this Agreement.

### 2.3 Territorial Rights.

2.3.1 During the Term, neither Franchisor nor any Affiliate of Franchisor shall open or operate any Traditional Store, nor license other to do so, within the geographic area described on Exhibit A (the "**Territory**").

2.3.2 Except to the limited extent expressly provided in Section 2.3.1 of this Agreement, the license granted to the Franchisee under this Agreement is nonexclusive and Franchisor expressly reserves all other rights including, the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others:

(a) to own or operate, and to license others (which may include its Affiliates) to own or operate (i) "Jeff's Bagel Run" Store at any location outside the Territory, (ii) "Jeff's Bagel Run" Non-Traditional Venues at any location, and of any type whatsoever, within or outside the Territory, and regardless of proximity to the Store developed pursuant hereto; and (iii) Stores or other businesses operating under names other than "Jeff's Bagel Run", at any location, and of any type whatsoever, within or outside the Territory and regardless of their proximity to the Store developed pursuant hereto provided that if the products and services offered by the business are identical, or substantially similar to the products and services offered at any Store, Franchisor may do so only after it or its Affiliates acquire, or are acquired by a third party that owns, operates or authorizes others to operate such identical or substantially similar business; and

(b) to produce, license, distribute and market "Jeff's Bagel Run" Approved Products, including pre-packaged food items, dressings and other food and beverage products; books; clothing; souvenirs and novelty items; through any outlet (regardless of its proximity to the Store opened pursuant hereto), including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising, delivery, Catering and other distribution methods; and to advertise and promote the System through any means, including the Internet.

**ARTICLE 3**  
**TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT**

3.1 Initial Term. The term of this Agreement (“**Term**”) shall commence on the Effective Date and shall expire 10 years from such date, unless sooner terminated or extended pursuant hereto.

3.2 Right to Enter into Successor Franchise Agreements.

3.2.1 Subject to the conditions contained in Section 3.4 of this Agreement and Franchisee’s compliance with Section 3.3 of this Agreement, and provided that Franchisor is then currently offering franchises in the same state in which the Franchisee’s Store is located, at the expiration of the Term hereof, Franchisee shall have the right (the “**Successor Franchise Right**”) to enter into a new franchise agreement in the form then generally being offered to prospective franchisees of the System (the “**First Successor Franchise Agreement**”) for a 10 year period (the “**First Successor Term**”), which Successor Franchise Agreement shall likewise grant Franchisee the right to enter into one additional franchise agreement at the end of the First Successor Term, in the form then generally being offered to prospective franchisees of the System (the “**Second Successor Franchise Agreement**”) for a 10 year period (the “**Second Successor Term**”). Franchisee acknowledges that the terms, including Continuing Royalty and Advertising Fee payable, during the First Successor Term and Second Successor Term shall be as then generally applicable to new franchisees granted at the time and may differ from those contained in this Agreement.

3.2.2 The term of the First Successor Franchise Agreement and the Second Successor Franchise Agreement, as applicable, shall commence upon the date of expiration of the Term hereof or the First Successor Franchise Agreement, as applicable; provided, however, that notwithstanding the terms of Franchisor’s then-current form of Franchise Agreement:

(a) The First Successor Franchise Agreement and the Second Successor Franchise Agreement shall provide that Franchisee must pay, in lieu of an initial franchise fee, a renewal fee in the amount of one-half of Franchisor’s then-current initial franchise fee; and

(b) unless otherwise mutually agreed in writing, the First Successor Franchise Agreement and the Second Successor Franchise Agreement shall be modified to conform to the Successor Franchise Rights granted in franchisee’s original franchise agreement for the Licensed Store.

3.3 Form and Manner of Exercising Successor Franchise Right. The Successor Franchise Right shall be exercised, if at all, strictly in the following manner:

3.3.1 Between 9 months and 12 months before the expiration of the Term, Franchisee shall notify Franchisor in writing (“**Notice of Election**”) that it intends to exercise its Successor Franchise Right and no sooner than immediately after the expiration of any waiting period(s) by Applicable Law and no more than 30 days after Franchisee receives Franchisor’s Franchise Disclosure Document, if applicable, and execution copies of the applicable Successor Franchise Agreement, Franchisee shall execute the copies of said Successor Franchise Agreement and return them to Franchisor.

3.3.2 If Franchisee shall have exercised its Successor Franchise Right in accordance with Section 3.3.1 of this Agreement and satisfied all of the conditions contained in Section 3.4 of this Agreement, Franchisor shall execute the Successor Franchise Agreement, executed by Franchisee and at or prior to the expiration of the Term, deliver one fully executed copy thereof to Franchisee.

3.3.3 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4 of the Agreement, in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise its Successor Franchise Right and shall automatically cause Franchisee’s said Successor Franchise Right to lapse and expire.

3.4 Conditions Precedent to Entering into a Successor Franchise Agreement. Franchisee’s Successor Franchise Right is conditioned upon Franchisee’s fulfillment of each and all of the following conditions precedent:

3.4.1 At the time Franchisee delivers its Notice of Election to Franchisor and at all times thereafter until the commencement of the applicable Successor Term, Franchisee shall have fully performed, in all material respects, all of its obligations under the Agreement, the Manuals and all other agreements then in effect between Franchisee and Franchisor (or its Affiliates).

3.4.2 At Franchisor's request, Franchisee shall, prior to the date of commencement of the applicable Successor Term, undertake and complete at its expense, the remodeling, renovation, modernization, or refurbishing of the Premises, Location and the Licensed Store, which may include installation of new or replacement equipment, to comply with Franchisor's then-current System Standards for new Store.

3.4.3 Without limiting the generality of Section 3.4.1 of this Agreement, Franchisee shall not have committed and cured 3 or more material defaults of Articles 4, 7, 9, 10, 11 or 12 of the Agreement during any 36 month period during the Term of the Agreement for which Franchisor shall have delivered notices of default, whether or not such defaults were cured.

3.4.4 Franchisee, and Franchisee's employees, as applicable, shall comply with Franchisor's then-current qualification, training and certification requirements at Franchisee's expense.

3.4.5 Concurrently with the execution of the applicable Successor Franchise Agreement, Franchisee shall, and shall cause each of its Affiliates to, execute and deliver to Franchisor a general release, on a form prescribed by Franchisor of any and all known and unknown claims against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees. The release may cover future consequences of acts, omissions events and circumstances predating the date of the release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the release is executed.

3.5 Notice Required by Law. If Applicable Law requires that Franchisor give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until Franchisor has given the notice required by such Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Notice of Election, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a Successor Term determined in accordance with Section 3.2 of this Agreement hereof, or (ii) offer to extend the Term hereof on a week to week basis following the expiration of the Term hereof for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

#### **ARTICLE 4 PAYMENTS**

4.1 Initial Fees. Upon execution hereof, Franchisee shall pay to Franchisor the Initial Franchise Fee and Initial Training Fee. The Initial Franchise Fee and Initial Training Fee is non-refundable, in whole or in part, under any circumstances.

4.2 Continuing Royalty. Franchisee shall pay to Franchisor, as provided in Section 4.5, a continuing royalty (the "**Continuing Royalty**") equal to 6% of Franchisee's Gross Sales during the preceding Accounting Period.

4.3 Advertising Fee. Upon written request from Franchisor, Franchisee shall pay to Franchisor, as provided in Section 4.5, an advertising fee equal to up to 2.0%, as determined by Franchisor, of Franchisee's Gross Sales during the preceding Accounting Period ("**Advertising Fee**"). Franchisor shall contribute the Advertising Fee to the Advertising Fund to be administered in the manner provided in Section 8.3 of this Agreement (the "**Advertising Fund**"). Franchisor may adjust the Advertising Fee from time to time, but never to more than 1.0% of Franchisee's Gross Sales. Pursuant to Section 8.4 of this Agreement, Franchisor may also establish a co-op advertising fund for Franchisee's region. The fee for co-operative advertising will be in addition to the Advertising Fee and will be determined by each co-op advertising region, as described in Section 8.4.2 of this Agreement.

4.4 Manner of Payment. Franchisee shall calculate the Continuing Royalty and Advertising Fee due to Franchisor as prescribed above and cause Franchisor to receive payment of all Continuing Royalties, Advertising Fees, and all other amounts then owed to Franchisor, together with a statement of Franchisee's Gross Sales for the applicable Accounting Period (certified as complete and accurate by a duly authorized representative of Franchisee), no later than the 7<sup>th</sup> calendar day following each Accounting Period during the Term. Notwithstanding the foregoing, Continuing Royalties and Advertising Fees on Gross Sales consisting of payments, made by cash or debit card, shall be payable daily by EFT (defined below).

4.5 EFT and Pre-Authorized Payments.

4.5.1 At Franchisor's request, Franchisee, at Franchisee's sole cost and expense, shall instruct its bank, and in the case of credit card, debit card and other electronic customer payments, instruct its third party payment processors, to pay the amount of its Continuing Royalty, Advertising Fee and other fees directly to Franchisor from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism which Franchisor may designate ("EFT") and upon the terms and conditions set forth in the Manuals, and promptly upon Franchisor's request, Franchisee shall execute or re-execute and deliver to Franchisor such pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw, and to enable third party payment processor(s) to deduct and remit directly to Franchisor, Franchisee's Continuing Royalty, Advertising Fee and other sums payable under the terms of this Agreement. Franchisor's current form of EFT authorization is attached hereto as Exhibit B. Franchisee shall also, in addition to those terms and conditions set forth in the Manuals, use only designated third party payment processors and maintain a single bank account for such payments and shall maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee shall not alter or close such account except upon Franchisor's prior written approval. Any failure by Franchisee to implement such EFT system in strict accordance with Franchisor's instructions shall, without limiting the materiality of any other default of this Agreement, constitute a material default of this Agreement.

4.5.2 If Franchisee is delinquent more than 3 times in any continuous 12 month period during the Term in the payment of its Continuing Royalty, Advertising Fee or other fees, or of other sums due to Franchisor or to its Affiliates including on account of the purchase of goods or services, or fails to report its sales on a timely basis, Franchisor may require Franchisee to implement a system prescribed by Franchisor which shall permit Franchisor unilaterally to estimate and draw down the amounts owed by Franchisee, which system may include EFT systems, automatic debits, use of Franchisee pre-authorized checks, other instruments or authority or any other arrangement Franchisor may prescribe. Franchisor may base its estimates of Advertising Fees, Continuing Royalties and similar payments which are calculated based on Gross Sales, on Franchisee's historically reported Gross Sales. Franchisee shall, without limiting the materiality of any other default of this Agreement, promptly implement such system in strict accordance with Franchisor's instructions and failure to do so shall constitute a material default of this Agreement.

4.6 Other Payments. In addition to all other payments provided herein, Franchisee shall pay to Franchisor, its Affiliates and designees, as applicable, promptly when due:

4.6.1 All amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever.

4.6.2 The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon Franchisee and required to be collected or paid by Franchisor (a) on account of Franchisee's Gross Sales, or (b) on account of Continuing Royalties, Advertising Fees or Initial Fees collected by Franchisor from Franchisee (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Continuing Royalties are collected herein and promptly pay the tax collections to the appropriate Governmental Authority; provided, however, that unless Franchisor so elects, it shall be Franchisee's responsibility to pay all sales, use or other taxes now or hereinafter imposed by any Governmental Authorities on Continuing Royalties, Initial Fees, or Advertising Fees.

4.6.3 All amounts due for any reason, including on account of purchases of goods, supplies or services relating to the Licensed Store.

4.7 Application of Funds. If Franchisee shall be delinquent in the payment of any obligation to Franchisor hereunder, or under any other agreement with Franchisor, Franchisor shall have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, including to Franchisee's vendors, Suppliers and landlord, notwithstanding any contrary designation by Franchisee as to application.

4.8 Interest and Charges for Late Payments. If Franchisee shall fail to pay to Franchisor the entire amount of the Continuing Royalty, Advertising Fee and all other sums owed to Franchisor or its Affiliates, promptly when due, Franchisee shall pay, in addition to all other amounts which are due but unpaid, interest on the unpaid amounts, from the due date thereof, at the rate of 18% per annum, or the highest rate allowable under applicable law, whichever is less. If any check, draft, electronic transfer or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Franchisor's expenses arising from such non-payment, including bank fees in the amount of at least \$50.00 and any other related expenses incurred by Franchisor. Franchisor may establish and impose fines for violating Franchisee's duties under this Agreement or the Manuals. The fact that fines may be imposed will neither be construed as a waiver of Franchisor's right to require strict compliance with this Agreement and the Manuals, nor as liquidated damages. Franchisor may require Franchisee to pay such fines upon demand or may utilize EFT to collect such fines.

## ARTICLE 5 CONSTRUCTION AND COMMENCEMENT OF BUSINESS

5.1 Location. Franchisee's Store shall be located at the Location.

5.1.1 If no Location has been inserted in Section 1.1 on the Effective Date, Franchisee shall promptly following the execution hereof locate one or more proposed sites which meet Franchisor's then-current System Standards. Franchisee shall submit to Franchisor such demographic and other information regarding the proposed site(s) and neighboring areas as Franchisor shall require, in the form prescribed by Franchisor ("**Site Review Request**"). Franchisor may seek such additional information as it deems necessary within 15 days of submission of Franchisee's Site Review Request, and Franchisee shall respond promptly to such request for additional information. If Franchisor shall not deliver written notice to Franchisee that Franchisor accepts the proposed site, within 30 days of receipt of Franchisee's Site Review Request, or within 15 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Franchisor accepts the proposed site it shall notify Franchisee of its acceptance of the site. Promptly following mutual execution of this Agreement, or Franchisor's acceptance of a proposed site, if no Location has been inserted in the blank space provided above, Franchisee shall proceed to negotiate a Lease or purchase agreement for the site and shall submit to Franchisor a copy of the proposed Lease or purchase agreement, as applicable, to Franchisor. Franchisee shall not enter into any Lease or purchase agreement for the Location unless Franchisor has accepted the proposed site and such site shall be deemed to the "Location" as defined above. Franchisee shall begin operating the Licensed Store within 12 months after the Effective Date. Unless waived by Franchisor in whole or in part, upon submitting a second Site Review Request to Franchisor for review, and for each Site Review Request thereafter, Franchisee shall reimburse Franchisor for all costs and expenses of Franchisor incurred in reviewing the Site Review Requests, including payment to consultants and agents retained by Franchisor to assist in conducting such review and including a reasonable allocation of overhead and administrative expenses.

5.1.2 Franchisee may not conduct any activities associated with Franchisor or the Marks at any location except for operating the Licensed Store in accordance with this Agreement, or other agreement with Franchisor.

5.1.3 Franchisee may not relocate the Licensed Store without Franchisor's prior written consent. If Franchisor shall consent to any relocation, Franchisee shall de-identify the former location in the manner described in Section 15.1.5 of this Agreement with respect to Franchisee's obligations upon termination and expiration, and

shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of Franchisee's failure to do so.

5.2 Franchisor Site Selection Assistance. Franchisor is not required to visit any potential location. However, Franchisor may voluntarily (without obligation) assist Franchisee in obtaining or evaluating an acceptable location. Neither Franchisor's said assistance, if any, its acceptance of Franchisee's proposed site, nor its acceptance of the proposed Lease or purchase agreement shall be construed to insure or guarantee the profitable or successful operation of the Licensed Store by Franchisee, and Franchisor hereby expressly disclaims any responsibility therefor. Franchisor's acceptance of a location is solely an indication that the Location meets Franchisor's minimum System Standards at the time of acceptance and such acceptance shall not be construed as any express or implied representation or warranty that the Location will be profitable or successful. Franchisee acknowledges its sole responsibility for finding the Location. Franchisee acknowledges its sole responsibility for finding the site for the Store it develops pursuant to this Agreement.

5.3 Lease or Purchase of Location.

5.3.1 If the Location is leased or subleased, (i) the Lease shall name Franchisee as the sole lessee thereunder and may not be assigned or sublet without Franchisor's prior written consent; (ii) Franchisor shall have the right to review and accept or reject the Lease, a true and correct copy of which shall be delivered to Franchisor at least 15 days prior to the execution thereof; (iii) Franchisee shall neither create nor purport to create any obligations on behalf of Franchisor, nor grant or purport to grant to the lessor thereunder any rights against Franchisor, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iv) the Lease shall be for a term (including options) which is not less than the Term of this Agreement (plus each Successor Term), unless Franchisor shall approve, in writing, a shorter term of the Lease; (v) the Lease shall not contain a non-competition covenant which purports to restrict the Franchisor, or any franchisee or licensee of the Franchisor (or its Affiliates), from operating a Store or any other retail establishment, unless such covenant is approved by the Franchisor in writing prior to the execution of the Lease; (vi) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the Lease; and (vii) a fully executed copy of said Lease, in the form and on the terms previously accepted by Franchisor, shall be delivered to Franchisor promptly following the execution thereof and upon Franchisor's request. The Lease shall, unless Franchisor otherwise consents in writing, include the addendum attached hereto as Exhibit D. Franchisor's review and acceptance of the Lease is solely for Franchisor's benefit and is solely an indication that the Lease meets Franchisor's minimum System Standards at the time of acceptance for the Lease (which may be different than the requirements of this Agreement) such review and acceptance shall not be construed as any express or implied representation or warranty that the Lease complies with Applicable Law or represents a lease transaction that is fair or in Franchisee's best interest.

5.3.2 If Franchisor or its designee elects to succeed to Franchisee's rights under the Lease, as aforesaid, Franchisee shall assign to Franchisor or such designee all of its right, title and interest in and to the Lease, whereupon the lessor thereunder shall attorn to Franchisor or such designee as the tenant thereunder. Franchisee shall execute and deliver to Franchisor or such designee such assignment and take such further action as Franchisor or such designee, as applicable, in its sole and absolute discretion, may deem necessary or advisable to effect such assignment, within 10 days after written demand by Franchisor or such designee to do so, and upon Franchisee's failure to do so, Franchisor or such designee shall be, and hereby is, appointed Franchisee's attorney in fact to do so. This power of attorney granted by Franchisee to Franchisor and such designee is a special power of attorney coupled with an interest and is irrevocable and shall survive the death or disability of Franchisee. Any sum expended by Franchisor or such designee to cure Franchisee's breach of the Lease shall be deemed additional sums due Franchisor hereunder and Franchisee shall pay such amount to Franchisor upon demand. The covenants of Franchisee contained in this Section 5.3 shall survive the termination of this Agreement. Franchisor's acceptance of the Lease shall not constitute Franchisor's assurance that the terms of the Lease are favorable to Franchisee, or that the location will be successful.

5.3.3 Franchisee hereby authorizes Franchisor to communicate with the lessor under the Lease (and hereby authorizes such lessor to communicate with Franchisor) for any purpose, including de-identification of the Location following the termination or expiration of this Agreement, Franchisee's sales, Franchisee's defaults under this Agreement or the Lease and negotiating a lease for the Location commencing following the termination or

expiration of the Franchisee's Lease. Franchisee shall at all times fully perform each and all of its obligations under the Lease.

5.3.4 If the Location is to be purchased by Franchisee, the contract for purchase and sale shall be subject to Franchisor's review and acceptance, a true and correct copy of which shall be delivered to Franchisor at least 15 days prior to the execution thereof, and a true and correct copy of such executed contract shall be furnished to Franchisor within 15 days after execution.

#### 5.4 Construction.

5.4.1 Following the Effective Date and before the renovation or construction of the Licensed Store or the Location, Franchisor shall provide Franchisee with copies of Franchisor's specifications for the design and layout of the Licensed Store and required fixtures, equipment, furnishings, decor, trade dress, and signs. Franchisee shall at its sole cost and expense promptly cause the Premises and Licensed Store to be constructed, equipped and improved in accordance with such System Standards, unless Franchisor shall, in writing, agree to modifications thereof. Franchisee shall employ one of Franchisor's pre-approved architects. Franchisee may, however, use a licensed architect that is not one of Franchisor's pre-approved architects with approval, which Franchisor may approve or deny based on its sole discretion. If Franchisor consents to Franchisee's use of an architect that is not on Franchisor's pre-approved list, Franchisee will pay to Franchisor a \$2,500 fee for review and evaluation of Franchisee's architect's work by Franchisor or its designated architect. Franchisee shall employ licensed architects, engineers and general contractors at its sole cost and expense, to prepare such architectural, engineering and construction drawings and site plans, and to obtain all Permits required to construct, remodel, renovate, and/or equip the Licensed Store and Premises. Your selected engineers and general contractors must be approved by Franchisor, which Franchisor may approve or deny based on its sole discretion. Franchisor has the right, but not the obligation, to perform inspections of the Licensed Store and Premises during construction and after construction to ensure that the Licensed Store is built in accordance with the drawings and specifications accepted by Franchisor, and all fixtures, signs, furnishings and equipment are in compliance with System Standards. Franchisee may not open the Licensed Store for business until Franchisee has received written authorization to open from Franchisor, which authorization may be conditional and subject to Franchisor's satisfactory inspection of the Licensed Store.

5.4.2 Franchisee may from time to time request additional information regarding the design and construction of the Licensed Store, which, if in the possession of Franchisor, shall be provided at no expense to Franchisee. Upon request, Franchisor shall provide additional site visits, project management, design work and equipment purchasing services to Franchisee at Franchisee's sole cost.

5.4.3 Subject only to Force Majeure (provided that Franchisee continuously complies with Section 5.4.5 of this Agreement), Franchisee shall complete construction or renovation, as the case may be, of the Premises, the Licensed Store and all improvements therein, including installation of all fixtures, signs, equipment and furnishings as soon as possible, but in any event within 6 months after commencement of construction, unless Franchisor consents in writing to a longer period of time. The operation of the Licensed Store by Franchisee shall commence not later than 12 months following the Effective Date.

5.4.4 The time periods for the commencement and completion of construction and the installation of fixtures, signs, machinery and equipment as referred to in this Section 5.4 are of the essence of this Agreement. If Franchisee fails to perform its obligations contained in this Section, the Franchisor may, without limiting the materiality of any other default of this Agreement, deem the Franchisee's failure to so perform its obligations to constitute a material default of this Agreement.

5.4.5 In the event of the occurrence of an event which Franchisee claims to constitute Force Majeure, Franchisee shall provide written notice to Franchisor in writing within 5 days following commencement of the alleged Force Majeure which notice shall include the words "Force Majeure" and explicitly describe the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. Franchisee shall provide Franchisor with continuous updates (no less frequently than once each week) on Franchisee's progress and diligence in responding to and overcoming the Force Majeure, and shall notify Franchisor immediately upon cessation of such Force Majeure, and provide all other information as may be requested by Franchisor. If Franchisee

shall fail to notify Franchisor of any alleged Force Majeure within said 5 days, or shall fail to provide any such updates during the continuance of the alleged Force Majeure, Franchisee shall be deemed to have waived the right to claim such Force Majeure.

5.4.6 Franchisor's acceptance of Franchisee's plans and specifications for the Location, Franchisor's guidance with the development of the Location, and Franchisor's authorization to open the Licensed Store are to assure that Franchisee complies with System Standards, and shall not be construed as any express or implied representation or warranty that the Location complies with any Applicable Laws, codes or regulations or that the construction is sound or free from defects. Franchisor's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations. Franchisor will have no liability with respect to construction of the Location, nor shall Franchisor be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Licensed Store, whether caused by the condition of the Location, the design, engineering, construction, equipping, decorating, or stocking of the Licensed Store, or any other reason. Franchisee expressly acknowledges and agrees that Franchisor does not, directly or indirectly, warrant or ensure that the design, decor, appearance, fixtures, layout, and/or other improvements of the Licensed Store will guaranty Franchisee's success.

## 5.5 Maintaining and Remodeling of Licensed Store.

5.5.1 Franchisee shall maintain the condition and appearance of the Licensed Store in a "like new" level of cosmetic appearance consistent with the image of Stores as attractive, clean, and efficiently operated, offering high quality food products and beverages, efficient and courteous service, and pleasant ambiance. If at any time in the Franchisor's reasonable judgment, the state of repair, appearance or cleanliness of the Franchisee's Premises (including the Licensed Store and the non-Store portion of Franchisee's Premises, and parking areas) or its fixtures, equipment, furnishings, signs or utensils fail to meet the System Standards therefor, Franchisee shall immediately upon receipt of notice from Franchisor specifying the action to be taken by Franchisee (within the time period specified by Franchisor), correct such deficiency, repair and refurbish the Licensed Store and Premises, as applicable, and make such modifications and additions to its layout, decor and general theme, as may be required, including replacement of worn out or obsolete fixtures, equipment, furniture, signs and utensils, and repair and repainting of the interior and exterior of the Licensed Store, the Premises and appurtenant parking areas (if any). Such maintenance shall not be deemed to constitute remodeling, as set forth below.

5.5.2 In addition to Franchisee's obligations under Section 5.5.1, during the Term, but not more frequently than once every 5 years during the Term and as a condition to Franchisee's exercising its Successor Franchise Right, Franchisor may require Franchisee, at Franchisee's sole cost and expense, to refurbish, remodel and improve the Licensed Store to conform the Franchisee's building design, trade dress, color schemes, and presentation of Marks to Franchisor's then current specified public image (or image implemented or in development at a Store owned or operated by Franchisor or any of its Affiliates). Such a remodeling may include extensive structural changes to the Licensed Store and replacement or modification of furnishings, fixtures and equipment as well as such other changes as the Franchisor may direct, and Franchisee shall undertake such a program promptly upon notice from the Franchisor, and shall complete any such remodeling as expeditiously as possible, but in any event within 90 days of commencing same (and no later than the commencement of the applicable Successor Term), unless Franchisor expressly agrees to a longer period of time.

5.5.3 If the Licensed Store is damaged or destroyed by fire or any other casualty, Franchisee, within 90 days thereof, shall initiate such repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) such repairs or reconstruction, in order to restore the premises of the Licensed Store to its original condition prior to such casualty; any such repair and reconstruction shall be completed as soon as reasonably practicable but in any event within 6 months following the event causing the damage or destruction. If, in the Franchisor's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the Licensed Store in conformance with Franchisor's then standard System decor specifications for new Stores, the Franchisor may require that Franchisee repair or reconstruct the Premises and Store operated pursuant hereto in conformance with the then standard System decor specifications.

## ARTICLE 6 TRAINING

### 6.1 Initial Training Program.

6.1.1 In exchange for the Initial Training Fee, Franchisor shall provide an Initial Training Program in the Franchisor's System and methods of operation (the "**Initial Training Program**") at the Franchisor's training facilities in Orlando, Florida; or other location specified by Franchisor, to up to 3 persons selected by Franchisee who shall include the Store Manager, and the Franchisee, if Franchisee is an individual, and Franchisee's Operating Principal, if Franchisee is an Entity. Franchisee may, at Franchisor's discretion, be required to pay Franchisor's then-current training fee for any personnel, beyond the initial 3 individuals, who attend the Initial Training Program. The Initial Training Program shall consist of approximately 40 hours per week of training over a two week period. The Initial Training Program shall be provided by Franchisor prior to the opening of the Licensed Store and must be completed before the Licensed Store opens to the public. Franchisee shall pay all travel, living, compensation, and other expenses (e.g., including all Travel and Living Expenses and Wages payroll for its personnel), if any, incurred by Franchisee and/or Franchisee's employees in connection with attendance at training programs. Franchisee may not open the Licensed Store until such training shall have been completed to the satisfaction of Franchisor and Franchisee's management team has been certified by Franchisor. All personnel attending training must have first successfully completed the ServSafe certification program. All personnel attending training must have first successfully completed all training certification(s) required by any Governmental Authority.

6.1.2 Franchisor shall determine the contents and manner of conducting the Initial Training Program in its discretion, however, the training course will be structured to provide practical training in the implementation and operation of a Store and may include such topics as on-site food preparation, portion control, preparation and cooking procedures, packaging procedures, System Standards, marketing and customer service techniques, reports and equipment maintenance. The Initial Training Program shall not be provided if (i) Franchisee and/or any Affiliate of Franchisee owns or operates two or more Stores as of the Effective Date, provided however, that Franchisor may, in its sole discretion, require Franchisee and its Operating Principal and Store Manager complete the Initial Training Program if Franchisee's (or its Affiliate's) existing Stores are not in compliance with System Standards, or (ii) this Agreement is executed as a Successor Franchise Agreement.

6.1.3 Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage the Store, its judgment as to whether or not the Franchisee or his manager has satisfactorily completed such training shall be determined by Franchisor in its judgment.

6.2 On-Site Opening Assistance. Commencing shortly before and ending shortly after the Licensed Store opens to the public, Franchisor shall provide up to two weeks of on-site training to Franchisee's Operating Principal and Store Manager(s) ("**On-Site Training**"). Franchisor shall provide the On-Site Training at no additional charge; provided, however, that if Franchisor determines in its reasonable discretion that more than two weeks of on-site training is necessary, Franchisee must reimburse Franchisor for all travel, living, compensation, and other expenses, incurred by Franchisor as a result of extending the On-Site Training. The On-Site Training shall be provided at Franchisor's sole discretion and control, however, the training will be structured to provide additional practical training in the implementation and operation of a Store.

### 6.3 Additional Training.

6.3.1 All newly hired and replacement Operating Principal(s) and Store Managers of the Licensed Store shall be subject to Franchisor's reasonable approval and shall successfully complete, to Franchisor's satisfaction, the Initial Training Program conducted by Franchisor. In addition, if the Store is not in compliance with System Standards, Franchisor may, in its sole discretion, require Franchisee, Franchisee's Operating Principal and Store Manager re-attend and successfully complete, to Franchisor's satisfaction, the Initial Training Program. Franchisee, or Franchisee's Operating Principal, or a fully trained Store Manager shall, to Franchisor's satisfaction, train each of Franchisee's regular employees prior to the first opening of the Licensed Store to the public and at all times thereafter during the Term. At all times during the Term, Franchisee shall employ an adequate staff of employees working at the Licensed Store who shall have been fully and adequately trained, in Franchisor's judgment,

and all such employees shall have completed all training certification(s) required by any Governmental Authority. Notwithstanding the first sentence of this Section, the Store Managers of Franchisee shall have the skill level, training and experience commensurate with the demands of the position, and in keeping with Franchisor's high standards for quality products, courteous service, and cleanliness of operations.

6.3.2 Franchisee shall pay Franchisor's then current, reasonable charges (as set forth in the Manuals) for any such training performed by Franchisor at Franchisee's request, or which is otherwise required hereunder and not covered by Sections 6.1.1 and 6.2 of this Agreement.

6.3.3 Franchisor may, from time to time, (i) require Franchisee, its Operating Principal and its Store Manager(s), or any of them, to attend additional training courses or programs ("**Additional Training**") during the Term; or (ii) make available to Franchisee, its Operating Principal and the Store Manager(s), or any of them, optional Additional Training during the Term. Additional Training may be held on a national or regional basis at locations selected by Franchisor to instruct Franchisee with regard to new procedures or programs which Franchisor deems, in its judgment, to be of material importance to the operation of the Licensed Store. Such Additional Training may relate, by way of illustration, to product production techniques, new recipes, marketing, bookkeeping, accounting and general operating procedures, and the establishment, development and improvement of Information Systems. Franchisor may establish charges applicable to all franchisees similarly situated for such optional training courses. The time and place of such training courses shall be at Franchisor's discretion. In addition to any charge Franchisor may establish, Franchisee shall pay all Travel Expenses incurred in connection with attendance at such courses. Franchisor shall pay no compensation for any services performed by trainee(s) in connection with the Additional Training.

6.3.4 Franchisor and its designees shall have the right to enter the Licensed Store to conduct training programs for franchisees (and prospective franchisees) of Franchisor, from time to time and at a time and in a manner consistent with Franchisor's reasonably established policies and procedures in effect from time to time.

#### 6.4 Annual Meeting.

6.4.1 Franchisee shall pay to Franchisor a registration fee, if one is assessed by Franchisor, of \$299 per attendee to attend an annual franchise meeting or convention.

#### 6.5 Other Assistance.

6.5.1 Franchisee shall have the right, at no additional charge, to inquire of Franchisor's headquarters staff, its field representatives and training staff with respect to problems relating to the operation of the Licensed Store, by telephone, electronic mail, facsimile, or other means of correspondence, and Franchisor shall use its best efforts to diligently respond to such inquiries, in order to assist Franchisee in the operation of the Licensed Store. At no time shall reasonable assistance be interpreted to require Franchisor to pay any money to Franchisee or to defer Franchisees' obligation to pay any sums to Franchisor.

6.5.2 At Franchisee's request, Franchisor may, but shall not be obligated to (a) cause its field representatives to visit the Licensed Store to advise, consult with, or train Franchisee in connection with its performance and operation of the Licensed Store and Franchisee's compliance with the Manuals; or (b) permit Franchisee or certain of its employees to provide assistance, consultation, or additional training at a Store selected by Franchisor. If Franchisor provides such additional assistance, consultation or training to Franchisee (w) such assistance, consultation or training will be subject to Franchisor's capacity, scheduling, and discretion, but Franchisor shall not be obligated to provide that assistance, consultation or training, (x) Franchisee shall pay all travel, living, compensation, and other expenses, if any, incurred by Franchisee and/or Franchisee's employees in connection with such additional assistance, consultation, or training, (y) Franchisor shall not pay any compensation to Franchisee or Franchisee's employees for providing services at Franchisor's or another Franchisee's Store in connection with the assistance, consultation, or training, and (z) Franchisee shall pay such training charges as may be then in effect, and shall reimburse Franchisor for all Travel Expenses incurred by Franchisor and its personnel in connection with such training.

6.5.3 In the event of any sale transfer, or Assignment, the transferee/assignee must be trained by Franchisor as a condition of Franchisor's consent to such transfer. The Licensed Store shall not be transferred, opened, or re-opened by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Store and Franchisor has otherwise consented to the transfer in accordance with this Agreement.

## **ARTICLE 7 MANUALS AND STANDARDS OF OPERATOR QUALITY, CLEANLINESS AND SERVICE**

7.1 Compliance with Applicable Law. Franchisee shall operate the Licensed Store as a clean, orderly, legal and respectable place of business in accordance with Franchisor's business standards and merchandising policies, and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of its Location or Premises to be used for any immoral or illegal purpose. Franchisee shall in all dealings with its customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action (or failing to take any action) which will cause Franchisor to be in violation of any Applicable Law. Franchisee shall refrain from engaging in action (or failing to take any action), which in the sole opinion of Franchisor, causes or could cause harm to the Marks, the System and/or the "Jeff's Bagel Run" brand. If Franchisee shall receive any notice, report, fine, test results or the like from the applicable state or local department of health (or other similar Governmental Authority), Franchisee shall promptly send a copy of the same to Franchisor. Franchisee shall correct any such deficiency noted within 10 days or such fewer number of days as required by the applicable Governmental Authority.

### 7.2 Operating Principal and Management Employees.

7.2.1 The Operating Principal shall be principally responsible for communicating and coordinating with Franchisor regarding business, operational and other ongoing matters concerning this Agreement and the Licensed Store. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement. The Operating Principal shall be vested with the authority and responsibility for the day-to-day operations of the Licensed Store and all other Stores owned or operated, directly or indirectly, by Franchisee or its Affiliates within a geographic area specified by Franchisor. The Operating Principal shall, during the entire period he or she serves as such, meet the following qualifications: (a) shall devote full time and best efforts solely to operation of all Stores owned or operated, directly or indirectly, by Franchisee or its Affiliates in such geographic area and to no other business activities; (b) meet Franchisor's educational, experience, financial and other reasonable criteria for such position, as set forth in the Manuals or otherwise in writing by Franchisor; (c) be an Owner with 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee; and (d) be an individual acceptable to Franchisor. The Operating Principal shall be responsible for all actions necessary to ensure that all Stores owned or operated, directly or indirectly, by Franchisee in such geographic area are operated in compliance with this Agreement and the Manuals. If during the Term the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Franchisor's subsequent disapproval of such person), Franchisee shall promptly notify Franchisor of such occurrence. Thereafter, Franchisee shall promptly, but not later than 30 days after the prior Operating Principal ceases to serve Franchisee, (w) designate a replacement operating principal who meets Franchisor's then-current qualification requirements, (x) provide Franchisor with such information about such new Operating Principal as Franchisor may request, (y) cause such replacement Operating Principal to undergo, at Franchisee's cost, such training as Franchisor may require, and (z) obtain Franchisor's written acceptance of such person as the Operating Principal. Franchisor may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Franchisor's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal who shall have been accepted by Franchisor.

7.2.2 Franchisee shall notify Franchisor in writing at least 10 days prior to employing the Operating Principal setting forth in reasonable detail all information reasonably requested by Franchisor. Franchisor's acceptance of the Operating Principal shall not constitute Franchisor's endorsement of such individual or a guarantee by Franchisor that such individual will perform adequately for Franchisee or its Affiliates, nor shall Franchisor be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

7.2.3 Franchisee shall ensure that the operation of the Licensed Store is at all times under the direct control of the Operating Principal or a Store Manager. At all times that the Licensed Store is open and at all times which pre-opening or post-closing activities are being undertaken at the Licensed Store, the Licensed Store shall be managed by a person that has successfully completed training (and if required, a person that is certified, by Franchisor in its discretion, for the performance of such responsibilities) and has successfully completed the ServSafe course and such other courses and training as may be specified by Franchisor and/or required by Applicable Law. Each such Store Manager shall be solely dedicated to the operation of the Store to which the person is assigned. Franchisee shall supervise, direct and be responsible for in all respects, the activities and performance of all Operating Principals, Store Managers, and other employees of franchise and shall ensure compliance with the Manuals and otherwise.

### 7.3 Computer/Information Systems.

7.3.1 Franchisee shall purchase, use and maintain the Information Systems specified in the Manuals in accordance with the System Standards. The Information Systems must at all time be connected to one or more high-speed communications media specified by Franchisor and be capable of accessing the Internet. Franchisee must electronically link the Information Systems to Franchisor or its designee. Franchisee shall allow Franchisor and/or its designee to access the Information Systems and stored files, and to add, remove, configure and modify information systems via any means including electronic polling and uploads, with or without notice. Franchisor may from time to time upon 30 days advance written notice require Franchisee, at Franchisee's sole cost and expense, to add, update, upgrade or replace the Information Systems, including hardware and/or software. Although Franchisor cannot estimate the future costs of the Information Systems, required hardware, software, or service or support, and although these costs might not be fully amortizable over the time remaining in the Term, Franchisee agrees to acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by Franchisor to maintain, protect, and interface with Information Systems. Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through Franchisor at a reasonable one-time or recurring charge, and pursuant to forms of agreement prescribed by Franchisor.

7.3.2 Franchisee shall not use or permit the use of the Information Systems for any unlawful or non-business related activity. Franchisee shall not install or use, and shall prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that the Information Systems are used strictly in accordance with System Standards, including security protocols and protective measures including how passwords are assigned and rotated, prescribed limitations regarding which persons Franchisee may permit to access (via LAN, WAN, internet or otherwise), use, perform support and installation functions and conduct transactions with the Information Systems. No virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Information Systems. Franchisee shall at all times provide Franchisor with all passwords, access keys and other security devices or systems as necessary to permit Franchisor to access the Information Systems and obtain the data Franchisor is permitted to obtain. Franchisor reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations.

7.3.3 Franchisee shall, upon Franchisor's request transmit e-mail, digital photos and real time video and audio signals of the Store to, and in the form and manner prescribed by Franchisor.

7.3.4 Within a reasonable time upon Franchisor's request, Franchisee shall apply for and maintain systems for use of debit cards, credit cards, loyalty and gift cards and other non-cash payment methods. Franchisee shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended.

7.3.5 Franchisee shall sell, or otherwise issue, as Franchisor may designate, Stored-value, loyalty and gift cards, certificates and other non-cash payment methods (collectively "**Loyalty Programs**") that Franchisor designate and only in the manner specified in the Manual. Franchisee shall fully honor all Loyalty Programs that are in the form approved or required by Franchisor, regardless of whether the Loyalty Programs was issued by Franchisee or another

franchisee or operator in the “Jeff’s Bagel Run” System, or purchased at any other location, such as a retail or grocery Store, via the internet or via other means of distribution. Franchisee shall sell, issue and redeem (without any offset) Loyalty Programs in accordance with the procedures and policies Franchisor may specify in the Manual or otherwise in writing. Franchisee acknowledge that in connection with the Loyalty Programs, Franchisee may be required to (a) enter into a separate agreement with a third party provider of Loyalty Programs processing services under the terms and conditions as may be required by the third party for participation in the Loyalty Programs; (b) purchase or upgrade, as necessary, hardware, software or other equipment, required for participation in the Loyalty Programs; (c) purchase and maintain sufficient inventory cards and related supplies for sale at Franchisee’s “Jeff’s Bagel Run” Store; (d) promote the sale of Loyalty Programs using only marketing methods and materials Franchisor approve; (e) comply in all material respects with all applicable laws, statutes and regulations in performing Franchisee’s obligations under this Agreement and otherwise in connection with the Loyalty Programs; and (f) execute such other agreements or documents as may be reasonably required by Franchisor in connection with the Loyalty Programs. Franchisee further acknowledges that Franchisor may discontinue or modify the Loyalty Programs at any time, in its sole discretion, and Franchisee agree to comply with Franchisor’s requests to discontinue or modify the Loyalty Programs at any time.

7.4 Manuals. Franchisee shall participate in the System and operate the Licensed Store in strict compliance with the System Standards and incorporated in Franchisor’s Manual(s).

7.4.1 The subject matter of the Manuals may include matters such as: forms, information relating to product and menu specifications, purchase orders, general operations, labor management, Gross Sales reports, training and accounting; sanitation; staff certification, design specifications and uniforms; display of signs and notices; authorized and required Information Systems, equipment and fixtures, including specifications therefor; Mark usage; insurance requirements; lease requirements; ownership requirements, decor; standards for management and personnel, hours of operation; yellow page and local advertising formats; standards of maintenance and appearance of the Licensed Store; procedures upon the occurrence of a Crisis Management Event; and required posting of notices to customers as to how to contact the Franchisor to submit complaints and feedback; participation in surveys and mystery shopper programs; and such other matters and policies as Franchisor may reasonably elect to include which relate to the System or the franchise relationship under the System. In the event of the occurrence of a Crisis Management Event, Franchisor may also establish emergency procedures pursuant to which Franchisor may require Franchisee to, among other things, temporarily close the Licensed Store to the public, in which event Franchisor shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby. In the event of any dispute as to the contents of the Manuals, the terms and contents of the master copy maintained by Franchisor shall be controlling.

7.4.2 Franchisor shall have the right to modify the Manuals at any time and from time to time; provided, that no such modification shall alter Franchisee’s fundamental status and rights under this Agreement. Modifications in the Manuals shall become effective upon delivery of written or electronic notice thereof to Franchisee unless a longer period is specified in such written notice or unless a longer period is set forth in this Agreement. The Manuals, as modified from time to time, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manuals shall be deemed to mean the Manuals kept current by amendments from time to time.

7.4.3 Upon the execution of this Agreement, Franchisor shall lend to Franchisee one copy of the Manuals, unless Franchisee purchased the Licensed Store from an existing franchisee or Franchisee has entered into this Agreement as a Successor Franchise Agreement. The Manuals and all amendments to the Manuals (and copies thereof) are copyrighted and remain Franchisor’s property. They are loaned to Franchisee for the term of the Agreement, and must be returned to Franchisor immediately upon the Agreement’s termination or expiration. The Manuals are highly confidential documents which contain certain Trade Secrets of Franchisor. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manuals without Franchisor’s express prior written consent. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Manuals to Franchisor. Franchisee’s loss or unauthorized transfer of the Manuals, or other breach of this Section shall, without limiting the materiality of any other default of this Agreement, constitute a material default of this Agreement.

7.5 Hours. Subject to Applicable Law or subsequent written agreement between Franchisor and Franchisee to the contrary, Franchisor and Franchisee agree that Licensed Store shall be open and operational 7 days per week, every day of the year (except the holidays stated in the Manuals on which Franchisee is authorized to close the Licensed Store), and at least during the hours established by Franchisor in the Manuals. Franchisee shall diligently and efficiently exercise its best efforts to achieve the maximum Gross Sales possible from its Location, and shall remain open for longer hours if additional opening hours are reasonably required to maximize operations and sales. Notwithstanding the foregoing, Franchisor may authorize or direct Franchisee and other franchisees to operate during hours and on fewer or more days than are specified in the Manuals and this Agreement.

7.6 Product Line and Service. Franchisee shall advertise, sell and serve all and only those “Jeff’s Bagel Run” Approved Products which Franchisor has directed to be advertised, sold and served at or from the Licensed Store. All “Jeff’s Bagel Run” Approved Products shall be sold and distributed under the specific name designated by Franchisor and shall be purchased, inventoried, stored, prepared and served strictly in accordance with Franchisor’s recipes and specifications. Franchisee shall not remove any “Jeff’s Bagel Run” Approved Product from the Franchisee’s menu without Franchisor’s express written approval, nor may Franchisee take any action which is intended to diminish the maximum sales potential of any of the “Jeff’s Bagel Run” Approved Products. All sales by Franchisee shall be for retail consumption only.

7.7 Utensils, Fixtures and Other Goods. All tableware, flatware, utensils, glasses, menus and other like articles used in connection with the Licensed Store shall conform to Franchisor’s specifications, shall be imprinted with Franchisor’s Marks, if and as specified by Franchisor, and shall be purchased by Franchisee from a Supplier approved in writing by Franchisor, as provided in ARTICLE 9 of this Agreement. No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils shall be used in or upon any Store unless expressly approved by Franchisor.

7.8 Menus.

7.8.1 “Jeff’s Bagel Run” Approved Products shall be marketed by approved menu format(s) to be utilized in the Licensed Store. The approved and authorized menu and menu format(s) may include, in Franchisor’s discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu(s), whether or not similar to those listed. In Franchisor’s discretion, the menu and/or menu format(s) may vary depending upon region, market size, and other factors. Franchisor may change the menu and/or menu format(s) from time to time or region to region or authorize tests from region to region or authorize non-uniform regions or Stores within regions. Franchisee shall have 10 days to implement all such changes to the menu(s).

7.8.2 Franchisee shall, upon receipt of notice from Franchisor, add, delete, or update any “Jeff’s Bagel Run” Approved Products to its menu(s) according to the instructions contained in the notice. Franchisee shall have 10 days after receipt of written notice in which to fully implement any such change. Franchisee shall cease selling any previously approved product within 10 days after receipt of notice that the product is no longer approved. Franchisor may instruct Franchisee to remove any item from the menu(s) on an emergency basis and Franchisee must comply with such instruction immediately. Franchisor shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee’s failure to comply with such instruction).

7.8.3 All food products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the instructions and other requirements communicated by Franchisor or contained in Franchisor’s Manuals from time to time.

7.8.4 Franchisee is entitled to request that Franchisor approve additional menu items, including food, beverage and merchandise, to be offered at the Licensed Store. Franchisee shall request, in writing, that Franchisor approve such additional menu items and the Supplier of such items. Upon receiving the written request, Franchisor shall evaluate the suggested menu items and the Supplier of such items in its sole discretion whether Franchisee shall be permitted to offer such items at the Licensed Store. Upon receiving written approval by Franchisor, Franchisee may offer such additional menu items, subject to any conditions and/or limitations imposed by Franchisor.

7.9 Notification of Legal Proceedings; and Crisis Management Events.

7.9.1 Franchisee shall notify Franchisor in writing within 10 days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other Governmental Authority that pertains to the Licensed Store or that may adversely affect Franchisee's operation of the Licensed Store or ability to meet its obligations hereunder.

7.9.2 Upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Franchisor, as instructed in the Manuals, by telephone and email (or other electronic messaging medium authorized by Franchisor for this purpose). Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

7.10 Signs. Franchisee shall maintain approved signs and/or awnings at, on, or near the front of the Premises, identifying the Location as a Store, which shall conform in all respects to Franchisor's specifications and requirements and the layout and design plan approved for the Location, subject only to restrictions imposed by Applicable Law. On receipt of notice by Franchisor of a requirement to alter any existing sign on its premises, Franchisee will, at its cost, make the required changes within 30 days, subject to the approval of the lessor if required by Franchisee's Lease. Franchisee will not be required to alter or replace the existing sign more than once every five years.

7.11 Uniforms and Employee Appearance. Franchisee shall cause all employees, while working in the Licensed Store, to: (i) wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and (ii) present a neat and clean appearance. If Franchisor removes the type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have 60 days from receipt of written notice of such removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform. Unless Franchisor otherwise consents in writing, Franchisee's employees working in the Licensed Store shall be dedicated solely to the Licensed Store and shall not work at any other business owned or operated by Franchisee. In no case shall Franchisee permit any employee of Franchisee to wear the required uniform except while working at the Licensed Store; without limiting the generality of the foregoing, the uniform may not be worn off Premises for any other purpose (other than while commuting to and from work at the Licensed Store).

7.12 Vending or Other Machines. Except with Franchisor's written approval, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Location.

7.13 Co-Branding. Franchisee may not engage in any co-branding in or in connection with the Licensed Store except with Franchisor's prior written consent. Franchisor shall not be required to approve any co-branding chain or arrangement except in its discretion, and only if Franchisor has recognized that co-branding chain as an approved co-brand for operation within Stores. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within the Franchisee's Premises or is adjacent to Franchisee's Premises and operated in a manner which is likely to cause the public to perceive it to be related to the Store licensed and franchised hereunder. An example would be an independent ice cream store or counter installed within Franchisee's Premises.

7.14 Intranet.

7.14.1 Franchisor may, at its option, establish and maintain an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have discretion and control over all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

7.14.2 Franchisee shall have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with System Standards, protocols and restrictions that Franchisor may establish from time to time. Such standards and specifications, protocols and restrictions may relate to, among other things, (a) the use of abusive, slanderous or otherwise offensive language in electronic communications, (b) communications between or among franchisees that endorse or encourage Default of any franchisee's franchise agreement, or other agreement with Franchisor or its Affiliates, (c) confidential treatment of materials that Franchisor transmits via the Intranet, (d) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet, (e) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet, and (f) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

7.14.3 Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

7.14.4 At Franchisor's request, Franchisee shall contribute a reasonable amount toward the cost of the Intranet's maintenance, as imposed from time to time by Franchisor. Such contribution shall be established by Franchisor by not later than January 31 of each applicable year and shall be payable 30 days thereafter.

7.14.5 If Franchisee shall default under this Agreement or any other agreement with Franchisor or its Affiliate, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

7.14.6 If Franchisor has enabled the Intranet to facilitate Franchisee ordering goods and products from Franchisor and other vendors, then to the maximum extent possible, Franchisee shall order and purchase through the Intranet all good and products available for purchase through the Intranet.

7.15 Loyalty and Rewards Programs. Franchisee shall participate in Franchisor's loyalty and rewards program ("**Loyalty Program**") upon such terms and conditions as the Franchisor may establish.

## **ARTICLE 8 ADVERTISING AND CO-OPS**

8.1 General Advertising Requirements. Franchisee shall only use and display approved advertising material provided, from time to time, by Franchisor and shall use and display all material in accordance with Franchisor's Policies. Franchisee must obtain the prior written consent of Franchisor to use and/or display any advertising materials, including, without limitation, all print advertising, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by Franchisor. Franchisee shall submit all such materials to Franchisor for approval and Franchisor shall grant or deny such approval within in 15 days of receiving the materials. If Franchisor has not approved such materials within 15 days, the materials shall be deemed disapproved. Any advertising materials or concepts created by Franchisee and approved by Franchisor shall be deemed the sole and exclusive property of Franchisor. Franchisor may, in its discretion, require Franchisee to cease using any advertising materials which it has previously approved and upon receiving notification from Franchisor, Franchisee shall cease using such materials.

8.2 Local Advertising and Promotion.

8.2.1 Each calendar year, Franchisee shall expend no less than 2% of its Gross Sales for local advertising of the Licensed Store (“**Local Advertising Expenditure**”). Such local advertising does not include the cost of Franchisee listing the Licensed Store in the white pages or yellow pages of telephone and/or online directories. Franchisee shall deliver evidence of local advertising expenditures in the form and manner prescribed by Franchisor from time to time. Upon the request of Franchisor, Franchisee shall provide an advertising plan which details the local advertising to be conducted over a 12 month period. Franchisor hereby reserves the right to reject all or part of such plan and Franchisee shall revise the plan in response thereto. Unless Franchisor shall give its express written consent, Franchisee shall not use the Local Advertising Expenditure for yellow page advertising, market-wide research, seminars, entertainment, fees paid to consultants not approved by Franchisor, incentive programs, charitable contributions, press parties, or specialty items (unless part of a market-wide program approved by Franchisor and the cost of the same is not recovered by promotion).

### 8.3 Advertising Fund.

8.3.1 When, and if, Franchisor establishes the Advertising Fund in accordance with Section 4.3 of this Agreement, Franchisee’s Advertising Fee shall be applied to the Advertising Fund. An amount equal to all Advertising Fund revenues and allocations will be expended for national, regional, or local advertising, public relations or promotional campaigns or programs designed to promote and enhance the image, identity or patronage of franchised, and Franchisor-owned (including Affiliate-owned) Stores. Such expenditures may include: (a) creative development, production and placement of print advertisements, commercials, musical jingles, decals, radio spots, audio advertising, point of purchase materials, direct mail pieces, literature, outdoor advertising, door hangers, electronic media advertisements, and other advertising and promotional material; (b) creative development, preparation, production and placement of video, audio and written materials and electronic media, (c) to purchase artwork and other components for advertising; (d) media placement and buying, including all associated expenses and fees; (e) administering regional and multi-regional marketing and advertising programs; (f) market research, marketing studies and customer satisfaction surveys, including the use of secret shoppers; (g) development and production of, and, to the extent applicable, acquisition of, premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; (h) creative development of signage, posters, and individual décor items including wall graphics; (i) recognition and awards events and programs; (j) system recognition events, including periodic national and regional conventions and meetings; (k) website, extranet and/or Intranet development, implementation and maintenance; (l) development, implementation and maintenance of a website that permits electronic commerce, reservation system and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors, including retainer and management fees; (n) public relations and community involvement activities and programs; (o) expenditures for activities conducted for the benefit of co-branding, or other arrangements where “**Jeff’s Bagel Run**” Approved Products and/or services are offered in conjunction with other marks or through alternative channels of distribution; (p) development, amendment and revisions to the standards, policies and procedures set forth in the Manuals; and (q) payment to Franchisor or its Affiliates, for internal expenses incurred in connection with the operation of its marketing/advertising department(s), if any, and the administration of the Advertising Fund.

8.3.2 Franchisor may employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by or affiliated with Franchisor, to provide services for the Advertising Fund. The Advertising Fund may be used to defray direct expenses of Franchisor employees related to the operation of the Advertising Fund, to pay for attorneys’ fees and other costs related to the defense of claims against the Advertising Fund or against Franchisor relating to the Advertising Fund, and to pay costs with respect to collecting amounts due to the Advertising Fund.

8.3.3 Franchisor shall determine, in its discretion, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns. Franchisee acknowledges that not all Franchisees are or shall be required to contribute, or contribute the same percentage of Gross Sales, to the Advertising Fund. Nothing herein shall be construed to require Franchisor to allocate or expend Advertising Fund contributions or allocations so as to benefit any particular franchisee, Franchisee or group of franchisees or franchisees on a pro rata or proportional basis or otherwise. Except as directed in writing by Franchisor, Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Advertising Fund. Franchisor may make copies of advertising materials available to Franchisee with or without

additional reasonable charge, as determined by Franchisor. Any additional advertising shall be at the sole cost and expense of Franchisee. The Advertising Fund shall, as available, provide to Franchisee marketing, advertising and promotional formats and sample materials at the Advertising Fund's direct cost of producing such items, plus shipping and handling. Franchisor (or its Affiliate) may collect rebates and allowances and credits from suppliers based on purchases or sales by Franchisee and Franchisor shall have the right to retain such sums for its own purposes, return such sums to be used by one or more franchisees, including for designated purposes, and use such sums for advertising the "**Jeff's Bagel Run**" brand, or one or more of the foregoing purposes in Franchisor's discretion. Any such contribution of such rebates or credits to the Advertising Fund shall not reduce Franchisee's obligation to pay the Advertising Fee. Franchisor may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Advertising Fund.

8.3.4 Franchisor shall either (i) transfer the Advertising Fees to a separate Entity to whom Franchisor has assigned or delegated the responsibility to operate and maintain the Advertising Fund, or (ii) administratively segregate on its books and records all Advertising Fees received from Franchisee and all other franchisees of Franchisor. Nothing herein shall be deemed to create a trust fund, and Franchisor may commingle advertising fees with its general operating funds and expend such sums in the manner herein provided. For each Store that Franchisor or any of its Affiliate operates, Franchisor or such Affiliate will similarly allocate to the Advertising Fund the amount that would be required to be contributed to the Advertising Fund if it were a licensed Store.

8.3.5 If less than the total of all contributions and allocations to the Advertising Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions to the Advertising Fund in that year and may cause the Advertising Fund to borrow funds to cover deficits or invest surplus funds. If Franchisor (or an Affiliate) advances money to the Advertising Fund, it will be entitled to be reimbursed for such advances. Any interest earned on monies held in the Advertising Fund may be retained by Franchisor for its own use in its discretion. Within 60 days following each fiscal year, Franchisor shall prepare a statement of contributions and expenditures for the Advertising Fund and, upon Franchisee's written request, Franchisor shall provide such information to Franchisee.

8.4 Co-op Advertising. The Franchisor may, but is not obligated to, from time to time establish regions for co-operative advertising ("**Co-op Advertising Regions**"), to coordinate advertising, marketing efforts and programs and maximizing the efficient use of local and/or regional advertising media.

8.4.1 If and when Franchisor creates a Co-op Advertising Region for the region in which the Store operated hereunder is located, Franchisee (and, if Franchisor or an Affiliate of Franchisor owns a Store in such Co-op Advertising Region, then Franchisor or such Affiliate of Franchisor ), shall become a subscriber and member thereof and shall execute and participate in accordance with the Subscription Agreement and the Certificate of Incorporation and Bylaws of such Co-op Advertising Region on the forms prescribed by Franchisor. The size and content of such regions, when and if established by the Franchisor, shall be binding upon Franchisee, and all other similarly situated franchisees of the System and Franchisor or such Affiliate of Franchisor, if it operates Stores in the region. At all meetings of such Co-op Advertising Region each participating Franchisee, as well as Franchisor (or such Affiliate), if applicable, shall be entitled to one vote for each Store located within such Co-op Advertising Region or such other vote as may reasonably be determined by Franchisor.

8.4.2 Franchisee and other members of the Co-op Advertising Region, whose agreements require their participation, will contribute to the Co-op Advertising Region such amount as may be determined by Franchisor; *provided, however*, the rate of contribution may be increased in excess of such amount from time to time upon the affirmative vote or consent of not less than a majority of the voting power of the Co-op Advertising Region, but the Co-op Advertising Region may not reduce any minimum contribution rate established by Franchisor (subject to the limitations set forth in this Section).

8.4.3 Subject to Section 8.4.1 of this Agreement, each Co-op Advertising Region will decide as to the usage of funds available to it for media time, production of media materials, whether for radio, television, newspapers or Store level materials such as flyers, or posters, or for any other type of advertising or marketing use, and then such Co-op Advertising Region shall in writing request approval from Franchisor to use said funds in said manner. Franchisor shall not withhold approval unreasonably, but no placement of advertising or commitment of

advertising funds on behalf of a Co-op Advertising Region will be made without Franchisor's prior written approval. Franchisor reserves the right to establish general standards concerning the operation of the Co-op Advertising Region, advertising agencies retained by Co-op Advertising Region, and advertising programs conducted by Co-op Advertising Region. Any disputes (other than pricing) arising among or between Franchisee, other franchisees, and/or the Co-op Advertising Region may be resolved by Franchisor whose decision shall be final and binding on all parties. No Co-op Advertising Region may appoint or pay from the funds collected by the Co-op Advertising Region fees or costs of any advertising agency or buying group without the prior written permission of Franchisor.

8.5 Telephone Numbers and Directory Advertising. In addition to the Advertising Fees and Franchisees required expenditures under Sections 8.2 and 8.3, Franchisee shall, at its sole expense, subscribe for and maintain throughout the Term, one or more listed telephone numbers which shall be listed in the white pages and under such headings in the yellow pages of such telephone directory or directories as Franchisor may reasonably designate or approve which service Franchisee's trade area, as reasonably determined by Franchisor. Franchisor reserves the right to establish general standards concerning directory and other types of advertising.

8.6 Promotional Campaigns. From time to time during the term hereof, Franchisor shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee and each Co-op Advertising Region, if any, agrees to participate in such promotional campaigns upon such terms and conditions as the Franchisor may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional material (unless provided at no charge through the Advertising Fund).

#### 8.7 Internet.

8.7.1 Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express prior written consent, and then only in such manner and in accordance with System Standards as Franchisor may establish from time to time.

8.7.2 Franchisor has established one or more Internet websites. Franchisor shall have discretion over the design, content and functionality of such websites. Franchisor may include one or more interior pages that identifies businesses or stores operated under the Marks, including the Licensed Store, by among other things, geographic region, address, telephone number(s), and menu items. Such web-site(s) may also include one or more interior pages dedicated to the sale of franchises by Franchisor and/or relations with Franchisor's or its Affiliate's investors. Franchisor may permit Franchisee to periodically select from Franchisor's designated alternative design elements for an interior page (or portion thereof) dedicated to the Licensed Store. Such designated alternative design elements may change from time to time. Franchisor will implement any such designated design elements or changes promptly, subject to Franchisor's business needs and scheduling availability. Franchisor may disable or terminate such website(s), in whole or in part, without Franchisor having any liability to Franchisee.

8.7.3 Franchisee acknowledges and agrees that Franchisor (or its Affiliate) is the owner of, and will retain all right, title and interest in and to (i) the domain name "Jeff's Bagel Run"; (ii) the URL: "www.jeffsbagelrun.com"; all existing and future domain names, URLs, future addresses and subaddresses using the Marks in any manner; (iii) means all computer programs and computer code (e.g., HTML, XML DHTML, Java) used for or on the Franchisor's web site(s), excluding any software owned by third parties; (iv) all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data used in connection with, displayed on, or collected from or through Franchisor's website(s); and (v) all intellectual property rights in or to any of the foregoing.

**ARTICLE 9**  
**DISTRIBUTION AND PURCHASE OF**  
**EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS**

9.1 “Jeff’s Bagel Run” Approved Products. At all times throughout the Term, Franchisee shall purchase and maintain in inventory such types and quantities of “Jeff’s Bagel Run” Approved Products as are needed to meet reasonably anticipated consumer demand. Franchisee shall purchase “Jeff’s Bagel Run” Approved Products solely and exclusively from Franchisor or its designees.

9.2 Proprietary Products. Franchisor may, from time to time throughout the Term, require that Franchisee purchase, use, offer and/or promote, and maintain in stock at the Licensed Store (i) in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary products including bagels, specialty cream cheeses, cookies, baked goods, coffee and tea and other beverages and food items, and ancillary related products, which may include specialty foods, packaged foods, books, hats, T-shirts, and novelty items and other ingredients and raw materials, which are grown and produced or manufactured in accordance with Franchisor’s Trade Secrets, proprietary recipes, specifications and/or formulas or which Franchisor designates as “proprietary,” and (ii) certain packaging, Information Systems, other products, supplies, services and equipment designated by Franchisor as “proprietary” (“**Proprietary Products**”). Franchisee shall purchase Proprietary Products only from Franchisor or its Affiliates (if they sell the same), or Franchisor’s designees. Franchisor shall not be obligated to reveal such Trade Secrets, recipes, specifications and/or formulas of such Proprietary Products to Franchisee, non-designated suppliers, or any other third parties.

9.3 Non-Proprietary Products. Franchisor may designate certain food products, condiments, merchandise, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, Information Systems, and other products, supplies, services and equipment, other than Proprietary Products, which Franchisee may or must use and/or offer and sell at the Licensed Store (“**Non-Proprietary Products**”). Franchisee may, but shall not be obligated to, purchase such Non-Proprietary Products from Franchisor or its Affiliate, if Franchisor or such Affiliate, supply the same. Franchisee may use, offer or sell only such Non-Proprietary Products that Franchisor has expressly authorized, and that are purchased or obtained from Franchisor or a producer, manufacturer, distributor, supplier or service provider (“**Supplier**”) designated or approved by Franchisor pursuant to Section 9.3.2 of this Agreement.

9.3.1 Franchisee may purchase authorized Non-Proprietary Products from (i) Franchisor or its Affiliates (if they sell the same); (ii) Suppliers designated by Franchisor; or (iii) Suppliers selected by Franchisee and approved in writing by Franchisor prior to Franchisee making such purchase(s). Each such Supplier designated by Franchisor must comply with Franchisor’s usual and customary requirements regarding insurance, indemnification, and non-disclosure, and shall have demonstrated to the reasonable satisfaction of Franchisor: (a) its ability to supply a Non-Proprietary Product meeting the specifications of Franchisor, which may include specifications as to brand name, model, contents, manner of preparation, ingredients, quality, freshness and compliance with governmental standards and regulations; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by Franchisor to be in the best interest of the system.

9.3.2 If Franchisee should desire to procure authorized Non-Proprietary Products from a Supplier other than Franchisor or one previously approved or designated by Franchisor (and not subsequently disapproved), Franchisee shall deliver written notice to Franchisor of its desire to seek approval of such Supplier, which notice shall (a) identify the name and address of such Supplier, (b) contain such information as may be requested by Franchisor or required to be provided pursuant to the Manuals (which may include reasonable financial, operational and economic information regarding its business and its product), and (c) identify the authorized Non-Proprietary Products desired to be purchased from such Supplier. Franchisor shall, upon request of Franchisee, furnish to Franchisee the general, but not manufacturing, specifications for such Non-Proprietary Products if such are not contained in the Manuals. The Franchisor may thereupon request that the proposed Supplier furnish Franchisor at no cost to Franchisor, product samples, specifications and such other information as Franchisor may require. Franchisor or its representatives, including qualified third parties, shall also be permitted to inspect the facilities of the proposed Supplier and establish

economic terms, delivery, service and other requirements consistent with other distribution relationships for other Stores.

9.3.3 Franchisor will use its good faith efforts to notify Franchisee of its decision within 60 days after Franchisor's receipt of Franchisee's request for approval and other requested information and items in full compliance with this Section 9.3; should Franchisor not deliver to Franchisee, within 60 days after it has received such notice and all information and other items requested by Franchisor in order to evaluate the proposed Supplier, a written statement of approval with respect to such Supplier, such Supplier shall be deemed disapproved as a Supplier of the authorized Non-Proprietary Products described in such notice. Nothing in this article shall require Franchisor to approve any Supplier, and without limiting Franchisor's right to approve or disapprove a Supplier in its discretion, Franchisee acknowledges that it is generally disadvantageous to the system from a cost and service basis to have more than one Supplier in any given market area and that among the other factors Franchisor may consider in deciding whether to approve a proposed Supplier, it may consider the effect that such approval may have on the ability of Franchisor and its Franchisees to obtain the lowest distribution costs and on the quality and uniformity of products offered system-wide. Without limiting the foregoing, Franchisor may disapprove a proposed Supplier, if in Franchisor's opinion, the approval of the proposed Supplier would disrupt or adversely impact Franchisor's national or regional distributional arrangements. Franchisor may also determine that certain Non-Proprietary Products (e.g. beverages) shall be limited to a designated brand or brands set by Franchisor. Franchisor may revoke its approval upon the Supplier's failure to continue to meet any of Franchisor's criteria. Franchisee agrees that at such times that Franchisor establishes a regional purchasing program for any of the raw materials used in the preparation of "Jeff's Bagel Run" Approved Products or other Non-Proprietary Products used in the operation of the Licensed Store, which may benefit Franchisee by reduced price, lower labor costs, production of improved products, increased reliability in supply, improved distribution, raw material cost control (establishment of consistent pricing for reasonable periods to avoid market fluctuations), improved operations by Franchisee or other tangible benefits to Franchisee, Franchisee will participate in such purchasing program in accordance with the terms of such program.

9.3.4 As a further condition of its approval, Franchisor may require a Supplier to agree in writing: (i) to provide from time to time upon Franchisor's request free samples of any Non-Proprietary Product it intends to supply to Franchisee, (ii) to faithfully comply with Franchisor's specifications for applicable Non-Proprietary Products sold by it, (iii) to sell any Non-Proprietary Product bearing the Franchisor's Marks only to franchisees and Franchisees of Franchisor and only pursuant to a trademark license agreement in form prescribed by Franchisor, (iv) to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and (v) to otherwise comply with Franchisor's reasonable requests.

9.3.5 Franchisee or the proposed Supplier shall pay to Franchisor in advance (or upon Franchisor's request, reimburse Franchisor for) all of Franchisor's reasonably anticipated costs in reviewing the application of the Supplier to service the Franchisee and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the Suppliers' facilities, equipment, and food products, and all product testing costs paid by Franchisor to third parties.

9.3.6 Franchisee shall at all times remain current and fully comply and perform each of its obligations to its landlord, vendors and Suppliers.

#### 9.4 Purchases from Franchisor or its Affiliates.

9.4.1 All goods, products, and supplies purchased from Franchisor or its Affiliates shall be purchased in accordance with the purchase order format issued from time to time by Franchisor (or the applicable Affiliate), the current form of which shall be set forth in the Manual, and in accordance with the policies set forth in the Manuals, if any. Franchisor (or such Affiliate) may change the prices, delivery terms and other terms relating to its sale of goods, services, products and supplies ("**Goods and Services**") to Franchisee on prior written notice, provided, that such prices shall be the same as the prices charged to similarly situated Franchisees (excluding shipping, transportation, warehousing, insurance and related costs and expenses). Such prices shall be Franchisor's (or the Affiliate's) then-current prices, which may change from time to time. Franchisee further acknowledges that prices the Franchisor (or the applicable Affiliate) charges to Franchisee may include a profit to Franchisor and may be higher than Franchisor's (or its Affiliate's) internal prices allocated or charged to Franchisor or Affiliate owned Store.

Presently, Franchisor (or its Affiliate) expects to receive a mark-up based on its or their cost of goods sold. Franchisor (or the applicable Affiliate) in its discretion, may discontinue the sale of any Goods or Services at any time if in Franchisor's (or the applicable Affiliate) judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. Franchisor (or the applicable Affiliate) shall not be liable to Franchisee for unavailability of, or delay in shipment or receipt of, merchandise because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of Franchisor (or the applicable Affiliate). If any goods or products sold by Franchisor (or the applicable Affiliate) are not in sufficient supply to fully fulfill all orders therefor, Franchisor (or the applicable Affiliate) may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Franchisor (or the applicable Affiliate) deems appropriate, which may result in Franchisee not receiving any allocation of certain goods or products as a result of a shortage. All product orders by Franchisee shall be subject to acceptance by Franchisor (or the applicable Affiliate) at Franchisor's (or the applicable Affiliate's) designated offices, and Franchisor (or the applicable Affiliate) reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Franchisee shall submit to Franchisor (or the applicable Affiliate), upon written request, financial statements which contain sufficient information to enable Franchisor to determine the credit limits, if any, to be extended to Franchisee. Franchisor (or the applicable Affiliate), in its sole discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis.

9.4.2 Each order placed by Franchisee, whether oral or written, for any product shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of such order conflicts with any term or condition of this Agreement, and shall include such information as Franchisor (or the applicable Affiliate) may from time to time specify, and shall be submitted on such form of purchase order as may be prescribed by Franchisor from time to time. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Franchisor (or the applicable Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time, is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Franchisor unless such term or condition shall have been expressly accepted by Franchisor (or the applicable Affiliate) in writing.

9.4.3 Franchisor (or the applicable Affiliate) shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Franchisor's (or the applicable Affiliate's) reasonable control including such events as labor or material shortages, conditions of supply and demand, import/export restrictions, or disruptions in Franchisor's (or the applicable Affiliate's) supply sources.

9.4.4 Franchisor may collect rebates and credits in the form of cash or services or otherwise from Suppliers based on purchases or sales by Franchisee and Franchisor shall have the right to retain such sums for its own purposes, return such sums to be used by one or more franchisees, including for designated purposes, and use such sums for advertising the "**Jeff's Bagel Run**" brand, or one or more of the foregoing purposes in Franchisor's discretion, notwithstanding any designation by the Supplier or otherwise.

9.4.5 Franchisor (or the applicable Affiliate) may act as a Supplier of goods, services, products, and/or supplies purchased by Franchisee, and Franchisor (or its Affiliate) may be designated as the sole Supplier of any such Goods or Services. On the expiration or termination of this Agreement, or in the event of any default by Franchisee of this Agreement, Franchisor (or the applicable Affiliate) shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee, and Franchisor may notify its approved Suppliers of any impending termination or expiration of this Agreement and may, among other things, instruct such Suppliers to deliver only such quantity of Proprietary Products as is reasonably necessary to supply Franchisee's needs prior to the expiration or termination date of this Agreement.

9.4.6 From time to time upon Franchisor's (or the applicable Affiliate's) request, Franchisee shall promptly estimate the level of purchases that Franchisee expects to make from Franchisor (or the applicable Affiliate) over the two weeks following the date of the request.

9.5 Test Marketing. Franchisor may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the Licensed Store. Franchisee shall cooperate with Franchisor in connection with the conduct of such test marketing and shall comply with the Franchisor's rules and regulations established from time to time in connection herewith.

9.6 Customer Reporting and Comment Cards.

9.6.1 At Franchisor's request, Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Franchisor, of Franchisee's customers at the Licensed Store and shall allow such information to be used by Franchisor. Franchisee may not divulge such customer names, addresses or other information, with or without remuneration, to any third party. Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction.

9.6.2 At Franchisor's request, Franchisee shall purchase, use and display in the Licensed Store during all operating hours customer comment and other cards in the manner specified in the Manuals, or use other physical and electronic methods to gather customer information and comments regarding their experience at the Licensed Store, or "Jeff's Bagel Run" Stores in general.

## **ARTICLE 10 REPORTS, BOOKS AND RECORDS, INSPECTIONS**

10.1 General Reporting. Franchisee shall, as and when specified by Franchisor, submit to Franchisor statistical control forms and such other financial, operational and statistical information (by paper, facsimile, email, or other method of transmission) as Franchisor may require to: (i) assist Franchisee in the operation of the Licensed Store in accordance with the System; (ii) allow Franchisor to monitor the Franchisee's Gross Sales, purchases, costs and expenses; (iii) enable Franchisor to develop chain wide statistics which may improve bulk purchasing; (iv) assist Franchisor in the development of new authorized products or the removal of existing unsuccessful "Jeff's Bagel Run" Products; (v) enable Franchisor to refine existing "Jeff's Bagel Run" Products; (vi) generally improve chain-wide understanding of the System (collectively, the "**Information**"). Without limiting the generality of the foregoing:

10.1.1 Unless otherwise agreed by Franchisor in writing, Franchisee shall also submit condensed reports (by paper, facsimile, email, or other method of transmission) of daily Gross Sales to Franchisor on a weekly basis in accordance with the guidelines established by Franchisor. Franchisee will electronically link the Licensed Store to Franchisor and will allow Franchisor to poll on a daily basis at a time selected by the Franchisor the Licensed Store Information Systems to retrieve Information including sales, sales mix, usage, and operations data.

10.1.2 On or before the 7th day following each Accounting Period during the Term hereof, Franchisee shall submit a Gross Sales report signed by Franchisee, on a form prescribed by Franchisor, reporting all Gross Sales for the preceding Accounting Period, together with such additional financial information as Franchisor may from time to time request.

10.1.3 On or before the 45th day following each calendar quarter during the Term hereof, Franchisee shall submit to Franchisor financial statements for the preceding calendar quarter, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by the Franchisor and in accordance with generally accepted accounting principles, which shall be certified by Franchisee to be accurate and complete.

10.1.4 Within 90 days following the end of each calendar year, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed by Franchisor, which shall be certified by Franchisee to be accurate and complete. Franchisee shall submit to Franchisor a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. Franchisee shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority. Franchisor reserves the right to require such further information concerning the Licensed Store as Franchisor may from time to time reasonably request.

10.2 Inspections. Franchisor's authorized representatives shall have the right, from time to time, to enter upon the entire premises of the Licensed Store during business hours, to examine same, conferring with Franchisee's employees, inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment, and determining whether the business is being conducted in accordance with this Agreement, the System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the Licensed Store. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Manuals, including quality, cleanliness, service, health and authorized product line, Franchisor will notify Franchisee in writing of Franchisee's non-compliance with the Manuals, the System, or this Agreement and Franchisee shall promptly correct or repair such deficiency or unsatisfactory condition. In accordance with Section 7.3.5, Franchisor may require Franchisee to take and thereafter Franchisee shall take, immediate corrective action, which action may include temporarily closing the Licensed Store. If Franchisee does not achieve satisfactory results on any inspection, Franchisee must reimburse Franchisor for all costs of such inspection and any follow up inspections until the identified problems have been corrected. If Franchisee passes any food safety audit conducted by Franchisor or its representative, Franchisor will bear the cost, but if Franchisee fails a food safety audit, Franchisor may or will require Franchisee to undergo one or more additional food safety audit(s) in which case Franchisee will reimburse Franchisor its costs on demand.

10.3 Audits. Franchisee shall prepare, and keep for not less than 7 years following the end of each of its fiscal years, or such longer period required under Applicable Law, adequate books and records showing daily receipts in, at, and from the Licensed Store, applicable sales tax returns (if any), all pertinent original serially numbered sales slips and cash register records, and such other sales records as may be reasonably required by Franchisor from time to time to verify Gross Sales and purchases reported by Franchisee to Franchisor, in a form suitable for an audit of its records by an authorized auditor or agent of Franchisor. Such information shall be broken down by categories of goods, foods and beverages sold, where possible. Franchisor, its agents or representatives may, at any reasonable time during normal working hours, audit or review Franchisee's books and records in accordance with generally accepted standards established by certified public accountants. Franchisor may also conduct the audit at a site other than the Location and Franchisee shall provide all information to Franchisor, its agents or representatives, promptly upon demand (but not later than 5 days following the date of the request). If any audit or other investigation reveals an under-reporting or under-recording error, then upon demand Franchisee shall pay the amount determined to be owed, plus interest at the highest compound rate permitted by Applicable Law, but not to exceed the rate of 18% percent per annum. In addition, if any such audit or other investigation reveals an under-reporting or under-recording error of 2% or more, then in addition to any other sums due and in addition to any other rights and remedies it may have, including the right to terminate this Agreement as provided in ARTICLE 14, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Franchisor, which shall include Franchisor's travel, lodging, wage expense and reasonable accounting and legal expense. Without limiting the foregoing, if such audit or other investigation reveals an under-reporting or under-recording error of 5% percent or more, Franchisor, in addition to any other rights and remedies it may have, including the right to terminate this Agreement as provided in ARTICLE 14, may require Franchisee to maintain and deliver to Franchisor from time to time, financial statements audited by an independent certified public accountant.

10.4 Books and Records. Franchisee shall maintain an accounting and record keeping system, in accordance with sound business practices, which shall provide for basic accounting information necessary to prepare financial statements, a general ledger, and reports required by this Agreement and the Manuals. Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to such accounting information.

## **ARTICLE 11 TRADEMARKS**

11.1 Use of Marks. Franchisee acknowledges that as of the Effective Date neither Franchisor nor its Affiliates has secured registration of the "Jeff's Bagel Run" and "Jeff's Bagel Run" or other Marks in the United States, but has filed trademark registration applications for some or all of the Marks. Subject to Section 11.7 of this Agreement, the Licensed Store shall be named "Jeff's Bagel Run" with only such additional prefix or suffix as may be required by Franchisor from time to time. Franchisee shall use and display such of Franchisor's trade dress, Marks, and such signs, advertising and slogans only as Franchisor may from time to time prescribe or approve. Upon

expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary in Franchisor's judgment to end and cause the discontinuance of Franchisee's use of the trade dress and Marks and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact so to do. Franchisee shall not imprint or authorize any person to imprint any of the Marks on any product without the express written approval of Franchisor. Franchisee shall not use the Marks in connection with any offering of securities or any request for credit without the prior express written approval of Franchisor. Franchisor may withhold or condition any approval related to the Marks, including those described in this Section, in its discretion. During the Term, Franchisee shall identify the Licensed Store as an independently owned and operated franchise of Franchisor, in the form and manner specified by Franchisor, including on all invoices, order forms, receipts, checks, business cards, on posted notices located the Location and in other media and advertisements as Franchisor may direct from time to time.

11.2 Non-Use of Trade Name. If Franchisee is an Entity, it shall not use Franchisor's Marks, or Franchisor's trade name, or any words or symbols which are confusingly phonetically or visually similar to the Marks, as all or part of Franchisee's name.

11.3 Use of Other Trademarks. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Entity in connection with the operation of the Licensed Store without the express prior written consent of Franchisor, which may be withheld in its discretion; provided however, in the case of a Non-Traditional Venue, the Premises (but not the Store) may display the trademarks, service marks and other commercial symbols of Franchisee or third parties, in accordance with the terms herein contained.

11.4 Non-ownership of Marks. Nothing herein shall give Franchisee, and Franchisee shall not assert, any right, title or interest in Franchisor's trade dress, or to any of the Marks or the goodwill annexed thereto, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained.

11.5 Defense of Marks. If Franchisee receives notice, or is informed, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter on account of its use of the Marks in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Thereupon, Franchisor shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim by any third party. Franchisee shall not settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor shall have the sole right to defend, compromise or settle any such claim, in its discretion, at Franchisor's sole cost and expense, using attorneys of its own choosing, and Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Franchisor's decisions with regard thereto shall be final.

11.6 Prosecution of Infringers. If Franchisee shall receive notice or is informed or learns that any third party, which it believes to be unauthorized to use the Franchisor's trade dress or Marks, is using Franchisor's trade dress or Marks or any variant thereof, Franchisee shall promptly notify Franchisor of the facts relating to such alleged infringing use. Thereupon, Franchisor shall, in its discretion, determine whether or not it wishes to take any action against such third person on account of such alleged infringement of the trade dress and/or Marks. Franchisee shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement.

11.7 Modification of Marks. From time to time, in the Manuals or in directives or bulletins supplemental thereto, Franchisor may add to, delete or modify any or all of the Marks and trade dress. Franchisee shall, at its cost and expense, use, or cease using, as may be applicable, the Marks and/or trade dress, including any such modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, in strict accordance with the procedures, policies, rules and regulations contained in the Manuals or in written directives issued by Franchisor to Franchisee, as though they were specifically set forth in this Agreement. Except as Franchisor may otherwise direct, Franchisee shall implement any such change within 60 days after notice thereof by Franchisor, at Franchisee's expense.

11.8 Acts in Derogation of the Marks. Franchisee agrees that Franchisor's trade dress and the Marks are the exclusive property of Franchisor and/or its Affiliates and Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee further agrees that it is familiar with the standards and high quality of the use by Franchisor and others authorized by Franchisor of the trade dress and Marks in the operation of Stores, and agrees that Franchisee will maintain this standard in its use of the Marks and trade dress. All use of the Marks and trade dress by Franchisee inures to the benefit of Franchisor. Franchisee shall not contest or assist anyone in contesting at any time during or after the Term, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution. Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of Franchisor or its Affiliates in connection with the same, either during the Term of this Agreement or thereafter, and that it will use the Marks and Franchisor's trade dress only for the uses and in the manner licensed and/or franchised hereunder and as herein provided. Without limiting the foregoing, Franchisee shall not (i) interfere in any manner with, or attempt to prohibit, the use of Franchisor's trade dress and/or the Marks by any other franchisee or licensee of Franchisor; or (ii) divert or attempt to divert any business or any customers of the Licensed Store to any other person or Entity, 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 Marks.

11.9 Assumed Name Registration. If Franchisee is required to do so by Applicable Law, Franchisee shall promptly upon the execution of this Agreement file with applicable Governmental Authorities, a notice of its intent to conduct its business under the name "“Jeff's Bagel Run”" with only such additional prefix or suffix as may be required by Franchisor from time to time. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to do so for and on behalf of Franchisee.

## **ARTICLE 12 COVENANTS REGARDING OTHER BUSINESS INTERESTS**

12.1 Non-Competition. Franchisee acknowledges that the System is distinctive and has been developed by Franchisor and/or its Affiliates at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and trade secrets regarding the System. Franchisee recognizes its obligations to keep confidential such information as set forth herein. Franchisee therefore agrees as follows:

12.1.1 During the Term, no Restricted Person or Store Manager shall in any capacity, either directly or indirectly, through one or more affiliated Entities, (i) engage in any Competitive Activities at any location, unless Franchisor shall consent thereto in writing, or (ii) divert or attempt to divert any business or any customers of the Licensed Store to any other person or Entity, 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 Marks.

12.1.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities: (a) within the Territory, or (b) within an area within 5 miles from any then existing Store, without the Franchisor's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or other franchisees or area developers of the Franchisor.

12.2 Trade Secrets.

12.2.1 Franchisor possesses and continues to develop, and during the course of the relationship established hereunder, Restricted Persons may have access to, proprietary and confidential information, including the Trade Secrets, proprietary software (and related documentation) recipes, secret ingredients, specifications, procedures,

concepts and methods and techniques of developing and operating a Store and producing “Jeff’s Bagel Run” Products. Franchisor may disclose certain of its Trade Secrets to Restricted Persons in the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through the Franchisor’s training program and other guidance and management assistance, and in performing Franchisor’s other obligations and exercising Franchisor’s rights under this Agreement. “Trade Secrets” shall not include information which: (a) has entered the public domain or was known to Franchisee prior to Franchisor’s disclosure of such information to Franchisee, other than by the breach of an obligation of confidentiality owed (by anyone) to Franchisor or its Affiliates; (b) becomes known to the Restricted Persons from a source other than Franchisor or its Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to Franchisor or its Affiliates; or (c) was independently developed by Franchisee without the use or benefit of any of the Franchisor’s Trade Secrets. The burden of proving the applicability of the foregoing will reside with Franchisee.

12.2.2 Each Restricted Person shall acquire no interest in the Trade Secrets other than the right to use them in developing and operating the Licensed Store during the Term of this Agreement. A Restricted Person’s duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not use the Trade Secrets in any business or other endeavor other than in connection with the Licensed Store; (ii) maintain absolute confidentiality of the Trade Secrets during and after the Term of this Agreement; and (iii) make no unauthorized copy of any portion of the Trade Secrets, including the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. Franchisee shall operate the Store and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use and disclosure of the Trade Secrets, including, implementing restrictions and limitations as Franchisor may prescribe on disclosure to employees and use of non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Trade Secrets. Promptly upon Franchisor’s request, Franchisee shall deliver executed copies of such agreements to Franchisor. If Franchisee has any reason to believe that any employee has violated the provisions of the confidentiality and noncompetition agreement, Franchisee shall promptly notify Franchisor and shall cooperate with Franchisor to protect Franchisor against infringement or other unlawful use including, but not limited to, the prosecution of any lawsuits if, in the judgment of Franchisor, such action is necessary or advisable. Without limiting the foregoing, Franchisor may also impose reasonable restrictions and conditions, from time to time, on the disclosure of financial or statistical information in connection with the sale or potential sale of the Licensed Store, including the execution of confidentiality agreements.

12.2.3 In view of the importance of the Marks and the Trade Secrets and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth herein in connection with these matters, the parties agree that each party shall have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of Florida and the U.S. federal courts sitting in Orlando, Florida for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in Orlando, Florida. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee’s sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived).

12.3 Confidentiality and Press Releases. Franchisee shall not disclose the substance of this Agreement to any third party except as necessary to inform lessors from which it is seeking Leases or lessors which are parties to Leases in order to obtain renewals of, or avoid terminations of, such Leases or as necessary to obtain any Permits or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction or federal, state, or local agency having jurisdiction over Franchisee, provided that Franchisee shall give Franchisor prior notice of such disclosure. Unless disclosure is required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Licensed Store or any Crisis Management Event shall be made by Franchisee without the written approval of Franchisor in advance of such press release announcement, or public communication.

12.4 Effect of Applicable Law. In the event any portion of the covenants in this Article violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Franchisor and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

12.5 Business Practices. Franchisee represents, warrants and covenants to Franchisor that:

12.5.1 As of the date of this Agreement, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in which Franchisee or any of its Owners (if Franchisee is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the property or interests of Franchisee or any of its Owners is subject to being “blocked” under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(d) Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

12.5.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate “know-your-customer” verification programs and such other provisions as may be required by applicable law.

12.5.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, any person or entity that is at any time a legal or beneficial owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Franchisee is subject to being “blocked” under any Anti-Terrorism Laws.

12.5.4 Franchisee shall promptly notify Franchisor upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12.5.3 above is identified on any Terrorist List, any list maintained by OFAC or to being “blocked” under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Franchisor in an appropriate resolution of such matter.

12.5.5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or

employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

12.6 Survival. The provisions of this Article shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or Franchisor's Marks, System, Trade Secrets, or any other proprietary aspects of Franchisor's business.

### **ARTICLE 13 NATURE OF INTEREST, ASSIGNMENT**

13.1 Assignment by Franchisor. This Agreement is fully transferable by Franchisor, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Franchisor's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Franchisor's obligations under this Agreement. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Franchisor shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Franchisor shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment. In connection with any of the foregoing, at Franchisor's request, Franchisee shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Franchisee agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

#### 13.2 Assignment by Franchisee.

13.2.1 The rights and duties created by this Agreement are personal to Franchisee. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Franchisee, or if applicable, its Owners who will actively and substantially participate in the development ownership and operation of the Licensed Store. Accordingly, except as otherwise may be permitted herein, neither Franchisee nor any Owner (other than Franchisor, if applicable) shall, without Franchisor's prior written consent, cause or permit any Assignment. Any such purported Assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this Agreement by Franchisee, and shall be null and void. Except in the instance of Franchisee advertising to sell the Licensed Store and assign this Agreement in accordance with the terms hereof, Franchisee shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Franchisee's Lease or the real or personal property used in connection with the Licensed Store. Franchisee may not make any Assignment to a public Entity, or to any Entity whose direct or indirect parent's securities are publicly traded and no shares of Franchisee or any Owner of Franchisee may be offered for sale through the public offering of securities. To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the assets of the Licensed Store may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement or the assets of the Licensed Store.

13.2.2 If Franchisee is an Entity, Franchisee shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment".

13.2.3 Franchisor will not unreasonably withhold its consent to any Assignment which is subject to the restrictions of this Article, provided however, Franchisor may impose any reasonable condition to the granting of its consent, and requiring Franchisee to satisfy any or all of the following conditions shall be deemed reasonable:

(a) Franchisee's written request for Franchisor's consent to Assignment must be accompanied by a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as Franchisor may reasonably request;

(b) Franchisor's receipt of an estoppel agreement indicating any and all causes of action, if any, that Franchisee may have against Franchisor or if none exist, so stating, and a list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Franchisor may require;

(c) Franchisee's written request for consent to any Assignment must be accompanied by an offer to Franchisor of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Franchisor may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Franchisor reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Franchisor customary for transactions of the type proposed (the "ROFR"). If Franchisor elects to exercise the ROFR, Franchisor or its nominee, as applicable, shall send written notice of such election to Franchisee within 60 days of receipt of Franchisee's request (the "ROFR Period"). If Franchisor accepts such offer, the training and transfer/administrative fees due by Franchisee in accordance with this Agreement shall be waived by Franchisor, and the closing of the transaction shall occur within 60 days following the date of Franchisor's acceptance. Any material change in the terms of an offer prior to closing (or the failure to close the transaction within 60 days following the written notice provided by Franchisee) shall cause it to be deemed a new offer, subject to the same right of first refusal by Franchisor, or its third-party designee, as in the case of the initial offer. Franchisor's failure to exercise such ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer. Without waiving any other rights provided for herein or otherwise, Franchisor hereby waives its ROFR if the proposed transferee/assignee is an immediate family member of Franchisee;

(d) The Franchisee shall not be in default under the terms of this Agreement (or any other related agreement), the Manuals or any other obligations owed Franchisor, and all of its then-due monetary obligations to Franchisor shall have been paid in full;

(e) The Franchisee, and its Owners, if the Franchisee is an Entity, shall execute a general release under seal, in a form prescribed by Franchisor, of any and all claims against Franchisor, its Affiliates, Owner(s), directors, officers, agents and employees;

(f) The transferee/assignee shall have demonstrated to Franchisor's satisfaction that it meets all of Franchisor's then-current requirements for new Store operators or for holders of an interest in a franchise or license, including possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the sale of alcoholic beverages, and the ability to fully comply with the terms of this Agreement;

(g) The transferee/assignee shall have either (a) assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor; provided however, that such assumption shall not relieve Franchisee (as transferor/assignor) of any such obligations; or (b) at Franchisor's option, shall have executed a replacement franchise agreement on the then-current standard form of franchise agreement used by Franchisor in the State in which the

Licensed Store is being operated, provided, however, that the term of replacement franchise agreement shall be the remaining term of this Agreement, and, at the Franchisor's request, the transferor/assignor shall have executed a continuing guaranty in favor of Franchisor of the performance and payment by the transferee/assignee of all obligations and debts to Franchisor and its Affiliates under the replacement franchise agreement;

(h) If this Agreement has been executed pursuant to an Area Development Agreement with Franchisor (whether or not such agreement remains in effect), that this Agreement and all other franchise agreements executed pursuant to such Area Development Agreement shall be concurrently transferred/assigned to the same assignee;

(i) The assignee shall agree to refurbish the Licensed Store as needed (in Franchisor's discretion) to match the building design, trade dress, color scheme and presentation then used by Franchisor within the 12 month period preceding the assignment for its (or its Affiliates') Store (such refurbishment may include remodeling, redecoration and modifications to existing improvements);

(j) There shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee with respect to the Licensed Store;

(k) Upon submission of Franchisee's request for Franchisor's consent to any proposed transfer or assignment, Franchisee shall pay to Franchisor a non-refundable administrative/transfer fee equal to 25% of Franchisor's then-current initial franchise fee plus Franchisor's out of pocket costs associated with the transfer, including costs of attorneys' fees associated with the transfer; and

(l) The transferee/assignee, its operating principal, Store manager and other employees responsible for the operation of the Licensed Store shall have satisfactorily completed Franchisor's Initial Training Program and paid all fees related thereto.

13.2.4 Franchisor's consent to an Assignment shall not constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise, including (a) any payment or other duty owed by Franchisee to Franchisor under this Agreement before such Assignment; or (b) Franchisee's duty of indemnification and defense as set forth in Section 17.2 of this Agreement, whether before or after such Assignment, or (c) the obligation to obtain Franchisor's consent to any subsequent transfer.

13.3 Entity Franchisee. If a Franchisee is an Entity, the following provisions will apply:

13.3.1 Franchisee represents and warrants that the information set forth in Exhibit C, which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within 10 days of any change in the information set forth in Exhibit C, and shall submit to Franchisor a revised Exhibit C, certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this Agreement as Exhibit C. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

13.3.2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Store, pursuant to one or more franchise agreements from Franchisor. Franchisee shall submit to Franchisor, upon the execution of this Agreement and thereafter from time to time upon Franchisor's request, a resolution of Franchisee (or its governing body) confirming that Franchisee is in compliance with this provision.

13.3.3 All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will execute a written guaranty in a form prescribed by Franchisor, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full

payment and performance of Franchisee's obligations to Franchisor and to Franchisor's Affiliates. For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Franchisor's request, said holders shall re-execute a written guaranty in a form prescribed by Franchisor.

13.3.4 Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No such offering by Franchisee shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Owners and the other participants in the offering must fully defend and indemnify Franchisor, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Franchisee shall pay, in addition to any transfer fee required under Section 13.2.3(k) of this Agreement, to Franchisor a non-refundable fee of \$5,000, or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. Franchisee shall give Franchisor written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section.

#### 13.4 Assignment to a Controlled Entity.

13.4.1 If Franchisee is one or more individuals, and in the event that Franchisee proposes to transfer all of its interest in this Agreement and the assets of the Store operated hereunder to an Entity formed by Franchisee solely for the convenience of ownership, Franchisee may (without paying the transfer fee specified in Section 13.2.3(k) of this Agreement), with Franchisor's written consent, transfer such interest and assets, provided, and on condition that:

(a) Upon Franchisor's request, Franchisee delivering to Franchisor a true, correct and complete copy of the transferee Entity's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Franchisor has accepted the same;

(b) the transferee Entity's articles of incorporation or articles of organization, bylaws, and operating agreement, as applicable, shall provide that its activities are confined exclusively to operating the Store operated hereunder;

(c) Franchisee directly owns not less than 100% of the Equity and voting rights of the transferee Entity;

(d) such Entity is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(e) the person designated by Franchisee as the Operating Principal has exclusive day-to-day operational control of the Licensed Store;

(f) such Entity conducts no other business than the operation of Stores;

(g) such Entity assumes all of the obligations under this Agreement pursuant to written agreement, the form and substance of which shall be acceptable to Franchisor;

(h) Each individual comprising Franchisee, and all present and future owners of 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights of Franchisee shall execute a written guaranty, in a form prescribed by Franchisor, personally, irrevocably and unconditional guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to Franchisor and its Affiliates under this Agreement;

(i) That none of the Owners of the Equity of the transferee Entity is, directly or indirectly, engaged in a Competitive Activity;

(j) At Franchisor's request, Franchisee shall, and shall cause each of its Affiliates who have executed a franchise agreement and each direct or indirect parent or subsidiary of such Affiliate, to execute and deliver to Franchisor a general release, on a form prescribed by Franchisor of any and all known and unknown claims against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees; and

(k) Franchisee shall reimburse Franchisor for all direct and indirect costs and expense it may incur in connection with the transfer, including attorney's fees.

13.4.2 In the event that Franchisee exercises its rights under Section 13.4.1 of this Agreement then Franchisee and such assignee Entity shall affirmatively covenant to continue to satisfy each of the conditions set forth in Section 13.4.1 of this Agreement throughout the term of this Agreement.

#### **ARTICLE 14 DEFAULT AND TERMINATION**

14.1 General. Franchisor shall have the right to terminate this Agreement only for "cause". "Cause" is hereby defined as a default of this Agreement. Franchisor shall exercise its right to terminate this Agreement upon notice to Franchisee upon the following circumstances and manners.

14.2 Automatic Termination Without Notice. Subject to Applicable Laws of the jurisdiction in which the Store operated hereunder is located to the contrary, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall at Franchisor's election automatically terminate without notice to Franchisee if: (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors; (ii) Franchisee shall allow a judgment against him in the amount of more than \$25,000 to remain unsatisfied for a period of more than 30 days (unless a supersedeas or other appeal bond has been filed); (iii) the Licensed Store, the Premises or the Franchisee's assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30) days (unless a supersedeas or other appeal bond has been filed); (iv) a levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the Licensed Store, and it is not discharged within 5 days of such levy or attachment; (v) Franchisee permits any recordation of a notice of mechanics lien against the Licensed Store or any equipment at the Licensed Store which is not released within 60 days, or if any person commences any action to foreclose on the Licensed Store or said equipment; (vi) Franchisee allows or permits any judgment to be entered against Franchisor or any of its Affiliates, arising out of or relating to the operation of the Licensed Store; (vii) a condemnation or transfer in lieu of condemnation has occurred; (viii) Franchisee or any of its Owners, officers, directors, or key employees is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the Franchisor's reputation, System, Marks or the goodwill associated therewith, or Franchisor's interest therein; provided, however that if the crime or offense is committed by an Owner other than an Operating Principal, then Franchisor may only terminate on account thereof if such Owner fails within 30 days after the conviction or guilty plea, whichever first occurs, to sell its interest in Franchisee to Franchisee's other Owners; or (ix) Franchisee's failure to comply with ARTICLE 12 or ARTICLE 20 of this Agreement.

14.3 Option to Terminate Without Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisor upon the occurrence of any of the following events:

14.3.1 Abandonment. If Franchisee shall abandon the Licensed Store. For purposes of this Agreement, “abandon” shall refer to (i) Franchisee’s failure, at any time during the term of this Agreement, to keep the Premises or Licensed Store open and operating for business for a period of 3 consecutive days, except as provided in the Manuals, (ii) Franchisee’s failure to keep the Premises or Licensed Store open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Licensed Store, unless such failure to operate is due to Force Majeure (subject to Franchisee’s continuing compliance with this Agreement), (iii) failure to actively and continuously maintain and answer the telephone listed by Franchisee for the Licensed Store solely with the “**Jeff’s Bagel Run**” name (as the same may be modified in accordance with this Agreement); (iv) the withdrawal of permission from the applicable lessor that results in Franchisee’s inability to continue operation of the Licensed Store; or (v) closing of the Licensed Store required by Applicable Law if such closing was not the result of a violation of this Agreement by Franchisor.

14.3.2 Assignment, Death or Incapacity. If Franchisee shall purport to make any Assignment without the prior written consent of Franchisor; provided, however, that if the Licensed Store continues to be operated in conformity with this Agreement (i) upon prompt written request and upon the death or legal incapacity of a Franchisee who is an individual, Franchisor shall allow up to 9 months after such death or legal incapacity for the heirs, personal representatives, or conservators (the “**Heirs**”) of Franchisee either to enter into a new Franchise Agreement upon Franchisor’s then current form (except that no initial franchise fee or transfer fee shall be charged), if Franchisor is subjectively satisfied that the Heirs meet the Franchisor’s standards and qualifications, or if not so satisfied to allow the Heirs to sell the Licensed Store to a person approved by Franchisor, or (ii) upon prompt written request and upon the death or legal incapacity of an Owner owning 20% or more of the Equity or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 20% or more of any of the Partnership Rights of a Franchisee which is a Partnership, Franchisor shall allow a period of up to 9 months after such death or legal incapacity for the Heirs to seek and obtain Franchisor’s consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Franchisor. If, within said 9 month period, the Heirs fail either to enter into a new franchise agreement or to sell the Licensed Store to a person approved by Franchisor pursuant to this Agreement, or fail either to receive Franchisor’s consent to the Assignment of such Equity to the Heirs or to another person acceptable by Franchisor, as provided in this Agreement, this Agreement shall thereupon automatically terminate;

14.3.3 Repeated Defaults. If Franchisee shall default in any obligation as to which Franchisee has previously received 2 or more written notices of default from Franchisor setting forth the default complained of within the preceding 12 months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure;

14.3.4 Violation of Law. If Franchisee fails, for a period of 10 days after having received notification of noncompliance from Franchisor or any governmental or quasi-governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Licensed Store;

14.3.5 Sale of Unauthorized Products. if Franchisee sells unauthorized products to the public after notice of default and thereafter sells such products, whether or not Franchisee has cured the default after one or more notices;

14.3.6 Under Reporting. If an audit or investigation conducted by Franchisor hereof discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated its Gross Sales or withheld the reporting of same as herein provided, and, without limiting the foregoing, if, on 3 or more occasions in any single 36 month period, any audits or other investigations reveals an under-reporting or under-recording error of 2% or more, or on any single occasion any audit or other investigation reveals an under-reporting or under-recording of 5% or more;

14.3.7 Intellectual Property Misuse. If Franchisee materially misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Licensed Store, the System, or the "Jeff's Bagel Run" brand generally. Franchisee's unauthorized use, disclosure, or duplication of the "Trade Secrets", excluding independent acts of employees or others if Franchisee shall have exercised its best efforts to prevent such disclosures or use;

14.3.8 Misrepresentation. If Franchisee makes any material misrepresentations relating to the acquisition of this Agreement;

14.3.9 Health or Safety Violations. Franchisee's conduct of the Licensed Store is so contrary to this Agreement, the System and the Manuals as to constitute an imminent danger to the public health (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a failure to strictly comply with any health code or ordinance or other Applicable Law to continue despite Franchisee's knowledge of such condition), or selling expired or other unauthorized products to the public after notice of default and continuing to sell such products whether or not Franchisee has cured the default after one or more notices; and

14.3.10 Failure to Complete Training. If Franchisee, the initial Operating Principal or the initial Store Manager fails to complete all phases of the Initial Training Program to Franchisor's satisfaction prior to the opening of the Licensed Store.

14.4 Termination With Notice and Opportunity To Cure. Except for any default by Franchisee under Sections 14.2 or 14.3 of this Agreement, and as otherwise expressly provided elsewhere in this Agreement, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Franchisor or its Affiliates) after Franchisor's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Franchisor may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

14.5 Reimbursement of Franchisor Costs. In the event of a default by Franchisee, all of Franchisor's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of Franchisor's administrative employees shall be paid to Franchisor by Franchisee within 5 days after cure or upon demand by Franchisor if such default is not cured.

14.6 Cross-Default. Except for a default or termination of any Area Development Agreement consisting solely of Franchisee's failure to meet the development schedule thereunder, any default by Franchisee under the terms and conditions of this Agreement, any Lease, or any other agreement between Franchisor (or its Affiliate), and Franchisee (or any Affiliate of Franchisee), or any default by Franchisee (or any Affiliate of Franchisee) of its obligations to any Co-Op Advertising Region of which it is a member, shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Franchisor may, at its option, terminate any or all said agreements.

14.7 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

14.8 Termination by Franchisee. Franchisee may terminate this Agreement due to a material default by Franchisor of its obligations hereunder, which default is not cured by Franchisor within 60 days after Franchisor's receipt of prompt written notice by Franchisee to Franchisor detailing the alleged default with specificity; provided, that if the default is such that it cannot be reasonably cured within such 60 day period, Franchisor shall not be deemed in default for so long as it commences to cure such default within 60 days and diligently continues to prosecute such

cure to completion. This is a material term of this Agreement and an arbitrator shall not, and shall not have the power or authority to, waive, modify or change this requirement in any arbitration proceeding or otherwise. If Franchisee terminates this Agreement pursuant to this Section, Franchisee shall comply with all of the terms and conditions of ARTICLE 15 of this Agreement.

## **ARTICLE 15 RIGHTS AND OBLIGATIONS UPON TERMINATION**

15.1 General. Upon the expiration or termination of Franchisee's rights granted under this Agreement:

15.1.1 Franchisee shall immediately cease to use all Trade Secrets, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall immediately return the Manual, all training materials, CD ROMs, DVDs, records, customer lists, files, advertising and promotional materials and all other written materials incorporating Trade Secrets and all copies of the whole or any part thereof to Franchisor. Franchisee shall at its own cost make cosmetic changes to the Licensed Store so that it no longer contains or resembles Franchisor's proprietary designs, including: Franchisee shall remove all materials that would identify the Premises and Location as a Store operated under the Marks and System, and remove distinctive cosmetic features and finishes, soffits, interior wall coverings and colors, exterior finishes and colors and signage from the Premises and Location as Franchisor may reasonably direct and shall, at Franchisor's request, grant Franchisor access to the Premises to make cosmetic changes to the Licensed Store so that it no longer resembles a Store.

15.1.2 If Franchisor so elects, at its sole option, upon any termination or expiration of this Agreement, Franchisee will sell to Franchisor such equipment and furnishings as Franchisor may designate that are associated with the Licensed Store at its net book value, using a 5-year straight line amortization period. Franchisor shall have no other payment obligations to Franchisee, and Franchisee specifically waives any and all claims to be paid for other equipment, furnishings, fixtures, products, supplies or the goodwill associated with the terminated Licensed Store (which goodwill Franchisee acknowledges is owned exclusively by Franchisor). Franchisor may offset against any obligations it may have pursuant to this Section any amounts owed by Franchisee to Franchisor.

15.1.3 Franchisor may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Franchisor, its Affiliates, and/or suppliers.

15.1.4 Any and all obligations of Franchisor to Franchisee under this Agreement shall immediately cease and terminate.

15.1.5 Any and all rights of Franchisee under this Agreement shall immediately cease and terminate, and Franchisee shall immediately cease and thereafter refrain from representing itself as then or formerly a Franchisee or other Affiliate of Franchisor.

15.1.6 Franchisee shall transfer and assign to Franchisor or its designee all telephone numbers, white and yellow page listings, on-line telephone listings and all other associated listings for the Licensed Store, and Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Licensed Store, and authorize and instruct their transfer to Franchisor. Franchisee shall deliver all goods and materials containing the Marks to Franchisor and Franchisor shall have the sole and exclusive use of any items containing the Marks. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises this option.

15.1.7 If Franchisor shall have authorized Franchisee to use the Marks, or any of them in connection with the Internet, any website, or e-mail address, Franchisee shall cancel or assign to Franchisor or its designate, as Franchisor determines, all of Franchisee's right, title and interest in any Internet websites or web pages, e-mail addresses, domain name listings and registrations which contain the Marks, or any of them, in whole or in part, and Franchisee shall notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies, upon the termination or expiration hereof, of the termination of Franchisee's right to use any domain name, web page and other Internet device associated with Franchisor or the Licensed Store, and authorize and

instruct their cancellation or transfer to Franchisor, as directed by Franchisor. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises its said rights or options. For the avoidance of doubt, nothing in this Section shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the Internet, except with the prior consent of Franchisor as provided in this Agreement.

15.2 Survival of Obligations. Termination or expiration shall be without prejudice to any other rights or remedies that Franchisor or Franchisee, as the case may be, shall have in law or in equity, including the right to recover benefit of the bargain damages. In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration) covenants and agreements including the obligation of Franchisor and Franchisee to arbitrate any and all disputes shall survive the termination or expiration of this Agreement.

15.3 No Ownership of Marks. Franchisee acknowledges and agrees that rights in and to Franchisor's Marks and the use thereof shall be and remain the property of Franchisor.

15.4 Government Filings. In the event Franchisee has registered any of Franchisor's Marks or the name "“Jeff's Bagel Run”" as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Franchisor's Marks and any confusingly similar marks or names therefrom.

## **ARTICLE 16 INSURANCE**

16.1 Insurance. Franchisee shall obtain and maintain (at all times during the Term) insurance coverage in the types and amounts of coverage and deductibles specified in the Manuals which shall in each instance designate Franchisor and its designated Affiliates as additional named insureds, with an insurance company approved by Franchisor, which approval shall not be unreasonably withheld.

16.2 Use of Proceeds. In the event of damage to the Licensed Store covered by insurance, the proceeds of any such insurance shall be used to restore the Licensed Store to its original condition as soon as possible, unless such restoration is prohibited by the Location Lease or Franchisor has otherwise consented to in writing. Upon the obtaining of such insurance, Franchisee shall promptly provide to Franchisor proof of such insurance coverage.

16.3 Proof of Insurance. Franchisee shall, prior to opening the Licensed Store, (and from time to time, within 10 days after a request therefor from Franchisor, and annually thereafter provide evidence of the renewal or extension of each insurance policy) file with Franchisor, certificates of such insurance and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring 30 days prior written notice to Franchisor of any proposed cancellation, modification, or termination of insurance. If Franchisee fails to obtain and maintain the required insurance, Franchisor may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums and Franchisor's costs in taking such action.

## **ARTICLE 17 RELATIONSHIP OF PARTIES, DISCLOSURE**

17.1 Relationship of Franchisee to Franchisor. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it shall not under any circumstances hold itself out as the agent, representative, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability

of any nature whatsoever by virtue thereof. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Franchisor and Franchisee agree that the relationship created by this Agreement is one of independent contractor and not a fiduciary relationship.

17.2 Indemnity.

17.2.1 Franchisee shall protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property arising out of or in connection with Franchisee's development, construction (including any latent or patent defects), maintenance or operation of the Premises and the Licensed Store.

17.2.2 Franchisor shall give Franchisee prompt written notice of any claim for which Franchisor demands indemnity (provided that such obligation shall not constitute a condition to Franchisee's indemnification obligation unless Franchisee has been materially harmed by such delay). Franchisor shall retain the full right and power to direct, manage, control and settle the litigation of any claim. Franchisor shall submit all indemnifiable claims to its insurers in a timely manner. Any payments made to an indemnified party shall be net of benefits received by any indemnified party on account of insurance in respect of such claims.

**ARTICLE 18  
MEDIATION REFERENCE AND ARBITRATION**

18.1 Mediation. Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit (other than suits described in Section 12.2.3 or to seek provisional remedies, including injunctions), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA unless the parties agree on alternative rules and a mediator within 15 days after either party first gives notice of mediation. Such mediation shall be conducted in Orlando, Florida and shall be conducted and completed within 45 days following the date either party first gives notice of mediation. If the parties fail to complete the mediation within such 45 day period, either party may initiate arbitration. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under Florida and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

18.1.1 Survival. The terms of this article shall survive termination, expiration or cancellation of this Agreement.

18.2 Injunctive Relief. Notwithstanding anything to the contrary contained in Section 19.7 of this Agreement, Franchisor and Franchisee will each have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, and other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to the Franchisor and/or to protect the Marks of the Franchisor; or any claim or dispute involving or contesting the validity of any of the Marks. However, the parties will contemporaneously submit their dispute for arbitration on the merits. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived).

18.3 Arbitration. Except as precluded by Applicable Law, any controversy or claim between Franchisor and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, and any issues pertaining to

the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration. Said arbitration shall be conducted before and will be heard by three arbitrators in accordance with the then-current commercial arbitration rules of the American Arbitration Association (“AAA”). Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. Except to the extent prohibited by Applicable Law, the proceedings shall be held in the City of Orlando, State of Florida. All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Franchisor, and not in any class action or representative capacity, and shall not be joined with or consolidated with claims asserted by or against any other franchisee. The arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator at any arbitration hearing. The substantive law applied in such arbitration shall be as provided in Section 19.7 of this Agreement. The arbitration and the parties’ agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

18.3.1 Awards. The arbitrator will have the right to award or include in his award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys’ fees and costs, in accordance with Section 19.13 of this Agreement, provided that the arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

18.3.2 Permissible Parties. Franchisee and Franchisor agree that arbitration will be conducted on an individual, not a class wide, basis and that any arbitration proceeding between Franchisee and Franchisor will not be consolidated with any other arbitration proceeding involving Franchisor and any other person or entity.

18.3.3 Survival. The provisions of this Section 18.2 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **ARTICLE 19 MISCELLANEOUS PROVISIONS**

19.1 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Franchisor:	JBR Franchise Co 4190 Millenia Blvd. Orlando, Florida 32839 Attn: Legal
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With copy (which shall not constitute notice) to:

Bryan Cave Leighton Paisner LLP  
120 Broadway, Suite 300  
Santa Monica, California 90401  
Attn: Franchising Team

If to Franchisee: See Section 1.1

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

19.2 Franchisor's Right To Cure Defaults. In addition to all other remedies herein granted if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach hereunder and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Franchisor thereof shall be due and payable on demand and shall be deemed to be additional compensation due to Franchisor hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Franchisor.

19.3 Waiver and Delay. No waiver by Franchisor of any default or series of defaults in performance by Franchisee, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any other franchise or license agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Licensed Store) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise or license agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Licensed Store) or the Manuals, shall constitute a waiver of the provisions of this Agreement or the Manuals with respect to any subsequent default thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Franchisor will consider written requests by Franchisee for Franchisor's consent to a waiver of any obligation imposed by this Agreement. Franchisee agrees, however, that Franchisor is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Franchisor to grant any such request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's discretion, at any time and for any reason, effective upon 10 days prior written notice to Franchisee. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

19.4 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

19.5 Successors and Assigns; Benefit. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained herein. This Agreement is for the benefit of the parties only, and is not intended to and shall not confer any rights or benefits upon any person who is not a party hereto.

19.6 Joint and Several Liability. If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several, and such person(s) and/or Entities shall be deemed to be a general partnership.

19.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to any conflict of laws principles, except that (a) the provisions in Sections

12.1 through and including 12.4 of this Agreement, which shall be governed by the laws of the state in which the Store operated hereunder is located, and (b) and state law relating to (1) the offer and sale of franchises (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

19.8 Entire Agreement. This Agreement and the Manuals contain all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. Franchisee represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof between the parties that are not contained herein. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document delivered to Franchisee. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

19.9 Titles For Convenience. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

19.10 Gender And Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, acceptance, approval or authorization of Franchisor which Franchisee may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion, and on any occasion where Franchisor is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets System Standards, Franchisor may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

19.11 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manuals and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manuals thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Manuals shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

19.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

19.13 Fees and Expenses. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued

upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceeding is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party's major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

19.14 Waiver of Jury Trial; Venue. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT, AND (2) THEY AGREE THAT ORLANDO, FLORIDA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT.

\_\_\_\_\_  
FRANCHISEE  
INITIALS

\_\_\_\_\_  
FRANCHISOR  
INITIALS

#### **ARTICLE 20 FINANCIAL COVENANT**

20.1 Debt to Capital Employed. Unless Franchisor otherwise agrees in writing, at no time during the Term shall Franchisee's ratio of debt to capital employed be greater than 50%; and Franchisee shall promptly notify Franchisor if at any time such ratio is greater than 50%.

#### **ARTICLE 21 SUBMISSION OF AGREEMENT**

21.1 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. This Agreement shall not be binding on Franchisor unless and until it shall have been accepted and signed on its behalf by an authorized officer of Franchisor.

#### **ARTICLE 22 ACKNOWLEDGMENT**

22.1 General. Franchisee, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby. Except as set forth in the Franchise Disclosure Document, if any such representation was made, Franchisor expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of execution by

**“Franchisor”**

**JBR FRANCHISE CO**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

## APPENDIX 1

“AAA” shall have the meaning set forth in Section 18.2 of this Agreement.

“Accounting Period” means each calendar month.

“Additional Training” shall have the meaning set forth in Section 6.3.3 of this Agreement.

“Advertising Fee” shall have the meaning set forth in Section 4.3 of this Agreement.

“Advertising Fund” shall have the meaning set forth in Section 4.3 of this Agreement.

“Affiliate” when used herein in connection with Franchisor or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Franchisor or Franchisee, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Franchisee, the term “Affiliate” shall not include or refer to the Franchisor or that Affiliate, and no obligation or restriction upon an “Affiliate” of Franchisee, shall bind Franchisor, or said Affiliate or their respective direct and indirect parents or subsidiaries, or their respective officers, directors, or managers.

“Agreement” means this Franchise Agreement.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“Applicable Law” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the development, construction and operation of the Licensed Store, including all labor, immigration, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

“Area Development Agreement” means an agreement between Franchisee and Franchisor under which Franchisee or its Affiliate has agreed to open multiple Stores and pursuant to which Franchisee has executed this Agreement.

“Assets” means all of the following personal property and assets owned by Franchisee or in which Franchisee otherwise has any rights, and located at, or used in connection with the Licensed Store: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopier numbers, telephone and other directory listings, general intangibles, receivables, claims of Franchisee, all guaranties and security therefor and all of Franchisor’s right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all documents and instruments; (d) all letters of credit and letter-of-credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee of

any kind used in connection with the Licensed Store; and (m) all proceeds of the foregoing, including proceeds of insurance policies.

**“Assignment”** shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee’s rights or privileges hereunder, or all or any substantial portion of the assets of the Licensed Store, including the Lease; provided, further, however, that if Franchisee is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

**“Catering”** means (i) the preparation, provision and service and management of service of food and beverages (including sales, marketing and promotional practices related thereto) to guests, invitees and other third parties on behalf of a client of the provider, whether on premises owned, leased, managed, licensed, hired or operated by such client, or for a venue-based catering facility not constituting a Store by the provider including, without limitation, a private, cultural, entertainment, healthcare, sports, convention or educational facility, or as part of a special event such as a sporting, cultural, charitable or political event; and (ii) contract catering services which means the preparation, provision and service or management of service of food and beverages (including sales, marketing and promotional practices related thereto) to employees, customers, vendors, guests and invitees (but not the general public) on behalf of a client or to a client directly on an ongoing basis over a period of time pursuant to a contract with such client.

**“Competitive Activities”** means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any Store that specializes in the preparation, production or sale, at retail or wholesale, of any food product or featured menu item which is now or in the future a “Jeff’s Bagel Run” Approved Product, other than a Store operated pursuant to a validly subsisting franchise agreement with Franchisor. Notwithstanding the foregoing, **“Competitive Activities”** shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if the owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

**“Continuing Royalty”** shall have the meaning set forth in Section 4.2 of this Agreement.

**“Co-op Advertising Regions”** shall have the meaning set forth in Section 8.4 of this Agreement.

**“Crisis Management Event”** means any event that occurs at or about the Licensed Store that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of Store s or Franchisor or its Affiliates.

**“Default”** or **“default”** means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

**“Dispute”** shall have the meaning set forth in Section 18.1 of this Agreement.

**“EFT”** shall have the meaning set forth in Section 4.5.1 of this Agreement.

“**Entity**” means any limited liability company, partnership, trust, association, corporation or other entity which is not an individual.

“**Equity**” means capital stock, membership interests, Partnership Rights, or other equity ownership interests of an Entity.

“**First Successor Franchise Agreement**” shall have the meaning set forth in Section 3.2 of this Agreement.

“**First Successor Term**” shall have the meaning set forth in Section 3.2 of this Agreement.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee’s financial inability to perform or Franchisee’s insolvency shall not be an event of Force Majeure hereunder.

“**Goods and Services**” shall have the meaning set forth in Section 9.4.1 of this Agreement.

“**Governmental Authority**” means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“**Gross Sales**” means the total of all revenues received or receivable by Franchisee as payment, whether in cash or for credit or barter, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold in or from the Licensed Store, including Catering, or which are promoted or sold under any of the Marks, during each Accounting Period of the Term, whether or not Franchisor offers such services or products in its other locations, including; (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or Entity (including Franchisee’s Affiliate(s)) from the Licensed Store; (b) sales of “Jeff’s Bagel Run” Products in contravention of this Agreement; (c) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible; and (d) sales from vending devices including pay telephones. Notwithstanding the foregoing, “Gross Sales” shall exclude the following: (i) sums representing sales taxes collected directly from customers by Franchisee in the operation of the Licensed Store, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from the Licensed Store, provided that such taxes are actually transmitted to the appropriate Governmental Authority; (ii) sums representing tips, gratuities or service charges paid directly by customers to employees of Franchisee or paid to Franchisee and promptly and to the extent turned over to such employees by Franchisee in lieu of direct tips or gratuities; (iii) proceeds from isolated sales of equipment and trade fixtures not constituting any part of Franchisee’s products and services offered for resale at the Licensed Store nor having any material effect upon the ongoing operation of the Licensed Store required under this Agreement; and (iv) revenues received on account of sales of pre-paid gift cards and certificates; provided, however, that revenues received on redemption of such pre-paid gift cards and certificates shall be included as part of “Gross Sales.” For purposes of clarity, with respect to goods, merchandise, services or products sold pursuant to coupons or other discounts (which must be approved in advance by Franchisor), Gross Sales shall not include the amount discounted from the purchase price of such goods, merchandise, services or products.

“**Heirs**” shall have the meaning set forth in Section 14.3.2 of this Agreement.

“**Information**” shall have the meaning set forth in Section 10.1 of this Agreement.

“**Information Systems**” means all electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale and

cash collection systems, data systems, network systems, printer systems, internet systems, telecommunication systems, menu systems, security systems, digital media systems, video and still digital cameras, power systems, music systems, and required service and support systems and programs.

“**Internet**” means collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio, or other methods of transmission.

““**Jeff’s Bagel Run**” **Approved Products**” means the foods products, bagels, specialty cream cheeses and other spreads, cookies, baked goods, coffee and tea and other beverages and food items, and ancillary related products, which may include specialty foods, packaged foods, books, hats, T-shirts, and novelty items, as specified by Franchisor from time to time in the Manuals, or as otherwise directed by Franchisor in writing, for sale at a Store, prepared, sold and/or manufactured in strict accordance with Franchisor’s recipes, System Standards, including specifications as to ingredients, brand names, preparation and presentation.

“**Lease**” shall mean any agreement, however denominated, that allows Franchisee to occupy a Location owned by a third party, including any lease, sublease, concession agreement, license, and similar arrangement between Franchisee and a third party.

“**Licensed Store**” means, as context requires, the Store to be developed, or already developed, at the Location by Franchisee pursuant to this Agreement.

“**Local Advertising Expenditure**” shall have the meaning set forth in Section 8.2 of this Agreement.

“**Loyalty Programs**” shall have the meaning set forth in Section 7.3.5 of this Agreement.

“**Manuals**” means Franchisor’s library of operations and training manuals, including start-up manual and franchise unit operation manual, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

“**Marks**” shall have the meaning set forth in Recital A above.

“**Non-Proprietary Products**” shall have the meaning set forth in Section 9.3 of this Agreement.

“**Non-Traditional Venue**” means a site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, including, toll roads, highway travel plazas, hotels and motels, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, military and other governmental facilities, movie theaters, hospitals, grocery stores, supermarkets, convenience stores, schools, college and university campus, piers, gyms, offices or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

“**Notice of Election**” shall have the meaning set forth in Section 3.3.1 of this Agreement.

“**On-Site Training**” shall have the meaning set forth in Section 6.2 of this Agreement.

“**Owner**” means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Franchisee, the term “Owner” shall not include or refer to the Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the “Franchisee”, or its Owners shall bind Franchisor, or said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**“Partnership Rights”** means voting power, property, profits or losses, or partnership interests of a Partnership.

**“Partnership”** means any general partnership, limited partnership, or limited liability partnership.

**“Permits”** means and includes all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

**“Premises”** means the premises owned, leased or subleased by Franchisee at which the Licensed Store is located including any ancillary common area, parking lot, campus, buildings and other structures associated with the Premises.

**“Proprietary Products”** shall have the meaning set forth in Section 9.2 of this Agreement.

**“Restricted Persons”** means the Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, the Store Manager(s), and the spouse and family members who live in the same household of each of the foregoing who are individuals.

**“ROFR”** shall have the meaning set forth in Section 13.2.3(c) of this Agreement.

**“ROFR Period”** shall have the meaning set forth in Section 13.2.3(c) of this Agreement.

**“Second Successor Franchise Agreement”** shall have the meaning set forth in Section 3.2 of this Agreement.

**“Second Successor Term”** shall have the meaning set forth in Section 3.2 of this Agreement.

**“Site Review Request”** shall have the meaning set forth in Section 5.1.1 of this Agreement.

**“ServSafe”** means the food safety training program administered by the National Restaurant Association Educational Foundation under the “ServSafe” name, or such other or additional food safety program or certification program designated or accepted by Franchisor from time to time for the jurisdiction in which the Licensed Restaurant is located.

**“Store”** means a store being developed or operated, as the case may be, under the Marks and in accordance with the System and specializing in the sale of “Jeff’s Bagel Run” Approved Products.

**“Store Manager”** means an individual, acceptable to, and certified by Franchisor, and responsible for overseeing the operation of the Licensed Store.

**“Successor Franchise Agreement”** means the First Successor Franchise Agreement or the Second Successor Franchise Agreement, as the context requires.

**“Successor Franchise Right”** shall have the meaning set forth in Section 3.2 of this Agreement.

**“Successor Term”** means the First Successor Term or Second Successor Term, as the context requires.

**“Supplier”** shall have the meaning set forth in Section 9.3 of this Agreement.

**“System”** means the Franchisor’s operating methods and business practices related to its Stores, and the relationship between Franchisor and its franchisees, including defined product offerings, recipes, and preparation methods; distinctive interior and exterior Store designs, including architectural designs, layout plans; other items of trade dress; specifications for equipment, fixtures, and uniforms; signs; Trade Secrets and other confidential information; restrictions on ownership; inventory techniques, standard operating and administrative procedures;

management and technical training programs; and marketing and public relations programs; all as Franchisor may modify the same from time to time.

“**System Standards**” means the specifications, standards, operating procedures and rules Franchisor requires for the operation of “**Jeff’s Bagel Run**” Stores, as modified by Franchisor from time to time in writing.

“**Term**” shall have the meaning set forth in Section 3.1 of this Agreement including any extensions thereof.

“**Territory**” shall have the meaning set forth in Section 2.3.1 of this Agreement.

“**Terrorist Lists**” means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department’s Office of Foreign Asset Control (“**OFAC**”), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

“**Trade Secrets**” means proprietary and confidential information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Licensed Store and producing and preparing “Jeff’s Bagel Run” Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee’s possession before receipt from Franchisor.

“**Traditional Store**” is a business premises that exists primarily as a Store, excluding any Store at a Non-Traditional Venue, however, which Traditional Store may also have other types of Franchisor-approved co-branded businesses located in it, but in such case the Store is the primary business.

“**Travel and Living Expenses**” means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to Franchisor’s employees’, agents’ and/or representatives’ expenses, a per diem charge determined by Franchisor in advance, with respect to other incidental expenses incurred, including, without limitation, laundry and/or telephone expenses.

“**Wages**” means the payroll costs of Franchisee’s personnel and employees.

**EXHIBIT A**

**Territory**

The Territory shall be as follows:

[ ] A radius of \_\_\_\_\_ miles surrounding the Location of the Licensed Store.

[ ] The area outline on the attached map and described as follows:

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\* If the Territory is defined by streets, highways, freeways, or other roadways, or rivers, streams, or tributaries, then the boundary of the Territory shall extend to the center of each such street, highway, freeway, or other roadway, or river, stream or tributary.

**EXHIBIT B**

Electronic Funds Transfer

Authorization To Honor Charges Drawn By and Payable To

**JBR FRANCHISE CO**

Bank Name                      Account No.                      ABA#                      FEIN

\_\_\_\_\_

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as it if were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization.

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Account: \_\_\_\_\_  
(Please attach one voided check for the above account)

Store Location: \_\_\_\_\_

Store #: \_\_\_\_\_

For information call: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

\_\_\_\_\_  
Name of Franchisee/Depositor (please print)

By: \_\_\_\_\_  
Signature and Title of Authorized Representative

Date: \_\_\_\_\_

**EXHIBIT C**  
**Entity Information**

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

- (1) Franchisee is a (check as applicable):  
[ ] corporation  
[ ] limited liability company  
[ ] general partnership  
[ ] limited partnership  
[ ] Other (specify): \_\_\_\_\_

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“Entity Documents”).

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

- (4) The name and address of each of Franchisee’s Owners, members, or general and limited partner:

<u>Name</u> <u>Interest</u>	<u>Address</u>	<u>Number of Shares / %</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(5) There is set forth below the names, and addresses and titles of Franchisee’s principal officers or partners who will be devoting their full time to the Business:

<u>Name &amp; Title</u>	<u>Address</u>
_____	_____
_____	_____
_____	_____
_____	_____

(6) The address where Franchisee’s Financial Records, and Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D**  
**Addendum to Lease**

THIS ADDENDUM TO LEASE (“**Addendum**”) is made this \_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ (“**Landlord**”) and \_\_\_\_\_ (“**Franchisee**”) and JBR FRANCHISE CO, Florida corporation (“**Franchisor**”) with reference to the following facts:

A. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”).

B. Landlord and Franchisee desire to enter into a lease (the “**Lease**”) pursuant to which Franchisee will occupy the premises located at \_\_\_\_\_ (the “**Premises**”) for a “Jeff’s Bagel Run” Store (the “**Store**”) licensed under the Franchise Agreement.

C. Franchisee is required to execute and to cause Landlord to execute this Addendum.

NOW, THEREFORE, the parties agree as follows:

1. Notwithstanding anything to the contrary contained in the Lease:
  - (a) Landlord shall not change the traffic flow around the Premises;
  - (b) Landlord shall not permit the erection of signs or structures which obstruct the view of the Premises or its signage;
  - (c) Landlord shall maintain the common areas on a consistent basis;
  - (d) Franchisee shall be the only facility, excluding supermarkets or similar convenience stores, specializing in similar food sales in the center (or nearby centers owned by the same Landlord);
  - (e) Franchisor or its designee shall have an option, but not the obligation, without cost or expense to Franchisor or such designee, to assume the Lease, or execute a substitute lease on the same terms for the then remaining term of the Lease plus all remaining option/renewal terms, in the event of termination or expiration of the Franchise Agreement for any reason;
  - (f) Franchisor or its designee shall have the right (but not the obligation) to succeed to Franchisee’s rights under the Lease if Franchisee fails to exercise any option to renew, and or extend the term of the Lease,
  - (g) Upon Franchisee’s default under the Lease, or upon any alleged default thereof by Franchisee, the Landlord shall notify Franchisor in writing at least 15 days prior to the date of termination or non-renewal of the Lease and, in the case of a default, Franchisor or its designee shall have the right, but not the obligation, without liability to Franchisee, to cure the default and to succeed to Franchisee’s rights under said Lease or request that the Landlord terminate the Lease and enter into a substitute Lease with Franchisor or said designee on the same terms by giving written notice of such election to Franchisee and such Landlord;
  - (h) Franchisee shall have the unrestricted right, without Landlord consent, payment to Landlord or modification of any term of the Lease, during the entire term of the Lease (including any renewal terms) to assign or sublet the Premises to Franchisor, its designee, or any franchisee or licensee approved by Franchisor and who meets Landlord’s reasonable financial suitability requirements;
  - (i) Except as permitted in (i) above, the Lease may not be assigned, subleased, modified or amended without Franchisor’s prior written consent and that Franchisor shall be provided with copies of all such assignments, subleases, modifications and amendments;

(j) Landlord must disclose to Franchisor, upon Franchisor's request, all sales and other information furnished to the Landlord by Franchisee; and

(k) Upon expiration or termination of the Lease for any reason, Franchisee shall, upon Franchisor's demand, remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, a Store, and otherwise comply with ARTICLE 15 of the Franchise Agreement. If Franchisee shall fail do so, Franchisor will be given written notice and the right to enter the Location and Premises to make such alterations, in which event Franchisee shall reimburse Franchisor for all direct and indirect costs and expense it may incur in connection therewith, including attorneys' fees.

2. Notice address for Franchisor is:

JBR Franchise Co  
4190 Millenia Blvd.  
Orlando, FL 32839  
Attn: Legal

or to such other address as Franchisor may from time to time specify in writing.

3. Nothing in the Lease or this Addendum shall neither create or purport to create any obligations on behalf of Franchisor to Landlord or Franchisee and nothing in the Lease or this Addendum shall grant or purport to grant to Landlord any right to pursue any claim against Franchisor arising out of Tenant's breach or default under the Lease.

4. In the event of any conflict or inconsistency between the Lease and this Addendum, this Addendum shall control.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first set forth above.

**"Landlord"**

**"Tenant"**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**"Franchisor"**

**JBR FRANCHISE CO**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**Exhibit B**  
**Area Development Agreement**

**Jeff's Bagel Run  
AREA DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**JBR FRANCHISE CO**

**AND**

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# JBR FRANCHISE CO AREA DEVELOPMENT AGREEMENT

THIS JEFF'S BAGEL RUN AREA DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, (the "Effective Date") by and between JBR FRANCHISE CO, a Florida corporation (the "Company") and \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee") with reference to the following facts:

A. Company has the right to sublicense the "Jeff's Bagel Run" name and service mark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs used in connection with the development, operation and maintenance of "Jeff's Bagel Run" Store operated in accordance with Company's prescribed methods and business practices (the "Store").

B. Company desires to expand and develop the Stores in the Development Area, and Franchisee wishes to develop Store in the Development Area, upon the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

## ARTICLE 1 GRANT OF DEVELOPMENT RIGHTS

1.1 Certain Fundamental Definitions and Applicable Information. In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires:

"Franchisee Notice Address" is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax No. \_\_\_\_\_

"Initial Development Fee" means \$ \_\_\_\_\_. (See Section 5.1)

"Initial Franchise Fee" means \$30,000 (See Section 5.2)

"Royalty Rate" means 6%. (See Section 5.3)

### 1.2 Grant of Development Rights

1.2.1 Upon the terms and subject to the conditions of this Agreement, Company hereby grants to Franchisee, and Franchisee hereby accepts, the right and obligation, during the Term (defined below), to develop Traditional Store (defined below) in the geographic area defined in Exhibit A, which is attached hereto and by this reference made a part hereof (the "Development Area"). An increase or decrease in the size of the cities, counties, geographical areas, or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in Exhibit A.

1.2.2 No right or license is granted to Franchisee hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Company, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Franchisee to own or operate a Store, except pursuant to duly executed and subsisting Franchise Agreement. Franchisee shall not use such trademarks, trade names, service marks, logotypes, insignias, trade dress or designs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Company.

### 1.3 Exclusivity

1.3.1 During the Term of this Agreement, Company and its Affiliates shall not operate or grant a license or franchise to any other person to operate a Traditional Store within the Development Area.

(a) Except as provided in Section 1.2.2, Company expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates (defined below), representatives, licensees, assigns, agents and others, (i) to own or operate, and to license others (which may include its Affiliates) to own or operate (i) “Jeff’s Bagel Run” Store at any location outside the Development Area, (ii) “Jeff’s Bagel Run” Non-Traditional Venues at any location, and of any type whatsoever, within or outside the Development Area, and regardless of proximity to any Store developed or under development or consideration by Franchisee; and (iii) Stores or other businesses operating under names other than “Jeff’s Bagel Run,” at any location, and of any type whatsoever, within or outside the Development Area and regardless of their proximity to any Store developed or under development or consideration by Franchisee provided that if the products and services offered by the business are identical, or substantially similar to the products and services offered at any Store, Franchisor may do so only after it or its Affiliates acquire, or are acquired by a third party that owns, operates or authorizes others to operate such identical or substantially similar business; and to produce, license, distribute and market “Jeff’s Bagel Run” Approved Products, including pre-packaged food items, dressings and other food and beverage products; books; clothing; souvenirs and novelty items; through any outlet (regardless of its proximity to any Store developed or under development or consideration by Franchisee), including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising, delivery, catering and other distribution methods; and to advertise and promote the System through any means, including the Internet.

## **ARTICLE 2 FRANCHISEE’S DEVELOPMENT OBLIGATION**

### 2.1 Development Obligation

2.1.1 Within each Development Period specified in Exhibit B, Franchisee shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Traditional Stores required by the Development Obligation for that Development Period.

2.1.2 Stores developed hereunder which are open and operating and which have been assigned to Affiliates of Franchisee in accordance with Section 7.2.2 with Company’s consent, shall count in determining whether Franchisee has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7.2.2.

2.2 Timing of Execution of Leases and Franchise Agreements. Notwithstanding anything to the contrary contained herein, on or before the date which is 180 days before the end of each Development Period, Franchisee shall have executed (in accordance with this Agreement) a lease (or purchase agreement) and Franchise Agreement and paid the required Initial Franchise Fee, for each Store which is required to be constructed, equipped, opened and thereafter operated by the end of such Development Period.

### 2.3 Force Majeure

2.3.1 Subject to Franchisee’s continuing compliance with Section 2.3.2, should Franchisee be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Company to deliver a Franchise Disclosure Document pursuant to Section 6.2 of this Agreement, which results in the inability of Franchisee to construct or operate the Stores in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Company’s legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Company’s legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure, any delay in Company’s issuance of acceptance of any site under Article 6, including, as a result of

Franchisee's failure to satisfy the conditions set forth in Section 6.3 of this Agreement, shall not extend any Development Period.

2.3.2 In the event of the occurrence of an event constituting Force Majeure, Franchisee shall notify Company in writing within 5 days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. Franchisee shall continue to provide Company with updates and all information as may be requested by Company, including Franchisee's progress and diligence in responding to and overcoming the Force Majeure.

2.4 Franchisee May Not Exceed The Development Obligation. Unless Company shall otherwise consent in writing, Franchisee may not construct, equip, open and operate more than the total number of Stores comprising the Development Obligation.

### **ARTICLE 3 DEVELOPMENT AREA**

3.1 Company's Right to Develop. Notwithstanding Section 2.1 above, if during the Term of this Agreement, Franchisee is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.3), to satisfy the Development Obligation, this Agreement shall automatically terminate upon notice by Company to Franchisee. Upon such termination, Company may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Traditional Stores at any site(s) within the Development Area, excluding sites in any Protected Territory granted to Franchisee pursuant to the individual Franchise Agreement for each then existing Store located in the Development Area.

3.2 Protected Territory for Each Individual Store. Subject to certain conditions provided for in the Franchise Agreements, each such agreement executed pursuant hereto shall provide that Company and its Affiliates may not open or operate, or franchise or license the operation of, any Traditional Store within a Protected Territory surrounding the Store opened by Franchisee pursuant to such Franchise Agreement.

3.3 Territorial Rights under Franchise Agreements Franchisee acknowledges that, except as provided below, it will not be granted an exclusive territory under a Franchise Agreement. If Franchisee fully satisfies the Development Obligation, then for each Store in the Development Area and for so long as the Store continues to be owned and operated by Franchisee or a Subsidiary pursuant to a validly subsisting Franchise Agreement, Company agrees that neither it nor its Affiliates shall operate or grant a license or franchise to any other person to operate a Traditional Stores within the geographic area described in the Site Acceptance Letter for the Store (the "**Protected Trade Area**"). In prescribing the Protected Trade Area, Company will typically select a geographic area with a radius of one (1) mile surrounding Franchisee's "JEFF'S BAGEL RUN" Store if located in an urban area or three (3) miles surrounding Franchisee's "JEFF'S BAGEL RUN" Store if located in a suburban area. Alternatively, it may be some other geographic area described by attaching a map, or by reference to streets, natural boundaries or zip codes, in which case Company will assign an area which Company in good faith determines to include a daytime and/or evening population of 50,000 using source(s) of demographic data Company considers reliable, but may assign a larger or small area after taking into consideration other factors, such as density and other demographic characteristics of the population surrounding the applicable Store, Store size and capacity, the proximity to other Stores, the proximity to destination sites, whether that Store is in an area that may be subject to significant day-part population changes, and other factors. Franchisee's rights in the Protected Trade Area are subject to Company's Reserved Rights. This Section 4.2(b) shall survive the expiration of the Term, be co-terminus with the term of the Franchise Agreements for the Stores, and terminate upon the assignment of the Franchise Agreements, unless the Franchise Agreements are each assigned to the same transferee/assignee within the same instrument or agreement.

### **ARTICLE 4 TERM OF AREA DEVELOPMENT AGREEMENT**

4.1 Term. The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the 3<sup>rd</sup> anniversary of the Effective Date, or (ii) the date of execution of the Franchise Agreement granting Franchisee the right to open the last Store necessary for Franchisee to fully satisfy the Development Obligation (the "**Term**").

4.2 Limited Additional Development Right. If Franchisee shall determine that it desires to engage in further development of the Development Area in excess of the Development Obligation, Franchisee shall at the earlier of (i) 180 days prior to the scheduled expiration of the Term or (ii) the date on which acceptance of the proposed site for the last Store required to meet the Development Obligation is issued, notify Company in writing (“**Additional Development Notice**”) of Franchisee’s desire to develop additional Stores in the Development Area and a plan for such development over a new term, setting forth the number of proposed Stores and the deadlines for the development of each of them within such proposed term. This right of additional development by Franchisee shall be exercised only in accordance with Section 4.3 and is subject to the conditions set forth in Section 4.4. This Agreement is not otherwise renewable.

#### 4.3 Exercise of Right of Additional Development

4.3.1 If Company determines the additional development obligation proposed by the Additional Development Notice is unacceptable in any respect(s), Company and Franchisee shall (subject to Section 4.4) negotiate during the following 60 days in an effort to reach a mutually agreeable additional development obligation. Each party may negotiate to protect its own interests as it deems appropriate in its discretion.

4.3.2 If the additional development obligation proposed by the Additional Development Notice is acceptable to Company, or if Company and Franchisee reach agreement on an alternative additional development obligation (the “**Additional Development Obligation**”) within said 60 day period, then Company shall deliver to Franchisee a copy of Company’s Then-current Franchise Disclosure Document, if required by Applicable Law, and two copies of the Then-current area development agreement, which may vary substantially from this Agreement, setting forth the agreed upon Additional Development Obligation. Within 30 days after Company’s delivery of the said area development agreement, but no sooner than immediately after the expiration of any applicable waiting period(s) prescribed by Applicable Law, Franchisee shall execute two copies of the area development agreement and return them to Company together with the applicable development fee, if any, for the Stores required by the Additional Development Obligation. If Franchisee has so executed and returned the copies and has satisfied the conditions set forth in Section 4.4, Company will execute the copies and return one fully executed copy to Franchisee.

4.4 Conditions to Exercise of Right of Additional Development. Franchisee’s right to additional development described in Section 4.2 shall be subject to Franchisee’s fulfillment of the following conditions precedent:

4.4.1 Franchisee (and each of its Affiliates which have developed or operate Stores in the Development Area) shall have fully performed all of its obligations under this Agreement and all other agreements between Company and Franchisee (or the applicable Affiliate).

4.4.2 Franchisee shall have demonstrated to Company Franchisee’s financial capacity to perform the Additional Development Obligations set forth in the area development agreement. In determining if Franchisee is financially capable, Company will apply the same criteria to Franchisee as it applies to prospective area developer franchisees at that time.

4.4.3 At the expiration of each Development Period and at the expiration of the Term, Franchisee shall have opened and shall thereafter have continued to operate, in the Development Area, not less than the aggregate number of Stores then required by the Development Obligation.

4.4.4 Company and Franchisee shall have executed a new area development agreement pursuant to Section 4.3.

4.4.5 Franchisee and all Affiliates of Franchisee who then have a currently effective franchise agreement or area development with Company shall have executed and delivered to Company a general release, or a form prescribed by Company, of any and all known and unknown claims against Company or its Affiliates, and their respective officers, directors, agents, shareholders and employees.

4.5 Effect of Expiration. Unless an Additional Development Obligation shall have been agreed upon, and a new area development agreement shall have been executed by the parties pursuant to Sections 4.2 and 4.3, following the expiration of the Term, or the sooner termination of this Agreement, (a) Franchisee shall have no further

right to construct, equip, own, open or operate additional Stores which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Franchisee (or an Affiliate of Franchisee) and Company which is then in full force and effect, and (b) Company or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Stores at any location(s) (within or outside of the Development Area), without any restriction, subject only to any territorial rights granted for any then existing Store pursuant to a validly subsisting Franchise Agreement executed for such Store .

## **ARTICLE 5 PAYMENTS BY FRANCHISEE**

5.1 Initial Development Fee. Concurrently with the execution of this Agreement, Franchisee shall pay to Company, in cash or by certified check, the sum of \$\_\_\_\_\_, representing \$10,000 for each of the Stores (excluding the first Store) required to be opened during the Term pursuant to the Development Obligation, plus the sum of \$30,000 representing the Initial Franchise Fee payable pursuant to the first Franchise Agreement required to be executed pursuant hereto.

5.2 Initial Franchise Fee. Notwithstanding the terms of the Franchise Agreement executed for each Store developed pursuant hereto, Franchisee shall pay to Company, in cash or by certified check, an initial franchise fee (“**Initial Franchise Fee**”) equal to \$30,000 for each Store to be opened pursuant hereto, which Initial Franchise Fee shall be payable upon execution by Franchisee of each Franchise Agreement entered into pursuant to this Agreement, provided, however, that Company shall credit such development fee against the Initial Franchise Fees payable under the second and each subsequent Franchise Agreement (at the rate of \$10,000 per Franchise Agreement).

5.3 Royalty Fee. The Franchise Agreement executed for each Store developed pursuant hereto, shall provide that the Continuing Royalty (as defined therein) shall be equal to 6% of Gross Sales (as defined therein).

## **ARTICLE 6 EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS**

### 6.1 Site Review

6.1.1 When Franchisee has located a proposed site for construction of a Store, Franchisee shall submit to Company such demographic and other information regarding the proposed site and neighboring areas as Company shall require, in the form prescribed by Company (“**Site Review Request**”). Company may seek such additional information as it deems necessary within 15 days of submission of Franchisee’s Site Review Request, and Franchisee shall respond promptly to such request for additional information. If Company shall not deliver written notice to Franchisee that Company accepts the proposed site, within 30 days of receipt of Franchisee’s Site Review Request, or within 15 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Company accepts the proposed site it shall notify Franchisee of its acceptance of the site.

6.1.2 Although Company may voluntarily (without obligation) assist Franchisee in locating an acceptable site for a Store, neither Company’s said assistance, if any, nor its acceptance of any proposed site, whether initially proposed Franchisee or by Company, shall be construed to insure or guarantee the profitable or successful operation of the Store at that site by Franchisee, and Company hereby expressly disclaims any responsibility therefor. Franchisee acknowledges its sole responsibility for finding each site for the Stores it develops pursuant to this Agreement.

### 6.2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement

6.2.1 Promptly following Franchisee’s receipt of acceptance, Franchisee shall proceed to negotiate a lease or purchase agreement for the site and shall submit to Company a copy of the proposed lease or purchase agreement, as applicable. Following Company’s receipt of the proposed lease or purchase agreement, as applicable, which meets Company’s requirements, Company shall notify Franchisee of its acceptance of the proposed lease or purchase agreement, as applicable.

6.2.2 Company's review and acceptance of the lease is solely for Company's benefit and is solely an indication that the lease meets Company's minimum Standards and specification at the time of acceptance of the lease (which may be different than the requirements of this Agreement). Company's review and acceptance of the lease shall not be construed to be an endorsement of such lease, confirmation that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Franchisee, and Company hereby expressly disclaims any responsibility therefore.

6.2.3 Subject to Section 6.3, after Company's acceptance of each proposed site, Company shall deliver to Franchisee a copy of Company's Then-current Franchise Disclosure Document as may be required by Applicable Law (the "**Franchise Disclosure Document**") which includes a copy of the Then-current Franchise Agreement. Immediately upon receipt of the Franchise Disclosure Document, Franchisee shall return to Company a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document. Franchisee acknowledges that the new Franchise Agreement may vary substantially from the current Franchise Agreement. If Company is not legally able to deliver a Franchise Disclosure Document to Franchisee by reason of any lapse or expiration of its franchise registration, or because Company is in the process of amending any such registration, or for any reason beyond Company's reasonable control, Company may delay acceptance of the site for Franchisee's proposed Store, or delivery of a Franchise Agreement, until such time as Company is legally able to deliver a Franchise Disclosure Document.

6.2.4 Within 30 days after Franchisee's receipt of the Franchise Disclosure Document and the Then-current Franchise Agreement, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Franchisee shall execute two copies of the Franchise Agreement described in the Franchise Disclosure Document and return them to Company together with the applicable Initial Franchise Fee. If Franchisee has so executed and returned the copies and Initial Franchise Fee and has satisfied the conditions set forth in Section 6.3, Company shall execute the copies and return one fully executed copy of such Franchise Agreement to Franchisee.

6.2.5 Franchisee shall not execute any lease or purchase agreement for any Store, until Company has accepted the proposed site and Company has delivered to Franchisee a fully executed Franchise Agreement counter-signed by Company pursuant to Sections 6.2.4. After Company's acceptance of the site and lease (or purchase agreement, if applicable), and its delivery to Franchisee of the fully executed Franchise Agreement, Franchisee shall then procure the site pursuant to the purchase agreement or lease which has been reviewed and accepted by Company, and shall forward to Company, within ten (10) days after its execution, one copy of the executed lease or, if purchased, the deed evidencing Franchisee's right to occupy the site. Franchisee shall then commence construction and operation of the Store pursuant to the terms of the applicable Franchise Agreement.

6.3 Condition Precedent to Company's Obligations. It shall be a condition precedent to Company's obligations pursuant to Sections 6.1 and 6.2, and to Franchisee's right to develop each and every Store, that Franchisee shall have satisfied all of the following conditions precedent prior to Company's acceptance of the proposed Store and the site and lease or purchase agreement therefor, and the Company's execution of the Franchise Agreement therefor:

6.3.1 Franchisee (and each of its Affiliates which have developed or operate Stores in the Development Area) shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Company and Franchisee (or any such Affiliate of Franchisee), and must not at any time following Franchisee's submission of its Site Review Request, and until Company grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Company or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

6.3.2 Franchisee shall have demonstrated to Company, in Company's discretion, Franchisee's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, including Franchisee's compliance with Section 12.4 of this Agreement and Franchisee's submission of a comprehensive management plan acceptable to, and accepted by Company, which shall include among other reasonable requirements as may be established by Company, an organization chart and supervisory requirements for the proposed Store. In determining if Franchisee is financially or otherwise capable, Company shall apply the same criteria to Franchisee as it applies to prospective area developer franchisees at that time.

6.3.3 Franchisee shall continue to operate, in the Development Area, not less than the cumulative number of Traditional Stores required by the Development Obligation set forth in Exhibit B to be in operation as of the end of the immediately preceding Development Period.

6.3.4 Franchisee, and each of its Affiliates who then has a currently effective Franchise Agreement or area development agreement with Company, must sign a general release of any claims they may have against Company and its Affiliates, on a form prescribed by Company.

## ARTICLE 7 ASSIGNMENT AND SUBFRANCHISING

7.1 Assignment by Company. This Agreement is fully transferable by Company, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Company's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement. Without limiting the foregoing, Company may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). In connection with any of the foregoing, at Company's request, Franchisee shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Company may reasonably request; and Franchisee agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company.

### 7.2 No Subfranchising by Franchisee

7.2.1 Franchisee shall not offer, sell, or negotiate the sale of "Jeff's Bagel Run" franchises to any third party, either in Franchisee's own name or in the name and/or on behalf of Company, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Franchisee the right to do so. Franchisee shall not execute any Franchise Agreement with Company, or construct or equip any Store with a view to offering or assigning such Franchise Agreement or Store to any third party.

7.2.2 Notwithstanding Section 7.2.1, Franchisee may, with Company's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant hereto to a separate Entity controlled by Franchisee (each a "**Subsidiary**"); provided and on condition that:

(a) Upon Company's request, Franchisee has delivered to Company a true, correct and complete copy of the Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Company has accepted the same;

(b) The Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, and partnership agreement, as applicable, shall provide that its activities are confined exclusively to operating Stores;

(c) Franchisee, directly owns and controls not less than 100% of the Equity and voting rights of the Subsidiary;

(d) the Subsidiary is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(e) the person designated by Franchisee as the Operating Principal has exclusive day-to-day operational control over the Subsidiary;

(f) the Subsidiary conducts no business other than the operation of the Store ;

(g) the Subsidiary assumes all of the obligations under the Franchise Agreement as franchisee pursuant to written agreement, the form and substance of which shall be acceptable to Company;

(h) each person or Entity comprising Franchisee, and all present and future Owners of 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights of any franchisee under any and all Franchise Agreements executed pursuant to this Agreement shall execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to Company and to Company's Affiliates under this Agreement and each Franchise Agreement executed pursuant hereto (for purposes of determining whether said 10% threshold is satisfied, holdings of spouses, family members who live in the same household, and Affiliates shall be aggregated);

(i) none of the Owners of the Equity of the franchisee under the applicable Franchise Agreement is engaged in Competitive Activities;

(j) at Company's request, Franchisee shall, and shall cause each of its Affiliates to execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their officers, directors, agents, shareholders and employees; and

(k) Franchisee shall reimburse Company for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees.

7.2.3 In the event that Franchisee exercises its rights under Section 7.2.2 then, Franchisee and such Subsidiary shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement.

### 7.3 Assignment by Franchisee

7.3.1 This Agreement has been entered into by Company in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Franchisee. Neither Franchisee nor any Owner shall cause or permit any Assignment unless Franchisee shall have obtained Company's prior written consent, which consent may be withheld for any reason whatsoever in Company's judgment, and shall comply with Company's right of first refusal pursuant to Section 7.3.4. Except as provided in Section 7.2.2, Franchisee acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Stores developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Stores, and all of the Franchise Agreements executed pursuant to this Agreement or at Company's election the execution by the assignee of new Franchise Agreements on Company's Then-current form for each of the Stores then developed or under development by Franchisee, and otherwise in accordance with the terms and conditions of Franchisee's Franchise Agreement(s). If Franchisee is an Entity, Franchisee shall promptly provide Company with written notice (stating such information as Company may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment" as defined by this Agreement.

7.3.2 Franchisee shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Company. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

7.3.3 Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Company, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Company for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use. No such offering by Franchisee shall imply that Company is participating in an underwriting, issuance or offering of securities of Franchisee or Company, and Company's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Company and its Affiliates. Company may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Company concerning the limitations described in the preceding sentence. Franchisee, its Owners and the other participants in the offering must fully defend and indemnify Company, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Company to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Company a non-refundable fee of \$5,000, which shall be in addition to any transfer fee under any Franchise Agreement or such greater amount as is necessary to reimburse Company for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Company written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

7.3.4 Franchisee's written request for consent to any Assignment must be accompanied by an offer to Company of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Company may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Company reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Company customary for transactions of the type proposed (the "**ROFR**"). If Company elects to exercise the ROFR, Company or its nominee, as applicable, shall send written notice of such election to Franchisee within 60 days of receipt of Franchisee's request. If Company accepts such offer, the closing of the transaction shall occur within 60 days following the date of Company's acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within 60 days following the written notice provided by Franchisee (the "**ROFR Period**") shall cause it to be deemed a new offer, subject to the same right of first refusal by Company, or its third-party designee, as in the case of the initial offer. Company's failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer.

## ARTICLE 8 NON-COMPETITION

8.1 In Term. During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area, unless Company shall consent thereto in writing.

8.2 Post-Term. To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities within the Development Area, without the Company's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Company or other franchisees of the Company.

### 8.3 Modification

8.3.1 The parties have attempted in Sections 8.1 and 8.2 above to limit the Franchisee's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly

agree that if the scope or enforceability of Section 8.1 or 8.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Company reserves the right to reduce the scope of either, or both, of said provisions without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

8.3.2 In view of the importance of the “**Jeff's Bagel Run**” trademarks and the incalculable and irreparable harm that would result to the parties in the event of a Default under this Article 8, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of Florida and the U.S. federal courts sitting in Orlando, Florida for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in Orlando, Florida.

## ARTICLE 9 TERMINATION

### 9.1 Termination Pursuant to a Default of this Agreement

9.1.1 Subject to Applicable Law to the contrary, this Agreement may be terminated by Company in the event of any Default by Franchisee of this Agreement, unless such Default is cured by Franchisee within 5 days following written notice of the Default (in the case of a failure to pay money), or 10 days following written notice of the Default (in the case of any other Default); provided that in the case of a Default by Franchisee (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9.1.2(a), (b) or (e) below shall be deemed incurable.

9.1.2 The term “default”, as used herein, includes the following:

(a) Any Assignment or attempted Assignment in violation of the terms of Section 7.2 or 7.3 of this Agreement, or without the written consents required pursuant to this Agreement; provided, however, (i) upon prompt written request to Company following the death or legal incapacity of a Franchisee who is an individual, Company shall allow a period of up to nine (9) months, after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the “**Heirs**”) to seek and obtain Company's consent to the Assignment his or her rights and interests in this Agreement to the Heirs or to another person acceptable to Company; or (ii) upon prompt written request to Company following the death or legal incapacity of an Owner of a Franchisee which is an Entity, directly or indirectly, owning more than 20% or more of the Equity or voting power of Franchisee, Company shall allow a period of up to nine (9) months after such death or legal incapacity for his or her Heir(s) to seek and obtain Company's consent to the Assignment of such Equity and voting power to the Heir(s) or to another person or persons acceptable to Company. If, within the allowed period, said Heir(s) fail to receive Company's consent as aforesaid or to effect such consented to Assignment, then this Agreement shall immediately terminate at Company's election.

(b) Subject to Section 2.3 of this Agreement, failure of Franchisee to satisfy the Development Obligation within the Development Periods set forth herein.

(c) Failure of Franchisee (or any Affiliate of Franchisee) to pay any Initial Franchise Fee or Royalty Fee in a timely manner as required by this Agreement or any Franchise Agreement signed by Franchisee.

(d) Franchisee's opening of any Store in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6.3 of this Agreement.

(e) Failure of Franchisee to fully comply with the requirements of Section 8.1 of this Agreement.

(f) Any Default of any other agreement between Franchisee (or any Affiliate of Franchisee) and Company (or any Affiliate of Company), including any Franchise Agreement executed pursuant hereto.

(g) Failure of Franchisee to fully comply with the requirements of Section 12.4 of this Agreement.

## ARTICLE 10 GENERAL CONDITIONS AND PROVISIONS

10.1 Relationship of Franchisee to Company. It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of franchisor and area developer franchisee. It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Company. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

10.2 Indemnity by Franchisee. Franchisee hereby agrees to protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Franchisee's construction, development or operation of Stores pursuant hereto, except to the extent caused by intentional acts of the Company in breach of this Agreement. The terms of this Section 10.2 shall survive the termination, expiration or cancellation of this Agreement.

10.3 No Consequential Damages For Legal Incapacity. Company shall not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee by reason of any delay in the delivery of Company's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Company.

10.4 Waiver and Delay. No waiver by Company of any Default or Defaults, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Stores), or to insist upon strict compliance with or performance of Franchisee's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Company and Franchisee (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Stores), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.5 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

10.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Franchisee and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein.

10.7 Joint and Several Liability. If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Company are joint and several, and such person(s) or Entities shall be deemed to be general partnership

10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without giving effect to any conflict of laws), except that (a) the provisions of Sections 8.1 and 8.2 (and to the extent applicable, Section 8.3) shall be governed in accordance with the laws of the State where the Default of said section occurs, and (b) any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

10.9 Entire Agreement. This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter hereof. No other agreements concerning the subject matter hereof, written or oral, shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations, are merged herein and superseded hereby. Franchisee represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein. No officer or employee or agent of Company has any authority to make any representation or promise not included in this Agreement or any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

10.10 Titles for Convenience. Article and paragraph titles used this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

10.11 Gender and Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Company which Franchisee may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Company’s Standards or satisfaction, Company may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Company and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

10.12 Severability, Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

10.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

10.14 Fees and Expenses. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceedings is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party's major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

10.15 Waiver of Jury Trial; Venue

10.15.1 TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT; AND (2) THEY AGREE THAT, ORLANDO, FLORIDA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVISE AS TO ITS MEANING AND EFFECT.

\_\_\_\_\_  
FRANCHISEE  
INITIALS

\_\_\_\_\_  
COMPANY  
INITIALS

10.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one business day after electronically confirmed transmission by facsimile or other electronic system; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Company:                   JBR Franchise Co  
4190 Millenia Boulevard  
Orlando, Florida 32839  
Attn: Legal

With copy (which shall not constitute notice) to:

Bryan Cave Leighton Paisner LLP  
120 Broadway, Suite 300  
Santa Monica, CA 90401-2386  
Facsimile No.: (310) 576-2200  
Attn: Franchising Team

If to Franchisee:                See Section 1.1

or to such other address as such party may designate by 10 days' advance written notice to the other party.

10.17 Mediation. Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit (other than suits or to seek provisional remedies, including injunctions), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA unless the parties agree on alternative rules and a mediator within 15 days after either party first gives notice of mediation. Such mediation shall be conducted in Orlando, Florida and shall be conducted and completed within 45 days following the date either party first gives notice of mediation. If the parties fail to

complete the mediation within such 45 day period, either party may initiate litigation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under Florida and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

10.18 Arbitration. Except as precluded by Applicable Law, any controversy or claim between Company and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, and any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration. Said arbitration shall be conducted before and will be heard by three arbitrators in accordance with the then-current commercial arbitration rules of the American Arbitration Association (“AAA”). Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. Except to the extent prohibited by Applicable Law, the proceedings shall be held in the City of Orlando, State of Florida. All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Company, and not in any class action or representative capacity, and shall not be joined with or consolidated with claims asserted by or against any other franchisee. The arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator at any arbitration hearing. The substantive law applied in such arbitration shall be as provided in Section 10.8 of this Agreement. The arbitration and the parties’ agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

10.19 Awards. The arbitrator will have the right to award or include in his award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys’ fees and costs, in accordance with Section 10.14 of this Agreement, provided that the arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

10.20 Permissible Parties. Franchisee and company agree that arbitration will be conducted on an individual, not a class wide, basis and that any arbitration proceeding between Franchisee and company will not be consolidated with any other arbitration proceeding involving company and any other person or entity.

10.21 Survival. The terms of Section 10 shall survive termination, expiration or cancellation of this Agreement.

## **ARTICLE 11 SUBMISSION OF AGREEMENT**

11.1 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Franchisee.

## ARTICLE 12 ADDITIONAL COVENANTS

12.1 Entity Franchisee Information. If Franchisee is an Entity, Franchisee represents and warrants that the information set forth in Exhibit C which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Company in writing within 10 days of any change in the information set forth in Exhibit C, and shall submit to Company a revised Exhibit C, which shall be certified by Franchisee as true, correct and complete and upon acceptance thereof by Company shall be annexed to this Agreement as Exhibit C. Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee, including providing copies of all amendments to Franchisee's "**Entity Documents**" as defined in Exhibit C. Franchisee shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Company and Franchisee. The Entity Documents of Franchisee shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

### 12.2 Operating Principal; Director of Operations

12.2.1 The Operating Principal shall be principally responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Stores developed pursuant hereto. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement and all Franchise Agreements executed pursuant hereto. Company may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Company's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal, who shall have been accepted by Company.

12.2.2 Commencing on the date which Franchisee, directly or indirectly through one or more Affiliate(s), opens its 2<sup>nd</sup> Store within the Development Area, and at all times throughout the Term and the term of each Franchise Agreement executed pursuant hereto after such date, Franchisee shall employ and retain, or shall cause the Entity to which each Franchise Agreement is assigned in accordance with Section 7.2 hereof to employ and retain, an individual (the "**Director of Operations**") who shall be vested with the authority and responsibility for the day-to-day operations of all Stores owned or operated, directly or indirectly, by Franchisee within the Development Area. The Director of Operations shall, during the entire period he/she serves as such, meet the following qualifications: (a) shall devote full time and best efforts solely to operation of the all Stores owned or operated, directly or indirectly, by Franchisee in the Development Area and to no other business activities; (b) meet Company's educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Manuals as defined herein or otherwise in writing by Company; and (c) be an individual acceptable to Company. The Director of Operations, may (but need not) be an Owner, and with the prior written consent of Company, may be the same individual as the Operating Principal. The Director of Operations shall be responsible for all actions necessary to ensure that all Stores owned or operated, directly or indirectly, by Franchisee in the Development Area are operated in compliance with this Agreement, all Franchise Agreements therefor and the Manuals. If, during the Term hereof or any Franchise Agreement executed pursuant hereto, the Director of Operations is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Company's subsequent disapproval of such person), Franchisee shall promptly notify Company and designate a replacement within 30 days after the Director of Operations ceases to serve, such replacement being subject to Company's approval.

12.2.3 Franchisee shall notify Company in writing at least 10 days prior to employing the Director of Operations setting forth in reasonable detail all information reasonably requested by Company. Company's acceptance of the Operating Principal and Director of Operations, shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Franchisee or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

### 12.3 Business Practices. Franchisee represents, warrants and covenants to Company that:

12.3.1 As of the date of this Agreement, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in

which Franchisee or any of its Owners (if Franchisee is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the property or interests of Franchisee or any of its Owners is subject to being “blocked” under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(d) Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

12.3.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate “know-your-customer” verification programs and such other provisions as may be required by applicable law.

12.3.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, any person or entity that is at any time a legal or beneficial owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Franchisee is subject to being “blocked” under any Anti-Terrorism Laws.

12.3.4 Franchisee shall promptly notify Company upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12.3.1(c) above is identified on any Terrorist List, any list maintained by OFAC or to being “blocked” under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Company in an appropriate resolution of such matter.

12.3.5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

12.3.6 The provisions of this Section shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Company for any infringement of, violation of, or interference with, this Agreement, or Company’s marks, System, trade secrets, or any other proprietary aspects of Company’s business.

12.4 Financial Covenant. Unless Company otherwise agrees in writing, at no time during the Term shall Franchisee's ratio of debt to capital employed be greater than 50%; and Franchisee shall promptly notify Company if at any time such ratio is greater than 50%.

**ARTICLE 13  
ACKNOWLEDGMENT**

13.1 General

13.1.1 Franchisee acknowledges that it has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that it has obtained the advice of counsel in connection with entering into this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound hereby.

13.1.2 Company expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**JBR Franchise Co, a Florida corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit A**  
**DEVELOPMENT AREA**

The Development Area\* is defined as the territory within the boundaries described below:

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\* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

**EXHIBIT B**  
**DEVELOPMENT OBLIGATION**

	<b>DEVELOPMENT PERIOD ENDING</b>	<b>CUMULATIVE NO. OF STORES TO BE IN OPERATION</b>
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____

**EXHIBIT C**  
**Entity Information**

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(i) Franchisee is a (check as applicable):

- corporation
- limited liability company
- general partnership
- limited partnership
- Other (specify): \_\_\_\_\_

(ii) Franchisee shall provide to Company concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“**Entity Documents**”).

(iii) Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(iv) The name and address of each of Franchisee’s owners, members, or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(v) There is set forth below the names, and addresses and titles of Franchisee’s principal officers or partners who will be devoting their full time to the Business:

NAME	ADDRESS

(vi) The address where Franchisee’s Financial Records, and Entity Documents are maintained is: \_\_\_\_\_

(vii) The “Operating Principal” is: \_\_\_\_\_

## APPENDIX 1

“**Additional Development Notice**” shall have the meaning set forth in Section 4.2 of this Agreement.

“**Additional Development Obligation**” shall have the meaning set forth in Section 4.3.2 of this Agreement.

“**Affiliate**” when used herein in connection with Company or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Company or its Affiliate has any ownership interest in Franchisee, the term “Affiliate” shall not include or refer to the Company or that Affiliate (the “**Company Affiliate**”), and no obligation or restriction upon an “Affiliate” of Franchisee, shall bind Company, or said Company Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.

“**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“**Applicable Law**” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of a Store, including all labor, immigration, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

“**Assets**” means all of the following personal property and assets owned by Franchisee and each Subsidiary or in which Franchisee and each Subsidiary otherwise has any rights, and located at, or used in connection with Stores developed or in development pursuant to this Agreement: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and fax numbers, telephone, online and other directory listings, general intangibles, receivables, claims of Franchisee and each Subsidiary, all guaranties and security therefor and all of Franchisee’s and each Subsidiary’s right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all documents and instruments; (d) all letters of credit and letter-of-credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee and/or each Subsidiary of any kind; and (m) all proceeds of the foregoing, including proceeds of insurance policies.

“**Assignment**” shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee’s rights or privileges hereunder or all of any substantial portion of the assets of the Licensed Store, including the lease; provided, further, however, that if Franchisee is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more

than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

“**Authorized Jeff’s Bagel Run Products**” means the foods products, bagels, specialty cream cheeses and other spreads, cookies, baked goods, coffee and tea and other beverages and food items, and ancillary related products, which may include specialty foods, packaged foods, books, hats, T-shirts, and novelty items, as specified by Company from time to time in the Manuals, or as otherwise directed by Company in writing, for sale at a Store, prepared, sold and/or manufactured in strict accordance with Company’s recipes, System Standards, including specifications as to ingredients, brand names, preparation and presentation.

“**Competitive Activities**” means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any Store or business that specializes in preparation, production or sale, at retail or wholesale, of any food product or any other featured menu item which is now or in the future an Authorized **Jeff’s Bagel Run** Product, other than a Store operated pursuant to a validly subsisting franchise agreement with Company. Notwithstanding the foregoing, “**Competitive Activities**” shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

“**Default**” or “**default**” means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

“**Development Area**” shall have the meaning set forth in Section 1.1 of this Agreement.

“**Development Period**” means each of the time periods indicated on Exhibit B during which Franchisee shall have the right and obligation to construct, equip, open and thereafter continue to operate Stores in accordance with the Development Obligation.

“**Development Obligation**” shall mean the Franchisee’s right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Stores set forth in Exhibit B hereto within each Development Period and, if applicable, within the geographic areas specified therein.

“**Director of Operations**” shall have the meaning set forth in Section 12.2.2 of this Agreement.

“**Dispute**” shall have the meaning set forth in Section 10.15.1 of this Agreement.

“**Entity**” means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

“**Equity**” means capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity.

“**Franchise Agreement**” means the form of agreement prescribed by Company and used to grant to Franchisee the right to own and operate a single Store in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

“**Franchise Disclosure Document**” shall have the meaning set forth in Section 6.2.3.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-

performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

**"Governmental Authority"** means and include all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

**"Initial Franchise Fee"** shall have the meaning set forth in Section 5.2 of this Agreement.

**"Manuals"** means Company's operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Company as in effect and amended from time to time.

**"Non-Traditional Venues"** means a facility operated under the Company's marks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

**"Operating Principal"** means \_\_\_\_\_, or such other individual hereafter designated by Franchisee, and accepted by Company (and until subsequently disapproved by Company), to serve as the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, who shall hold 10% or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

**"Owner"** means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, the term "Owner" shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Franchisee", or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

**"Partnership"** means any general partnership, limited partnership or limited liability partnership.

**"Partnership Rights"** means voting power, property, profits or losses, or partnership interests of a Partnership.

**"Protected Territory"** means the geographic area designated by Company and described in each Franchise Agreement entered into pursuant to this Agreement, within which Company agrees to not open or operate or license or franchise others to open or operate a Traditional Store.

**"Restricted Persons"** means the Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

**"ROFR"** shall have the meaning set forth in Section 7.3.4 of this Agreement.

**"ROFR Period"** shall have the meaning set forth in Section 7.3.4 of this Agreement.

**"Site Review Request"** shall have the meaning set forth in Section 6.1 of this Agreement.

**"Standards"** mean Company's then-current specifications, standards, policies, procedures and rules prescribed for the development, ownership and operation of Stores.

**"Store"** shall have the meaning set forth in Recital A of this Agreement.

“**System**” means the Company’s operating methods and business practices related to its Stores , and the relationship between Company and its franchisees, including interior and exterior Store designs; other items of trade dress; specifications of equipment, fixtures, and uniforms; defined product offerings and preparation methods; standard operating and administrative procedures; restrictions on ownership; management and technical training programs; and marketing and public relations programs; all as Company may modify the same from time to time.

“**Term**” shall have the meaning set forth in Section 4.1 of this Agreement.

“**Terrorist Lists**” means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department’s Office of Foreign Asset Control (“**OFAC**”), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

“**Then-current**” as used in this Agreement and applied to the Franchise Disclosure Document, an area development agreement and a Franchise Agreement shall mean the form then currently provided by Company to similarly situated prospective franchisees, or if not then being so provided, then such form selected by the Company in its discretion which previously has been delivered to and executed by a licensee or franchisee of Company.

“**Traditional Store**” means a business premises that exists primarily as a Store, excluding any Store at a Non-Traditional Venue, however, which Traditional Store may also have other types of Company-approved co-branded business located in it, but in such case the Store is the primary business.

“**Wages**” means all salaries and hourly wages, and all related direct and indirect payroll expenses of employees, including employment-related taxes, overtime compensation, vacation benefits, pension and profit sharing plan contributions, medical insurance premiums, medical benefits, and the like, and all direct and indirect fees, costs and expenses payable to independent contractors, agents, representatives and outside consultants.

**Exhibit C**  
**General Release**

## GENERAL RELEASE

THIS GENERAL RELEASE (“**Release Agreement**”) is effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“**Effective Date**”) by and among JBR Franchise Co, a Florida corporation (“**Franchisor**”), \_\_\_\_\_ (“**Franchisee**”), \_\_\_\_\_ (“**Affiliate[s]**”) and \_\_\_\_\_ (“**Owner**” and together with Franchisee and Affiliate[s], jointly and severally, “**Releasor**”).

### RECITALS

[Alt. 1] A. Franchisor and Franchisee are parties to [that][those] certain Franchise Agreement[s], dated \_\_\_\_\_ (the “**Transaction Document[s]**”);

[Alt. 2] A. Franchisor and Franchisee are parties to [that][those] certain Area Development Agreement[s], dated \_\_\_\_\_ (the “**Transaction Documents[s]**”);

[Alt. 3] A. Franchisor and Franchisee are parties to that certain Area Development Agreement[s], dated \_\_\_\_\_, and those certain Franchise Agreement[s], dated \_\_\_\_\_ (collectively, the “**Transaction Documents[s]**”);

B. Franchisee desires to [assign the Transaction Document[s]] [enter into a Franchise agreement with Franchisor]; and

C. This Release Agreement has been requested at a juncture in the relationship of the parties where the Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. The Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a “clean slate” and that there are no outstanding grievances or Claims against it. Releasor, therefore, gives this Release Agreement as consideration for receiving the agreement of the Franchisor to an anticipated change or expansion of the relationship between the parties. Releasor acknowledges that this Release Agreement is intended to wipe the slate clean.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Franchisor hereby agree as follows:

1. Definitions. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 “**Claims**” means all actual and alleged claims, demands, Losses, charges, covenants, responsibilities, warranties, obligations, oral and written agreements, debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys’ fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, which in any way relate to or arise from or in connection with the Transaction Documents.

1.2 “**Franchisor Released Parties**” means Franchisor and each of its Constituents.

1.3 “**Constituents**” means past, present and future affiliates, parents, subsidiaries, divisions, partners, owners, shareholders, members, trustees, receivers, executors, representatives, administrators, and the respective officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of them.

1.4 “**Excluded Matters**” means [(i)] Franchisor’s continuing contractual obligations which arise or continue under and pursuant to the Transaction Document[s] on and after the date of this Release Agreement; and [(ii) if this Release Agreement is entered into in connection with the grant of a franchise or license, this Release

**Agreement is not intended to release or waive the provisions of any applicable franchise registration or disclosure law in connection with the grant of that franchise or license.]**

1.5 “Losses” means all damages, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, including interest, costs and expenses of investigating and prosecuting any Claim, reference proceeding, lawsuit, arbitration or any appeal; all associated actual attorneys’ fees, whether or not the Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid to compromise or settle of any Claim, reference proceeding, lawsuit or arbitration.

2. General Release. Releasor for itself and its Constituents, hereby releases and forever discharges the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and the obligations under this Release Agreement.

3. Waiver of California Civil Code Section 1542.

3.1 Releasor, for itself and its Constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3.2 With respect to those Claims being released pursuant to Section 2, Releasor, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any similar state or local statute or ordinance under applicable law or other common law principle of similar effect. For purposes of this Section 3, Releasor shall be considered to be a creditor of the Franchisor Released Parties, and each of them.

3.3 Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. Representations and Warranties. Releasor represents and warrants to Franchisor that, in entering into this Release Agreement, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release Agreement; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

5. Covenants Not to Sue. Releasor irrevocably covenants to refrain and cause each of its Constituents to refrain from asserting any Claim, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released pursuant to this Release Agreement.

6. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasor shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim against any Franchisor Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release Agreement; and (iii) any breach of representations, warranties or covenants by Releasor.

7. Miscellaneous.

7.1 This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

7.2 This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release Agreement.

7.3 This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

7.4 This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.

7.5 All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release Agreement may require. Neither this Release Agreement nor any uncertainty or ambiguity in this Release Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

7.6 Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

7.7 Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

7.8 This Release Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

**“Franchisor”:**

**JBR FRANCHISE CO**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**“Releasor”:**

**“Franchisee”**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**“Affiliate”**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**“Owner”:**

\_\_\_\_\_, an individual

**[Others:]**

\_\_\_\_\_, an individual

**Exhibit D**  
**Guaranty**

## CONTINUING GUARANTY

FOR VALUE RECEIVED, and in consideration of JBR Franchise Co, a Florida corporation (“Franchisor”), [granting a franchise][or][\_\_\_\_\_] to \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), the undersigned, \_\_\_\_\_ and \_\_\_\_\_ ([jointly and severally,] “Guarantor”), agree as follows:

### 1. Guaranty of Obligations.

1.1 Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Franchisee to Franchisor and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or in the future existing or due or to become due, including, without limitation, under or in connection with that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “FA”) and each of the documents, instruments and agreements executed and delivered in connection with the FA or this continuing guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the “Obligations”), and all documents evidencing or securing any of the Obligations. This continuing guaranty (this “Continuing Guaranty”) is a guaranty of payment and performance when due and not of collection.

1.2 In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Franchisor to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys’ fees and expenses) paid or incurred by Franchisor in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guaranty.

2. Continuing Nature Of Guaranty And Obligations. This Continuing Guaranty shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (2) the power or authority or lack thereof of Franchisee to incur the Obligations; (3) the validity or invalidity of any of the Obligations; (4) the existence or non-existence of Franchisee as a legal entity; (5) any statute of limitations affecting the liability of Guarantor or the ability of Franchisor to enforce this Continuing Guaranty, the Obligations or any provision of the Obligations; or (6) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guaranty.

3. Permitted Actions Of Franchisor. Franchisor may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (1) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (2) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (3) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (4) release, waive or compromise any obligation of Guarantor under this Continuing Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (5) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Franchisor shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this Continuing Guaranty; or (6) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

### 4. Specific Waivers.

4.1 Without limiting the generality of any other provision of this Continuing Guaranty, Guarantor expressly waives: (i) notice of the acceptance by Franchisor of this Continuing Guaranty; (ii) notice of the existence, creation, payment, nonpayment, performance or nonperformance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Continuing Guaranty; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Continuing Guaranty or any security for or guaranty of any of the foregoing; (v) any right to direct or affect the manner or timing of Franchisor’s enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon

the taking of any action by Franchisor permitted under this Continuing Guaranty; (vii) any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to Guarantor now or at any time hereafter, including, without limitation, under any suretyship statute of the State of [STATE]; and (viii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2 Guarantor waives all rights and defenses arising out of an election of remedies by Franchisor.

4.3 Guarantor further waives all rights to revoke this Continuing Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guaranty.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Franchisor shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Franchisor shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Non-Competition, Trade Secrets, Interference with Employment Relations; etc. Sections 12.1 (Non-Competition), 12.2 (Trade Secrets), 12.4 (Interference With Employment Relations), and 12.5 (Effect of Applicable Law) of the FA, are incorporated into this Continuing Guaranty by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Continuing Guaranty as a direct and primary obligation of Guarantor.

7. Assignment Of Franchisor's Rights. Franchisor may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guaranty. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guaranty to the same extent as if such assignee or transferee were Franchisor.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Continuing Guaranty be binding upon Franchisor, except as expressly set forth in a writing signed by Franchisor. No action of Franchisor permitted under this Continuing Guaranty shall in any way affect or impair the rights of Franchisor or the obligations of Guarantor under this Continuing Guaranty.

9. Financial Condition Of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Continuing Guaranty based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Franchisor to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guaranty" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Franchisor that this Continuing Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death Of Guarantor; Joint And Several.

11.1 This Continuing Guaranty shall inure to the benefit of Franchisor and its successors and assigns.

11.2 All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Continuing Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Franchisor of a Guarantor's death.

11.3 If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Continuing Guaranty, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Continuing Guaranty shall be joint and several obligations and liabilities of each Guarantor.

11.4 In addition and notwithstanding anything to the contrary contained in this Continuing Guaranty or in any other document, instrument or agreement between or among any of Franchisor, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Continuing Guaranty.

12. Governing Law. This Continuing Guaranty shall be governed by and construed in accordance with the laws of the State of Florida. Wherever possible each provision of this Continuing Guaranty shall be interpreted as to be effective and valid under applicable law, but if any provision of this Continuing Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Continuing Guaranty.

13. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTY.

14. Entire Agreement. This Continuing Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Franchisor not contained in this Continuing Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guaranty. This Continuing Guaranty may only be modified by a writing executed by Guarantor and Franchisor.

IN WITNESS WHEREOF, Guarantor has executed this Continuing Guaranty this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

"Guarantor"

\_\_\_\_\_

\_\_\_\_\_

**Exhibit E**  
**Confidentiality Agreement**

**JEFF'S BAGEL RUN**  
**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**  
**(for persons holding positions with franchisees)**

In consideration of his or her position as \_\_\_\_\_ of \_\_\_\_\_ (“**Franchisee**”), and One Dollar, the receipt of which is acknowledged, the undersigned (“**Receiver**”) hereby acknowledges and agrees that:

1. General. JBR Franchise Co (“**Franchisor**”), has developed a distinctive system relating to the establishment and operation of stores that specialize in the sale of fresh-baked bagels, cream cheeses, specialty coffees and teas, baked sweets and snacks, and other goods, which are established and operated by others under Franchise Agreements with Franchisor.

2. Confidential Information.

(a) General Definition. Receiver will receive valuable proprietary and confidential information, disclosure of which would be detrimental to Franchisor and Franchisee, which may include, without limitation, recipes, preparation techniques, financial data, product plans, price lists, prices, names, business or marketing plans, manufacturing processes, technical data, computer programs, machinery and equipment, systems, products, projects, research and development data, customer identities and technical and business materials (collectively, the “**Confidential Information**”). Confidential Information may include information in written, oral or machine readable form, and shall be deemed confidential hereunder regardless of the presence or absence of any stamp or other designation of confidentiality accompanying such information. This list of Confidential Information is illustrative only, and does not include all matters considered confidential by Franchisor and Franchisee.

(b) Exclusions. Confidential Information does not include information that:

(i) is in, or becomes in, the public domain without violation of any agreement by the Receiver or any other person, or

(ii) was known to Receiver prior to disclosure thereof to Receiver as evidenced by written records; provided Receiver gives Franchisor written notice and evidence of such prior knowledge within thirty (30) days after receiving otherwise Confidential Information, or

(iii) is disclosed to the Receiver by a third party under no obligation of confidentiality to Franchisor or Franchisee and without violation of any agreement by Receiver or any other person, including the third party.

3. Term. This Agreement shall remain in full force and effect and shall survive the termination of Receiver’s employment (or other position or capacity) with Franchisee.

4. Disclosure; Copies. Receiver shall not: (a) disclose such Confidential Information to any person, company or entity, other than as required by Receiver’s duties in his or her position with Franchisee; or (b) copy, photograph or make other facsimiles or drawings of the Confidential Information.

5. Use. Receiver will not sell, utilize, implement, appropriate or otherwise use the Confidential Information for any purpose whatsoever, or permit the use of the Confidential

Information by others for any purpose whatsoever, without the express written permission of Franchisor.

6. Forced Disclosure. Notwithstanding any other provisions in this Agreement, Receiver may disclose Confidential Information to the extent required by any applicable law, regulation, or court or governmental order; provided that Receiver gives Franchisor and Franchisee reasonable advance written notice of any request or demand for such disclosure and the opportunity to contest such law, regulation or order.

7. Return of Information. Receiver acknowledges and agrees that all Confidential Information furnished hereunder shall be and remain the property of Franchisor. Upon demand, any and all Confidential Information and copies thereof must be returned to Franchisor, or to Franchisee at Franchisor's direction.

8. Non-Competition. While in his or her position with Franchisee, and for a period of 24 months after Receiver ceases to be in that position, Receiver will not:

(a) do anything which may injure Franchisee or Franchisor, such as: (a) divert or attempt to divert actual or prospective customers to a competitor business selling competitive services; (b) employ or seek to employ anyone employed by Franchisee, Franchisor or other franchisees of Franchisor; or (c) cause or encourage any employee of Franchisee, Franchisor or other franchisees of Franchisor to leave his or her employment, other than in the normal course of my duties with Franchisee.

9. Enforcement. Receiver acknowledges and agrees that disclosure or misappropriation of Confidential Information in violation of this Agreement may cause Franchisor and/or Franchisee irreparable harm, the effect of which may be difficult to ascertain, and agrees therefore that Franchisor and/or Franchisee shall be entitled to injunction and/or specific performance in addition to all other remedies otherwise available at law or equity. If it becomes necessary to enforce the terms of this Agreement, Receiver shall be obligated to pay any and all costs reasonably incurred by Franchisor and/or Franchisee in pursuing such enforcement, including attorneys' fees and court costs.

10. Waiver. The failure of Franchisor or Franchisee in any one or more instances to insist upon strict performance of any of the terms or provisions of this Agreement, or to exercise any option herein conferred, shall not be construed as a waiver or relinquishment, to any extent, of the right to assert or rely upon any such terms, provisions or options on any future occasion.

11. Severability. Any provision of this Agreement which is rendered unenforceable by a court of competent jurisdiction shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective any or all of the remaining provisions of this Agreement.

12. Choice of Law. This Agreement shall be construed under the laws of the State in which Franchisee's store is located. The only way this Agreement can be changed is in a writing signed by both Franchisee and Receiver.

13. Successors. This Agreement shall be binding upon and inure to the benefit of Franchisor, Franchisee, Receiver, and their respective successors and assigns.

14. Entire Agreement. This Agreement constitutes the entire agreement by Receiver in regard to the confidentiality of matters disclosed pursuant to this Agreement, and supersedes any prior oral or written representations in regard to said matters.

**“RECEIVER”**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit F**  
**Table of Contents of Manuals**

# **Jeff's Bagel Run Franchise Manual**

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**Exhibit G**  
**State Addenda**

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

YOU MUST SIGN A GENERAL RELEASE 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 31505). 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).

Neither JBR Franchise Co, nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information.

*Fee Deferral:* The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

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. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

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.

**ADDENDUM TO JBR FRANCHISE CO FRANCHISE AGREEMENT  
(State of California)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR Franchise Co, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR Franchise Co Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Franchise Agreement”).
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee’s Jeff’s Bagel Run Store opens to the public.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

**“Company”**  
JBR Franchise Co

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

Payment of all initial fees payable under the Franchise Agreement, and/or Area Development Agreement is deferred until JBR Franchise Co has satisfied its pre-opening obligations to you under the Franchise Agreement and/or Area Development Agreement and your Jeff's Bagel Run Store opens to the public.

Illinois Law governs the Agreements.

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.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, and the compensation requirements thereunder.

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.

**ADDENDUM TO  
JBR FRANCHISE CO FRANCHISE AGREEMENT  
(State of Illinois)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR FRANCHISE CO a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR FRANCHISE CO Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Franchise Agreement”).
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

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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.

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No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

**[SIGNATURE PAGE TO FOLLOW]**

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

**“Company”**

**JBR FRANCHISE CO**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

**ADDENDUM TO JBR FRANCHISE CO AREA DEVELOPMENT AGREEMENT  
(State of Illinois)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR FRANCHISE CO, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR FRANCHISE CO Area Development Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Development Agreement”).
2. The parties wish to modify the Development Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Development Agreement as follows:

Notwithstanding anything to the contrary set forth in the Area Development Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Development Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee’s first Jeff’s Bagel Run Store opens to the public.

Illinois Law governs the Agreements.

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.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, and the compensation requirements thereunder.

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 acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

**[SIGNATURE PAGE TO FOLLOW]**

Except as set forth herein, the Area Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

**“Company”**

JBR FRANCHISE CO

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body of the disclosure document:

1. Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17.

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

3. Item 17.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17.

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. 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.

**ADDENDUM TO JBR FRANCHISE CO FRANCHISE AGREEMENT  
(State of Maryland)**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Franchise Agreement, JBR Franchise Co and Franchisee agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee's Jeff's Bagel Run Store opens to the public.
2. Release. Sections 3.4.5, 13.2 and 13.4 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
3. Consent to Jurisdiction. Section 14 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 22 of the Franchise Agreement is amended by the addition of the following at the end of such Section: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."
6. Construction. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

"Company"

JBR Franchise Co ,  
a Florida corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

"Franchisee"

\_\_\_\_\_,

an individual

a general partnership;

a limited partnership;

a limited liability company;

a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO JBR FRANCHISE CO AREA DEVELOPMENT AGREEMENT  
(State of Maryland)**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Area Development Agreement, JBR Franchise Co, a Florida corporation and \_\_\_\_\_ Franchisee agree to amend the Area Development Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Area Development Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Development Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee's first Jeff's Bagel Run Store opens to the public.
2. Release. Sections 4.4.5, 6.3.4 and 7.2.2(j) of the Area Development Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
3. Consent to Jurisdiction. Sections 8.3.2, 11.8, and 13.3 of the Area Development Agreement are amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 14 of the Area Development Agreement is amended by the addition of the following at the end of such Section: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."
6. Construction. In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

"Company"

JBR Franchise Co,  
a Florida corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

"Franchisee"

\_\_\_\_\_,

an individual

a general partnership;

a limited partnership;

a limited liability company;

a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

1. Item 13, "Trademarks," shall be amended by the addition of the following:

We will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

**ADDENDUM TO JBR FRANCHISE CO FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR Franchise Co, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR Franchise Co Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Franchise Agreement”).
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

2. With respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.4.5, 13.2.3, and 13.4.1 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the Minnesota Franchise Act.

4. Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a jury trial. The provision in Section 19.14 of the Franchise Agreement waiving your rights to a jury trial is hereby deleted and shall have no force or effect.

5. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particularly Section 11.5 thereof, Company will indemnify Franchisee for all costs and expenses it incurs in any action or proceeding brought against Franchisee by any third party as a result of Franchisee’s authorized use of Company’s trademarks.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

“Company”

JBR Franchise Co,  
a Florida corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;  
[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT  
FOR THE STATE OF 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 SERVICES 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 CAN NOT 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 added at the end of Item 3:

With the exception of what is stated 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, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of 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; it being the intent of this proviso 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 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 earlier 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.

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT FOR THE STATE OF NORTH  
DAKOTA**

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

a. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

b. Situs of Arbitration Proceedings: Franchise Agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisee’s business.

c. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

d. Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

e. Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

f. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

g. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

h. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement.

i. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

2. Item 17(r) in the table is modified by adding the following to the summary description opposite the subsection entitled “Non-competition covenants after the franchise is terminated or expires”:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

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.

**ADDENDUM TO JBR FRANCHISE CO FRANCHISE AGREEMENT FOR THE STATE OF NORTH  
DAKOTA**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR Franchise Co, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR Franchise Co Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Franchise Agreement”).

2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.4.5, 13.2 and 13.4 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the North Dakota Franchise Investment Law.

2. The following caveat is added to Article 15:

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties

3. The following caveat is added to Section 12.1:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 12.2.3 and Articles 18 and 19 thereof, the Franchise Agreement and the legal relations among the parties to the Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

5. The following caveat is added to Sections 12.2.3, and Articles 18 and 19 of the Franchise Agreement:

“The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.”

6. Sections 18.1 and 18.2 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“The site of the arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee’s place of business.”

7. Section 19.14 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.”

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.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

“Company”

JBR Franchise Co,  
a Florida corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_

- an individual
- a general partnership;
- a limited partnership;
- a limited liability company;
- a corporation;

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

**ADDENDUM TO JBR FRANCHISE CO AREA DEVELOPMENT AGREEMENT FOR THE STATE OF NORTH DAKOTA**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR Franchise Co, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR Franchise Co Area Development Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Development Agreement”).

2. The parties wish to modify the Development Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Development Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Development Agreement, and in particular Sections 4.4.5, 6.3.4 and 7.2.2 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the North Dakota Franchise Investment Law.

2. The following caveat is added to Section 8:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

3. Notwithstanding anything to the contrary set forth in the Development Agreement, and in particular Articles 10 and 11 thereof, the Development Agreement and the legal relations among the parties to the Development Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

4. The following caveat is added to Articles 10 and 11 of the Area Development Agreement:

“The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies”

5. Sections 10.1 and 10.2 of the Development Agreement are amended by the addition of the following language to the original language that appears therein:

“The site of the arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee’s place of business.”

6. Section 11.15 of the Development Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.”

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.

Except as set forth herein, the Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

**“Company”**

**JBR FRANCHISE CO**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT  
FOR THE STATE OF SOUTH DAKOTA**

Payment of all initial fees payable under the Franchise Agreement, and/or Area Development Agreement is deferred until JBR Franchise Co has satisfied its pre-opening obligations to you under the Franchise Agreement and/or Area Development Agreement and your Jeff's Bagel Run Store opens to the public.

**ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for JBR Franchise Co for use in the Commonwealth of Virginia shall be amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Additional Disclosure: The following statements are added to Item 17.h:

Under 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.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

**ADDENDUM TO JBR FRANCHISE CO FRANCHISE AGREEMENT  
(State of Virginia)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR Franchise Co, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR Franchise Co Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Franchise Agreement”).
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee’s Jeff’s Bagel Run Store opens to the public.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

**“Company”**  
JBR Franchise Co

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

**ADDENDUM TO JBR FRANCHISE CO AREA DEVELOPMENT FRANCHISE AGREEMENT  
(State of Virginia)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between JBR Franchise Co, a Florida corporation (“Company”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a JBR Franchise Co Area Development Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Area Development Agreement”).
2. The parties wish to modify the Area Development Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Area Development Agreement as follows:

1. The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the area development agreement.

Except as set forth herein, the Area Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

**“Company”**  
JBR Franchise Co

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_,  
[ ] an individual;  
[ ] a \_\_\_\_\_ general partnership;  
[ ] a \_\_\_\_\_ limited partnership;  
[ ] a \_\_\_\_\_ limited liability company;  
[ ] a \_\_\_\_\_ corporation

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_, and individually

## **ADDENDUM TO JBR FRANCHISE CO DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

**ADDENDUM TO JBR FRANCHISE CO FRANCHISE AGREEMENT FOR THE STATE OF  
WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

[SIGNATURE PAGE FOLLOWS]

The undersigned does hereby acknowledge receipt of this addendum.

“Company”

“Franchisee”

**JBR Franchise Co, a Florida corporation**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

an individual

a general partnership;

a limited partnership;

a limited liability company;

a corporation;

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

**Exhibit H**  
**Financial Statements**

THE UNAUDITED FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

# JBR FRANCHISE CO

## Balance Sheet

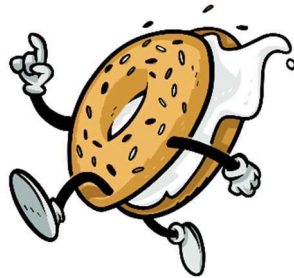
As of June 30, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
JBR FRANCHISE CO (5660) - 1	7,663.72
<b>Total Bank Accounts</b>	<b>\$7,663.72</b>
Other Current Assets	
Inventory Asset	7,011.67
<b>Total Other Current Assets</b>	<b>\$7,011.67</b>
<b>Total Current Assets</b>	<b>\$14,675.39</b>
Fixed Assets	
Intangible Assets	300,028.00
Tools, machinery, and equipment	0.00
<b>Total Fixed Assets</b>	<b>\$300,028.00</b>
<b>TOTAL ASSETS</b>	<b>\$314,703.39</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	\$22,060.02
Other Current Liabilities	\$1,955,221.71
<b>Total Current Liabilities</b>	<b>\$1,977,281.73</b>
Long-Term Liabilities	\$0.00
<b>Total Liabilities</b>	<b>\$1,977,281.73</b>
Equity	\$ -1,662,578.34
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$314,703.39</b>

# JBR FRANCHISE CO

## Profit and Loss January - June, 2024

	TOTAL
Income	
Sales	20,000.00
<b>Total Income</b>	<b>\$20,000.00</b>
GROSS PROFIT	<b>\$20,000.00</b>
Expenses	
Advertising & marketing	36,819.92
Business licenses	150.00
Contract labor	29,710.80
Insurance	12,946.67
Legal & accounting services	90,489.54
Meals	367.92
Office expenses	23,021.50
Software & apps	52,802.61
<b>Total Office expenses</b>	<b>75,824.11</b>
Payroll expenses	91.81
Taxes	70,467.77
Wages	870,548.16
<b>Total Payroll expenses</b>	<b>941,107.74</b>
Reimbursements	0.00
Stripe Fees	19,451.84
Travel	2,150.48
Uber Fee	1,229.13
<b>Total Expenses</b>	<b>\$1,210,248.15</b>
NET OPERATING INCOME	<b>\$ -1,190,248.15</b>
NET INCOME	<b>\$ -1,190,248.15</b>



**JBR FRANCHISE CO**  
**Financial Statements**  
**For the Period from March 13, 2023 (Inception)**  
**Through December 31, 2023**  
**With Independent Auditor's Report**

**JBR Franchise Co**  
**Table of Contents**  
**December 31, 2023**

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Statement of Operations	4
Statement of Stockholders' Deficit	5
Statement of Cash Flows	6
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
JBR Franchise Co:

### Opinion

We have audited the accompanying financial statements of JBR Franchise Co (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, stockholders' deficit, and cash flows for the period from March 13, 2023 (inception) through December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and the results of its operations and its cash flows for the period from March 13, 2023 (inception) through December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

*Withum Smith & Brown, PC*

March 19, 2024

**JBR Franchise Co**  
**Balance Sheet**  
**December 31, 2023**

---

**Assets**

Current assets	
Cash	\$ 25,949
Due from stockholder	200,458
Total current assets	<u>226,407</u>
Intangible assets	<u>300,000</u>
Total assets	<u>\$ 526,407</u>

**Liabilities and Stockholders' Deficit**

Current Liabilities	
Accounts payable	\$ 4,165
Accrued expenses	11,588
Line of credit	984,776
Total liabilities	<u>1,000,529</u>
Stockholders' deficit	
Common stock, \$0.00001 par value, 8,000,000 shares authorized, issued and outstanding	80
Additional paid-in capital	299,948
Retained Deficit	<u>(774,150)</u>
Total stockholders' deficit	<u>(474,122)</u>
Total liabilities and stockholders' deficit	<u>\$ 526,407</u>

The Notes to Financial Statements are an integral part of this statement.

**JBR Franchise Co**  
**Statement of Operations**  
**For the Period from March 13, 2023 (Inception) through December 31, 2023**

---

<b>Revenues</b>	<u>\$ -</u>
<b>Operating expenses</b>	
Advertising and marketing	13,557
Bank and merchant fees	2,777
Insurance	906
Office expenses	22,219
Professional Fees	112,062
Salaries and wages	576,002
Travel and entertainment	<u>14,691</u>
Total operating expenses	742,214
<b>Other expenses</b>	
Interest expense	<u>31,936</u>
<b>Net loss</b>	<u>\$ (774,150)</u>

The Notes to Financial Statements are an integral part of this statement.

**JBR Franchise Co**  
**Statement of Stockholders' Deficit**  
**For the Period from March 13, 2023 (Inception) through December 31, 2023**

---

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Deficit</u>	<u>Total Stockholders' Deficit</u>
<b>Balance, inception</b>	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	80	299,948		300,028
Net loss	<u>-</u>	<u>-</u>	<u>(774,150)</u>	<u>(774,150)</u>
<b>Balance, December 31, 2023</b>	<u>\$ 80</u>	<u>\$ 299,948</u>	<u>\$ (774,150)</u>	<u>\$ (474,122)</u>

The Notes to Financial Statements are an integral part of this statement.

**JBR Franchise Co**  
**Statement of Cash Flows**  
**For the Period from March 13, 2023 (Inception) through December 31, 2023**

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**Operating activities**

Net loss	\$ (774,150)
Adjustments to reconcile net loss to net cash used in operating activities	
Changes in assets and liabilities	
Due from stockholder	(200,458)
Accounts payable	4,165
Accrued expenses	11,588
Net cash used in operating activities	<u>(958,855)</u>

**Investing activities**

Investments in intangible assets	<u>(300,000)</u>
----------------------------------	------------------

**Financing activities**

Issuance of common stock	300,028
Net borrowings on line of credit	<u>984,776</u>
Net cash provided by financing activities	<u>1,284,804</u>

Net change in cash	25,949
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**Cash**

Beginning of period	<u>-</u>
End of period	<u>\$ 25,949</u>

**Supplemental disclosures of cash flow information**

Cash paid for interest	<u>\$ 2,160</u>
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The Notes to Financial Statements are an integral part of this statement.

**JBR Franchise Co**  
**Notes to Financial Statements**  
**December 31, 2023**

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**1. BUSINESS OPERATIONS**

JBR Franchise Co (the “Company”) is a Florida corporation that was formed on March 13, 2023, whose planned principal business is to offer franchises nationally for the operation of bagel restaurants. The Company’s activities are subject to significant risks and uncertainties, including failing to sell additional franchises to fully operationalize the Company.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies followed by the Company in the preparation of the accompanying financial statements are summarized below.

**Cash**

The Company considers all short-term investments with an original maturity at date of purchase of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2023.

**Concentrations**

The Company has cash balances at a financial institution, which throughout the year may exceed the federal insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company’s financial condition, results of operations and cash flows.

**Income Taxes**

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis.

Accounting principles generally accepted in the United States of America (“GAAP”) prescribe requirements for recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Company in its tax returns. While management believes it has complied with the Internal Revenue Code and the revenue code of various states, the sustainability of some income tax positions taken by the Company in its tax returns may be uncertain. There are a minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Company has any material uncertain tax positions at December 31, 2023.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

**Use of Estimates**

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

**Intangible Assets**

Intangible assets consists of intellectual property acquired from Jeff’s Bagel Run brand and concepts and is tested annually for impairment by first assessing the qualitative factors to determine whether the existence of events or circumstances leads to a determination that is more likely than not the fair value is less than its carrying amount. During the period of March 13, 2023 (inception) through December 31, 2023, the Company recognized no impairment related to its intellectual property.

**JBR Franchise Co**  
**Notes to Financial Statements**  
**December 31, 2023**

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**Advertising and Marketing Costs**

Advertising and marketing costs are charged to operations as incurred. Advertising and marketing expenses amounted to \$13,557 for the period of March 13, 2023 (inception) through December 31, 2023.

**Subsequent Events**

The Company has evaluated subsequent events occurring after the balance sheet date through the date of March 19, 2024, which is the date the financial statements were available to be issued. In January 2024, the Company increased its revolving line of credit from \$1,000,000 to \$1,500,000, see Note 4. In February 2024, the Company signed its first franchise deal outside of the founders. This franchisee is opening in the Houston market and also committed to opening 5 stores by 2027 as part of an area development agreement. The first franchise location in Orlando opened its doors on February 15, 2024.

**3. RELATED PARTY TRANSACTIONS**

Due from stockholder at December 31, 2023, consists of informal, non interest bearing advances, which are in the nature of trade receivables, due on demand.

The Company has access to a line of credit from a company affiliated with one of its stockholders (see Note 4).

**4. LINE OF CREDIT**

On July 21, 2023, The Company received a revolving line of credit in the amount of \$1,000,000 from JW Lending LLC, a company affiliated with one of its stockholders. The line is due on demand and carries interest at the secured overnight finance rate plus 5.00% (10.38% as of December 31, 2023). As of December 31, 2023 the Company has borrowed \$984,776 against the line of credit, including accrued interest of \$29,776.

On January 26, 2024, the Company received an increase in the line of credit from \$1,000,000 to \$1,500,000. All other terms and conditions of the line remain unchanged.

**5. INCOME TAXES**

The provision for income taxes for the period of March 13, 2023 (Inception) through December 31, 2023 consists of the following:

Current expense (benefit)	\$ -
Deferred expense (benefit)	<u>(196,209)</u>
Total	<u>\$ (196,209)</u>

Deferred income tax assets and liabilities at December 31, 2023, reflect the net tax effects of temporary differences between carrying amounts of assets and liabilities and their respective tax bases. The more significant components that result in deferred tax assets and liabilities are net operating loss carryovers. Such deferred income tax assets and liabilities consist of the following as of December 31, 2023:

Total deferred income tax asset	\$ 196,209
Less: Valuation allowance	<u>(196,209)</u>
	-
Total deferred income tax liability	<u>-</u>
	<u>\$ -</u>

**JBR Franchise Co**  
**Notes to Financial Statements**  
**December 31, 2023**

---

At December 31, 2023, the Company has federal and state net operating loss (“NOLs”) carryforwards of approximately \$774,000 available to offset future taxable income.

**6. OPERATING LOSS AND MANAGEMENT’S PLAN**

The Company had an operating loss of \$774,150 for the period from inception (March 13, 2023) through December 31, 2023.

**7. MANAGEMENT’S PLAN**

The Company’s management and Board of Directors have reviewed the current financial position and results of operations and have developed a plan to address the deficit of \$774,150 created by the operating loss. In January 2024, the Company increased its revolving line of credit from \$1,000,000 to \$1,500,000. In February 2024, the Company signed its first franchise deal outside of the founders. This franchise is opening in the Houston market and is also committed to opening five stores by 2027 as part of an area development agreement. The first franchise location in Orlando opened its doors on February 15, 2024, which will begin to bring in royalty revenue. In addition, there are two new Orlando locations set to open in March and April 2024, respectively, both poised to start generating royalty revenue. The Company is projecting 14 franchise locations to open in 2024, with an estimated total royalty revenue of \$420,000.

The Company’s ability to fund operations is dependent upon the success of management’s plans. The accompanying financial statements do not include any adjustments that might be necessary related to recoverability or classification of recorded assets or the amounts or classification of liabilities in the event management’s plans are not successful.

**Exhibit I  
System Information**

**Franchised Locations**

**Company and Affiliate Owned Locations**

2787 Old Winter Garden Rd, Ocoee, FL 34761  
Phone: (407) 717-8689

4339 Edgewater Dr. Orlando, FL 32804  
Phone: (407) 930-0175

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

**Exhibit J**  
**Agents for Service of Process and State Administrators**

## STATE ADMINISTRATORS

Commissioner of Department of Financial  
Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
(866) 275-2677 Toll Free  
Ask.DFPI@dfpi.ca.gov

Hawaii Commissioner of Securities  
Department of Commerce & Consumer  
Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

Chief  
Franchise Bureau  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62701  
(217) 782-4465

Franchise Section  
Indiana Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

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

Michigan Dept. of Attorney General  
Franchise Section  
Physical: 525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913

Mailing: PO Box 30213  
Lansing, MI 48909  
(517) 335-7622

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
Saint Paul, Minnesota 55101  
(651) 539-1600

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005  
(212) 416-8000

Franchise Examiner  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fifth Floor,  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Director of the Rhode Island  
Department of Business Regulation  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9500

Division of Insurance  
124 S. Euclid Avenue 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501-3185  
(605) 773-3563

State Corporation Commission  
Division of Securities and Retail  
Franchising  
1300 E. Main Street, Ninth Floor  
Richmond, Virginia 23219  
(804) 371-9051

Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Rd. SW  
Tumwater, Washington 98501  
(360) 902-8760

Department of Financial Institutions  
Division of Securities  
Franchise  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 261-0448

## **AGENTS FOR SERVICE OF PROCESS**

Commissioner of the Department of  
Financial Protection and Innovation  
2102 Arena Blvd.  
Sacramento, CA 95834

Hawaii Commissioner of Securities  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

Illinois Attorney General Office  
500 South Second Street  
Springfield, Illinois 62701

Indiana Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204

Maryland Securities Commissioner  
200 Saint Paul Place  
Baltimore, Maryland 21202

Michigan Department of Commerce  
Corporations and Securities Bureau  
Mailing: P.O. Box 30018  
Lansing, MI 48909  
Physical: 2407 N. Grand River Ave  
Lansing, MI 48906

Commissioner of Commerce  
State of Minnesota  
Department of Commerce  
Registration Division  
85 7th Place East Suite 280  
Saint Paul, Minnesota 55101

Secretary of State  
New York Department of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001

North Dakota Securities Commissioner  
600 East Boulevard Avenue  
State Capitol, 5th Floor  
Bismarck, North Dakota 58505-0510

Oregon  
Director of the Department of Consumer and  
Business Services  
350 Winter Street NE  
Salem, OR 97310  
(503) 378-4100

Director of Business Regulation  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

Director of the Division of Insurance  
Securities Regulation  
Department of Labor and Regulation  
124 South Euclid Avenue, 2nd Floor  
Pierre, South Dakota 57501

Clerk, State Corporation Commission  
1300 East Main Street, First Floor  
Richmond, Virginia 23219

Administrator of Securities  
Department of Financial Institutions  
150 Israel Rd. SW  
Tumwater, WA 98501

Division of Securities  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-0448

In all other states:

Min Cho  
4190 Millenia Boulevard  
Orlando, Florida 32839

**Exhibit K**  
**Participation Agreement**

Form of Participation Agreement

PARTICIPATION AGREEMENT

This Participation Agreement is entered into as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between the undersigned ("Customer"), as owner or operator of certain establishments (the "Customer Locations") and \_\_\_\_\_, Inc. (the "Distributor ") on behalf of Sysco Corporation and certain of its operating subsidiaries and affiliated companies (collectively, "Sysco"). Sysco is approved to provide distribution services to Customer, as a franchisee of or member of a company providing procurement services through \_\_\_\_\_ or any of its affiliates (the "Master Organization") pursuant to that certain Master Services Agreement entered into between Sysco and the Master Organization (the "MSA"). All capitalized terms not otherwise defined in this Agreement will have the meanings ascribed to them under the MSA. Customer and Sysco agree as follows:

1. Binding Nature of the MSA/Term. Customer acknowledges and agrees: (i) Sysco's distribution of Products to Customer Locations will be pursuant to the MSA between Sysco and Master Organization and (ii) to be bound by the terms of the MSA, as amended by time to time between Sysco and the Master Organization. This Participation Agreement will end upon the termination of the MSA, unless this Participation Agreement is earlier terminated under the terms of the MSA. Sysco or Customer may terminate this Participation Agreement for a material breach by the other party with one hundred and eighty (180) days' prior written notice describing such failure, unless such failure is cured within such one hundred eighty (180)-day period. Sysco may immediately terminate this Participation Agreement (1) for Customer's failure to pay any amounts due to Sysco or (2) if Sysco becomes aware of any circumstances that, in Sysco's judgment, materially impact Customer's ability to meet its financial obligations when due.

2. Payment Terms. Payment terms are established in the separate Credit Application executed and submitted by Customer to Sysco. If Customer fails to make payment when due, Sysco may immediately, upon written notice to Customer, condition future deliveries upon more stringent payment terms, including, without limitation, cash in advance, cash on delivery, guaranties to Sysco, and/or pledging of collateral, etc.

3. Release. Customer agrees that Sysco's ability to perform services for Customer under this Agreement is expressly contingent upon the Master Organization's approval for it to do so. Accordingly, Customer hereby releases Sysco and each of its respective officers, employees, and directors from any and all losses, damages, or claims ("Claims") that Customer may have or suffer as a result of (i) Sysco's discontinuance of services, in whole or in part, to Customer as a result of notice or instructions from the Master Organization and (ii) Sysco's sharing of information with the Master Organization concerning purchases by Customer, Customer's accounts receivable with Sysco, and other similar matters relating to Sysco's relationship with Customer relating to the MSA. Customer further releases Sysco from any Claims arising from Sysco's payment of allowances or other compensation to the Master Organization or its designee, based, in whole or in part, upon sales of Product to Customer. Customer specifically consents to disclosure of the information described in clause (ii).

4. Warranties. Except as expressly provided in this Participation Agreement, SYSCO MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING WITHOUT LIMITATION. In no event will either Sysco or Customer be liable FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY SORT.

5. Waiver of Jury Trial. Customer affirmatively waives its right to jury trial with respect to any disputes, claims or controversies of any kind whatsoever under this Agreement or the MSA.

Effective as of the date first above written.

CUSTOMER

DISTRIBUTOR

\_\_\_\_\_

SYSCO CENTRAL FLORIDA, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit L**  
**Receipts**

### State Effective Dates

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:

<b>State</b>	<b>Effective Date</b>
California	June 13, 2024
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	May 29, 2024
South Dakota	May 15, 2024
Virginia	Not Registered
Washington	Not Registered
Wisconsin	May 7, 2024

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.

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If JBR offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Several states, including New York, require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan and Oregon, require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If JBR does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit J.

The franchisor is: JBR Franchise Co. 4190 Millenia Boulevard, Orlando, Florida 32839

The name, principal business address and telephone number of each Franchise Seller offering the Franchise:

Eric Kirby, 4190 Millenia Boulevard, Orlando, Florida 32839 (407) 213-1337

Issuance Date: May 6, 2024

We authorize the agents listed in Exhibit J to receive service of process for us.

I have received a Disclosure Document dated May 6, 2024. This Disclosure Document includes the following Exhibits:

Exhibit A – Franchise Agreement  
Exhibit B – Area Development Agreement  
Exhibit C – General Release  
Exhibit D – Guaranty  
Exhibit E – Confidentiality Agreement  
Exhibit F – Table of Contents of Manuals  
Exhibit G – State Addenda

Exhibit H – Financial Statements  
Exhibit I - System Information  
Exhibit J – Agents for Service of Process and State Administrators  
Exhibit K – Participation Agreement  
Exhibit L Receipts

DATED: \_\_\_\_\_  
SIGNED: \_\_\_\_\_  
NAME: \_\_\_\_\_  
E-MAIL: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
PHONE: \_\_\_\_\_

Keep this copy for your records. This disclosure document may be available in several formats including on paper, on a CD, in pdf format or on our website: [www.jeffsbagelrun.com](http://www.jeffsbagelrun.com)

RECEIPT

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Exhibit L- Receipts

DATED: \_\_\_\_\_  
SIGNED: \_\_\_\_\_  
NAME: \_\_\_\_\_  
E-MAIL: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
PHONE: \_\_\_\_\_

Keep this copy for your records. This disclosure document may be available in several formats including on paper, on a CD, in pdf format or on our website: [www.jeffsbagelrun.com](http://www.jeffsbagelrun.com)