

## 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 and area development agreement require you to resolve disputes with the franchisor by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in California than in your own state.
2. **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.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
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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# ITEM 1

## THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

### The Franchisor

To simplify the language in this franchise disclosure document (this “Disclosure Document”), “franchisor,” “we,” “us,” or “our” means Peet’s Coffee Franchise, LLC, the franchisor. “You” means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Franchise Agreement (as defined below) and Area Development Agreement (as defined below) and other agreements as described in this Disclosure Document.

We are a Delaware limited liability company. We began offering franchises of the type described in this Disclosure Document in November 2024. We do business under our corporate name and as “Peet’s Coffee.” Our principal business address is 1400 Park Avenue, Emeryville, California 94608, and our phone number is (510) 518-6101. We do not own or operate any Peet’s Stores (defined below), though our affiliates do. We do not offer franchises in any other lines of business. We do not conduct any business activities other than described in this Disclosure Document. We do not have any predecessors.

A list of the names and addresses of our agents for service of process is attached to this Disclosure Document as Exhibit A.

### Our Parents

Our immediate parent is Peet’s Coffee, Inc. (“PCI”). PCI owns the [Peet’s Coffee® and other trademarks, service marks, logos, and commercial symbols we periodically authorize \(the “Marks \(as defined below\)”](#)) and provides trademark license rights in the Marks to us, enabling us to license those Marks to franchisees. PCI is also a designated supplier to franchisees for certain products and merchandise, including proprietary coffee beans and tea, beverage menu ingredients, branded paper goods, condiments, smallwares, and branded merchandise and packaged food. PCI has owned and operated Peet’s Stores since 1996. PCI has offered and sold licenses (by exemption) for Peet’s Stores since 2001. PCI has not granted franchises or licenses for any concepts other than Peet’s Stores. As of December 31, 2023, in the United States, 56 licensed Peet’s Stores operated under contract with PCI; [These licensed locations use the Peet’s Coffee® brand but are operationally distinct because they operate](#) primarily in non-traditional locations. As of September 30, 2024, 10 licensed Peet’s Stores in the United Arab Emirates and 7 licensed Peet’s Stores in the Kingdom of Saudi Arabia operated under contract with PCI.

PCI’s is majority-owned by Peet’s Coffee & Tea, LLC (“PCT”), which is in turn majority-owned by Peet’s Coffee & Tea HoldCo, Inc. (“HoldCo”), which is in turn wholly-owned by New Oak 2 B.V. (“New Oak”), which is in turn wholly-owned by JDE Peet’s N.V. (“JDEP”). JDEP is a public company traded in the Netherlands. PCI, PCT, and HoldCo each share our principal address. New Oak and JDEP share the principal address of Oosterdoksstraat 80 1011 DK Amsterdam, Netherlands. None of PCT, HoldCo, New Oak, or JDEP own or operate any Peet’s Stores.

Panera Bread (BC) ULC has offered “Panera” franchises in the Canada since 2007, and as of December 26, 2023, there were 9 franchised “Panera Bread” restaurants in operation in Canada. Panera, LLC has its principal place of business at 1400 South Highway Drive, Suite 100, Fenton, Missouri 63026. Panera Bread (BC) ULC, a has its principal place of business at 5625 Timberlea Boulevard, Mississauga, Ontario, Canada.

Pret Intermediate Company, Inc. has offered franchises for restaurants featuring fresh food, coffee, and other beverage offerings under the “Pret A Manger” name since 1986. As of December 31, 2023, there were 181 franchised “Pret A Manger” restaurants in operation. Pret Intermediate Company, Inc. has its principal place of business at 75B, 10 Bressenden Place, London, SW1E 5DH, United Kingdom.

Old Town Kopitiam Sdn Bhd has offered franchises in Asia for cafes offering coffee, teas, baked goods and other beverage and food products under the “Old Town White Coffee” name since 2009. As of December 31, 2023, there were 132 franchised “Old Town White Coffee” cafes in operation. Old Town Kopitiam Sdn Bhd has its principal place of business at Lot 896, Jalan Subang 10, Taman Perindustrian Subang, 47600 Subang Jaya, Selangor, Malaysia.

12 OZ Coffee Joint Srl has offered franchises in Europe for cafes offering coffee, teas, baked goods and other beverage and food products under the “12 OZ” name since 2021. As of December 31, 2023, there were 4 franchised “12 OZ” cafes in operation. 12 OZ Coffee Joint Srl has its principal place of business at Via Borgogna 3, Milano, Italy.

None of the affiliates described above have owned, operated, or offered franchises for Peet’s Stores. Other than as described above, neither we nor any of our affiliates offers franchises for any other concept, though we and they may do so in the future. Except as described above, we do not have any parents, predecessors, or other affiliates required to be disclosed in Item 1.

### **The Franchise We Offer**

We offer and grant franchises for coffee shops offering specialty coffee and espresso drinks, tea and other beverages, coffee beans, food items, and related products and merchandise (each, a “Peet’s Store”). ~~Peet’s Stores operate under the name Peet’s Coffee® and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”). Peet’s Stores are developed and operated using certain specified and distinct business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time (together, the “System”). We call the Peet’s Store that you will operate “your Store.” You must comply with all of the mandatory standards, specifications, operating procedures, and rules that we periodically prescribe for operating a Peet’s Store (“System Standards”).~~

You must sign a franchise agreement with us to acquire the right to develop, own and operate a Peet’s Store (the “Franchise Agreement”) using the Marks ~~and the~~, specified and distinct business formats, methods, procedures, designs, layouts, standards, and specifications, which we may improve, further develop, or otherwise modify (together, the “System”) at a site selected by you and approved by us (the “Premises”). Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit B-1. The franchise offered under this Disclosure Document is for a traditional Peet’s Store with drive-thru. You may not develop any other model of Peet’s Store other than a traditional Peet’s Store with drive-thru without our authorization.

Type of Fee	Amount	Due Date	Remarks <sup>1, 2</sup>
Technology Fee	\$500 per month	Monthly	This fee is for technology that we or our affiliates develop or license to you and for other maintenance, support, and technology development services that we or our affiliates provide, including services associated with your Computer System and/or any System Website (as both terms are defined in Item 11). The amount of this fee is subject to increase up to 10% per year on a compounding basis.
Ongoing Inventory and Supplies Fees	Price of such inventory and supplies you purchase	As incurred	Throughout the term of the Franchise Agreement, you must purchase all Proprietary Blends and branded paper goods, condiments, smallwares for beverage preparation, and branded merchandise and packaged food from PCI.
Interest on Late Payment	Lesser of 1.5% per month or the highest commercial contract rate allowed by law	As incurred	All amounts which you owe us for any reason will bear interest accruing as of their due dates.
Transfer Fee	50% of then-current standard initial franchise fee	As incurred, prior to transfer	You must pay this fee as one of the conditions of transferring your Store, and/or your Franchise Agreement (except that no transfer fee is due if the transfer is from an individual to a wholly-owned and controlled entity, or if the transfer is from a deceased owner to a surviving spouse; provided in each case, other conditions may apply and you must still reimburse us for our costs of processing the transfer, including legal fees).
Renewal Fee	50% of then-current standard initial franchise fee	As incurred, prior to renewal	You must pay this fee as one of the conditions of obtaining a successor franchise upon the expiration of the Franchise Agreement.
Additional Training Fee	\$500 per day per person plus reimbursement of our direct costs including travel	As incurred	You must pay our training fee if: (a) we approve you to send additional attendees to the Initial Training Program (defined in Item 11); (b) we agree to provide additional training for any persons after completion of the Initial Training Program; (c) we provide the Initial Training Program to any new General Manager (defined in Item 15); (c) we require you or Mandatory Trainees (defined in Item 11) to attend additional training because you are not complying with <del>S</del> ystem <del>S</del> tandards; or (d) you request any other additional or special guidance. The amount of this fee is subject to increase by up to 10% per year on a compounding basis.
Non-Approved Product or Vendor Testing	Reimbursement of our costs and expenses	As incurred	We may charge you a fee if you ask us to evaluate any vendors or products that we have not previously approved.

9. Initial Training Program—Mandatory Trainees. You must pay for the transportation, food, lodging, and other expenses that you will incur for your Mandatory Trainees (defined in Item 11) to attend our Initial Training Program. These expenses may vary based on the distance travelled and the standard of living your attendees desire. If you wish to obtain training for any additional employees, or that is beyond the scope of our Initial Training Program, additional training fees may apply. The provided estimates do not account for any additional training fees.

10. Grand Opening Advertising. You must spend at least \$3,000 for a grand opening advertising program for your Store. You must spend this amount in addition to all other amounts you must spend on advertising specified in the Franchise Agreement. However, you may elect to spend more than the minimum amount on your grand opening marketing program. The amount you spend will depend on several factors, including the local market conditions, brand awareness in the surrounding community, the amount of competition in your area, and other factors.

11. Additional Funds – First 3 Months of Operation. This item estimates your initial start-up expenses (other than the items identified separately in the table) for your Store's first 3 months of operation, including inventory and supplies, payroll and benefits, maintenance and repair, cash shortages, as well as other costs for the continued operation of your Store.

~~12. These Total Estimated Initial Investment. The estimated initial investment figures shown above~~ are based on PCI's experience in owning and operating Peet's Stores with drive-thrus in California.

12. Total Estimated Initial Investment. The estimated initial investment figures provided in this table assume that you (or your Managing Owner) are not paid any salary or wages. The estimate does not include the costs associated with any financing.

**YOUR ESTIMATED INITIAL INVESTMENT**  
**(Area Development Agreement)**

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee <sup>1</sup>	\$175,000 to \$262,500	Lump Sum	On Execution of Area Development Agreement	Us
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>2</sup></b>	\$175,000 to \$262,500			

**Explanatory Notes**

1. The actual amount of the Development Fee will depend on the number of Peet's Stores you agree to develop under the Development Schedule as the Development Fee is equal to \$17,500 times the number of Peet's Stores you agree to open. For example, if you agree to open 10 Peet's Stores, the Development Fee would be \$175,000; if you agree to open 15 Peet's Stores, the Development Fee would be \$262,500. We apply this fee, in \$17,500 increments, toward the initial franchise fee due under each Franchise Agreement signed in accordance with the Area Development Agreement. We estimate that area developers would develop between 10 and 15 Peet's Stores.

2. This is the investment necessary to execute an Area Development Agreement, which allows you to obtain certain territorial protections for future development. You must sign our then-current Franchise Agreement for the development of each Peet's Store in your Development Area, and satisfy the development obligations outlined in that Franchise Agreement. See the chart entitled "Your Estimated Initial Investment – Franchise Agreement" for information about the current estimated initial investment under that agreement.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Specifications for Products, Services and Suppliers**

We have developed and may continue to develop ~~S~~system ~~S~~standards for types, models and brands of required fixtures, furniture, equipment, components of the Computer System, furnishings, signs, and other operating assets, inventory, products, materials, and services used by Peet's Stores. We may require you to purchase and use only the products and services meeting our ~~S~~system ~~S~~standards. We may also require you to purchase the products and services only from suppliers that we have designated or approved. We or our affiliates may be an exclusive or approved supplier of products and services.

Our standards and specifications for products and services and criteria for suppliers are not currently issued to franchisees or approved suppliers. We may condition our approval of a product or supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service or other criteria. If you would like us to consider approving a vendor that is not already approved by us, you must submit your request in writing before purchasing any items or services from such vendor. We will make all determinations about whether to approve an alternative vendor based on our then-current criteria, which may change periodically. Currently, we estimate that we will provide notice of our decision to approve or disapprove an alternative supplier within 60 days of receiving the request and all necessary materials for evaluation. We may also refuse to consider and/or approve any alternative vendor for any reason whatsoever. We may charge you a fee if you ask us to evaluate any proposed alternative vendors (currently, the fee is equal to reimbursement of our costs and expenses). We may revoke our approval of any vendor at any time by providing written notice to you. You may not contract with any alternative vendors without receiving our prior approval.

You must purchase your entire initial and ongoing inventory and supply of coffee and tea products and certain other ingredients ("Proprietary Blends") from our affiliate PCI. ~~You must at all times ensure that you have Proprietary Blends available at your Store in sufficient quantity to meet anticipated demand, including during peak periods. If any shortages arise, PCI will allocate its supply of Proprietary Blends among Peet's Stores and other channels of distribution in its sole discretion. You must comply with all of PCI's instructions and policies for ordering Proprietary Blends, which it may modify periodically, and which may include auto-ordering policies. The cost of Proprietary Blends may fluctuate at any time and periodically. PCI may modify any such pricing for Proprietary Blends with 60 days' notice to you. All purchases of Proprietary Blends will be subject to PCI's then-current terms and conditions and credit policies. PCI reserves the right to refuse orders or deny shipment of any Proprietary Blends if you have any past due balance to PCI or to us or our affiliates.~~



You must purchase: (i) Proprietary Blends, branded paper goods, condiments, smallwares, and branded merchandise and packaged food from our affiliate PCI; (ii) the Computer System (including back of house, front of house, and drive-thru software and hardware), machinery (such as a coffee and espresso machines, water filter, ice machine, and refrigerator), serving counters, customer tables, drive-thru items, menu displays, artwork, lighting, smallwares, paper supplies, furniture, lighting, tile and other fixtures, furnishings and equipment from our exclusive designated suppliers; and (iii) your other inventory (including any baked goods, pre-packaged food, and ready to drink beverages), equipment, supplies from suppliers we have approved. We may add, remove, and/or otherwise modify our designated and approved suppliers at any time.

We had no franchisees as of the issuance date of this Disclosure Document (November 6, 2024), and therefore no revenue was collected by us or our affiliates from the sale of products or services to our franchisees in our most recently completed fiscal year. Other than as described in this Item 8, neither we nor our affiliates are suppliers of any required products or services to franchisees, ~~though we may be in the future.~~

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers will represent approximately 95% of your total purchases to establish your Store and 95% of your total purchases to operate your Store.

### **Insurance**

You must maintain in force at your sole expense insurance policies for your Store as required under applicable law and your Lease, and in minimum types and amounts of coverage we require. Currently, our requirements include (i) commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, with coverage including bodily injury, property damage, products liability, foodborne illness, completed operations, independent contractors, personal and advertising liability, contractual, and with sublimits of \$100,000 for cyber coverage and \$100,000 for crime coverage; (ii) commercial umbrella insurance with limits which bring the total of all primary underlying coverages to not less than \$2,000,000 per occurrence, \$2,000,000 per location general aggregate, and \$2,000,000 products liability aggregate; (iii) employment practices liability insurance with a limit of not less than \$1,000,000; (iv) workers' compensation insurance with the statutory minimum coverage amounts, in accordance with laws applicable in the state in which your Store is operated; (v) automobile liability insurance in an amount not less than \$1,000,000 for coverage of all owned, non-owned, and hired vehicles; and (vi) property insurance providing all risk coverage/all risk perils on all assets including but not limited to the building, furniture, fixtures, equipment, inventory, and supplies used in the operation of your franchised business at 100% of its replacement cost value, and not less than 50% of your Gross Sales or 12 months actual loss sustained basis and include extended period of indemnity for 180 days; including Royalties.

~~We may periodically change the minimum amounts of coverage required under these insurance policies or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate). Each insurance policy must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each~~



~~insurance policy must contain a waiver of all subrogation rights against us and any of our affiliates or other designees we specify. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums.~~

### **Purchase Arrangements, Material Benefits, and Revenue**

We may periodically negotiate purchase arrangements with suppliers of products and services to franchisees, including price terms, though we have not currently done so. ~~In the future, you may be required to purchase products or services at a price or on other terms we have negotiated in advance.~~ As of the issuance date of this Disclosure Document ([November 6, 2024](#)), we have not established purchasing or distribution cooperatives, ~~though we may do so in the future.~~ We do not currently provide material benefits to franchisees for purchasing particular products or services or for using particular approved suppliers.

We and/or our affiliates may derive revenue in the form of rebates, vendor promotions, or other consideration from suppliers based on your purchases and leases of certain products and services, though currently neither we nor our affiliates do so.

As of the issuance date of this Disclosure Document ([November 6, 2024](#)), none of our officers own any interest in any of the approved suppliers, other than in PCI.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement and Area Development Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this Disclosure Document.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
(a) Site selection and acquisition/lease	Franchise Agreement - Sections 2.A and 2.B	Item 11
	Area Development Agreement – Section 2	
(b) Pre-opening purchases/leases	Franchise Agreement - Sections 2.B and 2.C	Item 5, 7, 8, and 11
	Area Development Agreement – N/A	
(c) Site development and other pre-opening requirements	Franchise Agreement - Section 2	Items 7, 8, and 11
	Area Development Agreement – Section 2	
(d) Initial and ongoing training	Franchise Agreement - Section 4	Items 6, 7, and 11
	Area Development Agreement – N/A	

Obligation	Section in Agreement	Item in Disclosure Document
(e) Opening	Franchise Agreement - Sections 2.C	Item 11
	Area Development Agreement – N/A	
(f) Fees	Franchise Agreement - Section 3	Items 5, 6, 7, and 11
	Area Development Agreement – Sections 2.A and 2.C	
(g) Compliance with standards and policies/operating manual	Franchise Agreement - Sections 4.C, 4.D and 8	Items 8, 11, and 16
	Area Development Agreement – N/A	
(h) Trademarks and proprietary information	Franchise Agreement - Sections 5 and 6	Items 13 and 14
	Area Development Agreement – Section 3.A	
(i) Restrictions on products/services offered	Franchise Agreement - Sections 8.C, 8.E, and 8.H	Items 8, 11, 12, and 16
	Area Development Agreement – N/A	
(j) Warranty and customer service requirements	Franchise Agreement - Sections 8.F	Item 11
	Area Development Agreement – N/A	
(k) Territorial development and sales quotas	Franchise Agreement - Section 1.E	Item <del>1</del> <u>12</u>
	Area Development Agreement – Section 1.D	
(l) On-going product/service purchases	Franchise Agreement - Sections 8.E and 8.F	Items 6 and 8
	Area Development Agreement – N/A	
(m) Maintenance, appearance and remodeling requirements	Franchise Agreement - Sections 8.A, 8.B and 11.A	Items 6, 8, 11, and 17
	Area Development Agreement – N/A	

~~If we establish the Brand Fund, there is no guarantee that you or your Store will benefit from Brand Fund expenditures directly or in proportion to your Brand Fund Contribution.~~ We are not required to spend any amount on marketing within any particular market. If we establish the Brand Fund, we will have exclusive control over all programs and services administered by the Brand Fund, including over the creative concepts, materials, and campaigns and their geographic market, media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any website, domain name, email address, social media account, username, other online presence or presence on any electronic, virtual, or digital medium of any kind (each an “Online Presence”) or other software or applications; administering national, regional, digital, or local advertising and marketing campaigns and/or programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the brand, and/or Peet’s Stores. We may also use the Brand Fund to pay for the Brand Fund’s administrative and overhead costs, including the ~~reasonable~~ salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time.

~~We will account for the Brand Fund separately from our other funds. However, n~~Neither we nor any of our affiliates has any fiduciary obligation to you or any other person for administering the Brand Fund. ~~The Brand Fund may spend in any year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use.~~ We may administer the Brand Fund through a separate entity, and such entity will have all of the rights and duties specified in this Section. We ~~may use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund’s expense. We may also forgive, waive, settle, and compromise all claims by or against the Brand Fund.~~ We will prepare an annual, unaudited statement of Brand Fund Contributions and expenses and give you the statement on written request, within 120 days after the end of each fiscal year, but not less than 30 days’ notice from you of such request.

We may reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will spend the remaining balance of the monies in the Brand Fund in accordance with our ~~S~~system ~~S~~standards until such amounts are exhausted. We may elect to maintain multiple Brand Funds, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds.

We do not have any franchisees as of the issuance date of this Disclosure Document ([November 6, 2024](#)), and therefore we did not collect any Brand Fund Contributions or spend any amounts from any Brand Fund on media production, media placement, administration, or to solicit new franchise sales in our most recently completed fiscal year. We did not collect any Brand Fund Contributions from corporate-owned Peet’s Stores in our prior fiscal year. Peet’s Stores owned by us, our affiliates, and our affiliates’ licensees are not required to contribute to the Brand Fund at the same rate as franchise-owned Peet’s Stores.

Local Advertising Expenditure. In addition to the grand opening marketing program and, if applicable, Brand Fund Contributions, you are required to spend an amount we periodically

designate (currently, 0.5% of Gross Sales) (the “Local Advertising Expenditure”) to conduct local advertising for your Store. Subject to the Marketing Expenditure Cap, we may change the amount of your Local Advertising Expenditure from time to time with notice to you. You must send us, in the manner we prescribe, an accounting of your expenditures for local advertising at the intervals and on the dates that we designate from time to time. We may require you to pay the Local Advertising Expenditure to us or our affiliates to conduct local marketing in your area.

You are solely responsible for conducting all local advertising for your Store. However, you must satisfy our ~~S~~ystem ~~S~~tandards for all advertising for your Store or using the Marks or the System, which may include the requirement that you advertise and market your Store in any advertising medium we determine, use forms of advertisement we approve, and/or list your Store with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require.

Your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe. At least 14 days before you use them, you must send us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 14 days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them. However, we may withdraw our approval at any time and for any reason. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

System Websites and Online Presences. We may establish and develop Online Presences to advertise, market, and promote Peet’s Stores, the products and services that they offer and sell, or the Peet’s Store franchise opportunity (each a “System Website”). We may, but are not obligated to, provide you with a webpage or other Online Presence that references your Store on any System Website. ~~If we provide you with a webpage or other Online Presence on any System Website, you must: (i) provide us the information and materials we request to develop, update, and modify the information about your Store on the System Website; and (ii) notify us whenever any information on the System Website about your Store is not accurate.~~ We may require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current ~~S~~ystem ~~S~~tandards. We will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts.

Except as provided above, or as approved by us in writing or in the Manuals, you may not develop, maintain, or authorize any Online Presence that mentions your Store, links to any System Website, or displays any of the Marks. You may also not engage in any promotional or similar activities, or sell any products or services, whether directly or indirectly, through any Online Presence, without our prior written approval. If we approve the use of any such Online Presence in the operation of your Store, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on third-party websites and/or maintaining an online privacy policy. ~~Unless we specify otherwise, we will own the rights to each such Online Presence. At our request, you must grant us access to each such Online Presence, and to take whatever action (including signing an assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.~~

Franchise Advisory Council. We do not have a franchisee advisory council that advises us on advertising policies.

Advertising Cooperatives. We do not have any local or regional advertising cooperatives.

### **Computer System**

You must obtain and install the computer hardware, software, and point-of-sale system that we approve for Peet's Stores (collectively, the "Computer System"). We may modify ~~S~~system ~~S~~standards for the Computer System periodically, including the designated or approved suppliers for the Computer System, and you must update your Computer System to comply with the modified ~~S~~system ~~S~~standards promptly after you receive notice. There are no contractual limitations on the frequency and cost of this obligation, and we are not required to reimburse you for these costs. Currently, the Computer System is comprised of: 2 to 3 point-of sale terminals and cash drawers; 1 receipt printer per point-of-sale terminal; 1 payment terminal per point-of-sale terminal; 3 to 4 digital menu boards; 1 workstation for back of store manager access; 2 kitchen order management devices touch screens; a label printer for mobile orders; specific drive through equipment for order communication; and up to 3 drive-thru menu displays. Depending on the store design, up to 2 separate order kiosks to support customer self-service may be required. For both in-store and drive-thru stores, a license with one of our approved vendors for point-of-sale software; in-store payment and credit card processing software; music player and speakers; and certain software to support mobile orders, gift cards, loyalty programs, sales reporting, and inventory management. Additionally, you will be required to install the recommended network equipment to facilitate secure, PCI compliant integration with our Mobile Order App as well as to provide in-store customers with wi-fi communications to the internet. We estimate the cost of acquiring and installing the Computer System will be \$60,000 to \$90,000.

We estimate the ongoing cost of maintaining and upgrading the Computer System to meet the then-current ~~S~~system ~~S~~standards to be approximately \$16,000 to \$20,000 per year. This amount includes the monthly subscription and license fees that you must pay for the required point-of-sale software, and certain other required third-party subscriptions. ~~We also have the right to charge you a~~ and is in addition to the technology fee ~~as described in Item 6~~ (currently, \$500 per month). Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System.

You must use the Computer System to maintain certain sales and other financial data, customer information, and other information we designate. We will have unlimited, independent access to your Computer System, including any Online Presence, at all times and you must ensure that we and our designees will have the right to collect and retain from the Computer System any and all data concerning your Store.

## **Initial and Ongoing Training**

**Initial Training Program.** You (or if you are conducting business as an entity, your Managing Owner) and each General Manager (together, the “Mandatory Trainees”) must complete an initial training program conducted by us on the material aspects of operating a Peet’s Store (the “Initial Training Program”). We will control the substance and duration of our Initial Training Program, which will be held at a location and in a format of our choice, which may be virtually. You (or if you are conducting business as an entity, your Managing Owner) must complete the Initial Training Program before the Opening Date of your first Peet’s Store, no later than the earlier of 180 days after you sign your lease for the Peet’s Store or one year after the effective date of your Franchise Agreement. Each General Manager must complete the Initial Training Program before the Opening Date of the first Peet’s Store that will be supervised by that General Manager. We may vary the contents or duration of the Initial Training Program among your Mandatory Trainees, based on their experience, role, responsibilities, and other factors we determine. We will also determine the timing, dates, and schedule of the Initial Training Program. All Mandatory Trainees must complete the Initial Training Program to our satisfaction prior to operating your Store. Scheduling of the training is based on the availability of the Mandatory Trainees, availability of space in the Initial Training Program, training facility availability and the projected Opening Date for your Store. If we determine that the Mandatory Trainees cannot successfully complete the Initial Training Program to our satisfaction, we may terminate the Franchise Agreement. You may invite additional attendees the Initial Training Program, if space allows, subject to our approval and subject to all attendees participating at once. For any additional trainees we approve, we may charge our then-current training fee (currently, \$500 per day per trainee, plus reimbursement of our costs).

~~You have the ultimate and exclusive responsibility for ensuring that all of your employees and personnel are appropriately trained to operate your Store in accordance with the Franchise Agreement and our System Standards, regardless of any training or support that we provide.~~

If you request additional training for any Mandatory Trainees that have completed the Initial Training Program (including any Mandatory Trainees that may have completed the Initial Training Program in connection with your development of a previous Peet’s Store), you must pay our then-current training fee for any such training that we provide (currently, \$500 per day per trainee, plus reimbursement of our costs). If the Mandatory Trainees complete our Initial Training Program to our satisfaction, and do not expressly and promptly request additional training after completion of the Initial Training Program, you and they will be deemed to have been sufficiently trained in the operation of a Peet’s Store.

We may require that your Mandatory Trainees attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate, including courses and programs provided by third-parties we designate. Besides attending these courses, we may require you (or if you are conducting business as an entity, your Managing Owner) and/or your General Manager(s) to attend an annual meeting of all Peet’s Store franchise owners at a location we designate, if we host such a conference, which may be virtually. If you engage any new General Manager(s) during the term of the Franchise Agreement, such person(s) must satisfactorily complete our then-current Initial Training Program, and we may charge ~~reasonable~~ fees for such training (currently, \$500 per day per trainee, plus reimbursement of our costs and expenses).

You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers’ compensation insurance) that you and your Mandatory Trainees or any other employee incurs during any and all meetings and/or training courses and programs. If any portion of the Initial



Training Program is provided on-site at your Store, you are also responsible for the costs and expenses we incur in sending our trainer(s) to your Store, including travel, food, accommodations, and living expenses.

As of the date of this Disclosure Document [\(November 6, 2024\)](#), the Initial Training Program that we provide to new franchisees is comprised of the following components:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to Peet's Coffee	6-8	0	Peet's Headquarters – Emeryville, CA
Brand Story + Identity	4-6	0	Peet's Certified Training Store in California
Introduction, Peet's History	1	0	
Customer Standards	2	4-6	
Product Standards	0	8-10	
Product Execution and Serving	0	20	
Cold Brew Standards	2	2	
Equipment Standards	0	25	
Point of Sale	0	2	
Stored Value Program	2	4	
Store Standards	0	4-6	
Marketing + Branding	0	3	
Analyzing Performance	0	4-6	
Audits + Escalations	0	2	
Training	1	8	
Tools	0	4-6	
Hands-On Operations	0	30-40	
<b>TOTAL</b>	<b>18-22</b>	<b>120-140</b>	

Our training team is led by Tawna Khamo, our Director of Licensed Operations, who has 16 years of experience with Peet's Coffee, and 18 years of experience with the subject matters being taught. Our training materials include the Manuals and other training and operations materials and manuals.

***On-Site Opening Support.*** If you are developing your first Peet's Store or opening any Peet's Store with a new General Manager, we will send one or more of our representatives to assist you with its grand opening for 10 days. We will determine the identity and number of the representative(s) we send to your Store and the schedule for all such on-site opening support in our discretion (which may be before and/or after your Opening Date). You must reimburse all of our and our representatives' out-of-pocket costs for providing on-site opening support to you, including travel, food, accommodations, and living expenses. If you are developing your second or subsequent Peet's Store, we are not required to provide you with any on-site opening support. However, if you request such support or we determine that you need such support to bring your Store into compliance with **System Standards**, you must pay our then-current fee for any on-site opening support with which we provide you (currently, \$500 per day per trainee, plus reimbursement of our costs and expenses).

General Guidance. Subject to scheduling, availability, and similar resources, we will provide you periodic advice regarding the operation of your Store. If you request, and we provide, additional or special guidance, assistance, or training, we may charge you our then-current fee (currently, \$500 per day per trainee, plus reimbursement of our costs and expenses). We will not be required to send any of our personnel and/or representatives to your Store to provide any services on-site if, in our sole determination, it is unsafe to do so. We may also elect to conduct any or all support, inspections, training, or other services virtually. We may discontinue or modify any and all ongoing training or advice we provide during the term of the Franchise Agreement.

## **ITEM 12**

### **TERRITORY**

#### Area Development Agreement

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, as long as you are in compliance with your Area Development Agreement, all Franchise Agreements signed pursuant to the Area Development Agreement, and subject to the exclusions and limitations described below, neither we nor any of our affiliates will establish or operate or authorize any other person to establish or operate a Peet's Store in your Development Area. Otherwise, you have no territorial protection and we and our affiliates retain all rights to conduct business activities of any kind, including, the right to:

~~(1) establish and operate, and allow others to establish and operate, other Peet's Stores using the Marks and the System, at any location outside the Development Area, on such terms and conditions we deem appropriate;~~

(1) ~~(2)~~ establish and operate, and allow others to establish and operate, any other type of business, including any business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Peet's Stores, under trade names, trademarks, service marks and commercial symbols other than the Marks, anywhere in the world, including in the Development Area;

(2) ~~(3)~~ establish, and allow others to establish businesses and distribution channels other than a Peet's Store (including selling products at retail, wholesale, or through the internet, catalog sales, telemarketing, direct marketing, e-commerce, product lines in other businesses, or through any other Online Presence), wherever located or operating, including in your Development Area, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same, or competitive with the Marks, and/or that sell products or services that are similar to, the same, or competitive with, those that Peet's Stores customarily sell, and including the offer and sale of PEET'S COFFEE®-branded coffee or other products at other third-party businesses;

(3) ~~(4)~~ establish and operate, and allow others to establish and operate, any Peet's Store, or other business using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Peet's Stores, at or through any nontraditional venues, including hospitals and healthcare facilities, college campuses, national parks, military bases, airports or transit centers, hotels and convention centers, or other businesses operated within any larger venue

or closed market such as a stadium or entertainment center, at any location in the world, including in the Development Area; and

(4) ~~(5)~~ be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Peet's Stores, at any location in the world, including in the Protected Territory (and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world, including in the Development Area).

The size of your Development Area will depend on the number of Peet's Stores you agree to develop, the geography and demographics of the region, traffic patterns, competition, site availability, your experience, and other factors we establish periodically. You will know the size of the Development Area before you sign the Area Development Agreement. You are responsible for locating and presenting to us proposed sites for Peet's Stores in the Development Area. We will approve or disapprove the proposed site for any Peet's Store based on our then-current standards.

If you fail to comply with the Development Schedule, in addition to our other remedies under the Area Development Agreement, we may terminate or reduce the size of your Development Area, and/or terminate the territorial protections that you have in some or all of your Development Area. Otherwise, continuation of your territorial rights under the Area Development Agreement does not depend on your achieving a certain sales volume, market penetration, or other contingency.

We are not required to pay you if we exercise any of the rights specified in this Item 12.

### Franchise Agreement

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. There are no minimum territorial boundaries granted to you. We and our affiliates, ourselves or through authorized third parties, retain the right to engage in any and all activities that we deem appropriate. We may use any channel of distribution, (including the Internet, catalog sales, telemarketing, and other direct marketing channels) to make sales anywhere, using the Marks or any other trademarks. We will not compensate you for soliciting or accepting orders from clients anywhere.

There are no limitations on your ability to solicit customers in any location, including through alternative distribution channels and/or catalog sales, telemarketing, or other direct marketing sales. However, you may not engage in any promotional or similar activities, and/or sell any products or services, whether directly or indirectly, via the internet or other Online Presence without our approval. You may only operate your Store at the Premises. You may not relocate your Store to a location other than the Premises without our approval.

### Additional Franchise Rights

Unless you have signed an Area Development Agreement to develop multiple Peet's Stores under the terms and conditions contained in that Area Development Agreement, we do not grant any [options, rights of first refusal, or similar](#) rights to obtain additional franchises. If you wish to obtain an additional franchise location, you must enter into a separate Franchise Agreement for that location.



### Affiliated Brands



Our following affiliates operate and/or offer franchised/licensed locations which may offer food and beverage products and services that are similar to those offered by Peet's Stores and/or which may be competitive with Peet's Stores: Stumptown Coffee Corp.; Intelligentsia Coffee Inc.; Caribou Coffee Development Company, Inc; Bruegger's Enterprises, Inc.; Einstein Bros. Bagels Franchise Corporation; Jacobs Douwe Egberts BR Comercialização de Cafés Ltda; Krispy Kreme Doughnut Corporation; Manhattan Bagel Company, Inc; Panera LLC and Panera Bread (BC) ULC; Pret Intermediate Company, Inc; Old Town Kopitiam Sdn Bhd; and 12 OZ Coffee Joint Srl. These affiliated entities and their franchisees/licensees may operate, or solicit or accept orders at any location, including within your Development Area, or near any Peet's Store you operate. If a conflict should arise between any Peet's Store and any other business operated or franchised by an affiliate of ours, we will analyze the conflict and take any action or no action as we deem appropriate. The principal business address of each of the affiliates above offering franchises is disclosed in Item 1. Stumptown Coffee Corp. has its principal place of business at 100 SE Salmon, Portland, Oregon 97214. Intelligentsia Coffee Inc. has its principal place of business at 7300 S. Central Avenue, Bedford Park, Illinois 60638. Each of our affiliates above currently operates from separate corporate offices and training facilities from us.

## **ITEM 13** **TRADEMARKS**

### **Principal Marks**

PCI owns the following Marks, which have been registered or have been applied for on the Principal Register of the U.S. Patent and Trademark Office:

<b>Mark</b>	<b>Registration / Application Number</b>	<b>Registration / Application Date</b>
	5,795,021	July 2, 2019
	6,283,390	March 2, 2021

Mark	Registration / Application Number	Registration / Application Date
	5,455,035	April 24, 2018
	5,360,818	December 19, 2017
PEET'S COFFEE (Worldmark)	5,556,395	September 4, 2018
PEET'S (Wordmark)	5,360,817	December 19, 2017

All required affidavits of use and renewals will be filed in a timely manner. There is presently no effective determination of the U.S. Patent and Trademark Office, the Trademark Trial & Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks.

We license the Marks from PCI under a License Agreement dated September 30, 2024 (the "License Agreement"). The term of the License Agreement will continue for 99 years from its effective date unless terminated. The License Agreement may be terminated (resulting in the loss of our right to use and to sublicense the use of the Marks to you) by mutual agreement of the parties, or by PCI for a number of reasons, including if we default on any obligations, we are dissolved, make an assignment for the benefit of creditors, become insolvent, consent to appointment of a receiver, or our business is seized, or the parties cease to be affiliates. All rights in and goodwill from the use of the Marks accrue to PCI. Except as described above, no agreement significantly limits our rights to use or sublicense the Marks in a manner material to the franchise.

### **Your Use of the Marks and the System**

~~You will be granted a limited, non-exclusive license to use the Marks and the System for the term of the Franchise Agreement, strictly to operate your Store in compliance with the terms of the Franchise Agreement and the System Standards. You will have no right to sublicense or assign your right to use the Marks and the System. You must use and display the Marks in the manner we describe in the Manuals. You may not use any other trademarks, service marks, commercial symbols, other than the Marks, to identify or operate your Store. The Marks and the System may evolve over time, including after you sign the Franchise Agreement.~~ If we decide to modify, substitute, add or discontinue the use of any Marks or the System, you must make the modifications and updates we specify and comply with all other directions we give regarding the use of the Marks and the System in connection with your Store within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, promoting a modified or substitute Mark, or for any loss of revenue due to any modifications to the Marks or System.

## **Ownership, Infringement, and Claims**

~~The Marks and the System are owned by us and/or our affiliates. Your use of the Marks and the System and any goodwill established by that use are exclusively for the benefit of us and PCI, or our respective affiliates. The Franchise Agreement does not confer any goodwill or other interests in the Marks or the System upon you, other than the right to operate your Store under the Franchise Agreement. You will be prohibited from contesting or assisting any other person in contesting the validity of any registration for the Marks or the System, and/or the rights to the Marks and the System of us and PCI (as applicable) or any of our respective affiliates.~~

You will be required to notify us immediately of any apparent infringement or challenge to your use of the Marks or the System, or of any person's claim of any rights in the Marks or the System, and not to communicate with any person other than us, our affiliates and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation or other legal or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning the Marks or the System. You must sign any documents and take any other action that we deem necessary or advisable to protect and maintain our and our affiliates' (as applicable) interests in the Marks and the System. Neither we nor our affiliates will have any obligation to defend the Marks or the System from valid claims of prior use or of lawful concurrent use by others.

We will reimburse you for all ~~costs~~[damages](#) and expenses that you incur in defending any trademark infringement proceeding disputing your authorized use of the Marks under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and are in compliance with your Franchise Agreement. ~~We may not be required to assume your defense.~~ If we or our affiliates choose to control the defense of any such proceeding, such person may choose its own legal counsel and other similar representatives, and it will not be liable to you or any of your affiliates or representatives for any costs or expenses incurred on the basis of any additional or separate legal counsel or similar representatives you or they retain.

We are not aware of any superior rights or infringing uses that could materially affect your use of the Marks in any state where your Store may be located.

## **ITEM 14** **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise.

We and/or our affiliates claim copyrights in the Manuals, System Websites, advertising materials, any or all of the design elements contained within the Marks, and other advertising or marketing materials used in operating Peet's Stores and the System. We have not registered these copyrights with the U.S. Copyright Office. You may use the copyrighted works only as we specify while operating your Store (and must stop using them if we so direct you). ~~We may modify or discontinue using the subject matter covered by any copyrighted works.~~ There currently are no effective adverse determinations regarding the copyrighted materials. We are not aware of any infringing uses of our copyrighted works which could materially affect your use of the copyrighted works. We need not protect or defend our copyrighted works. We may control any action involving the copyrighted works, even if you bring the matter to our attention. We need not ~~take affirmative action when~~



notified of infringement of, or participate in your defense nor indemnify you for damages or expenses in a proceeding involving the copyrighted works.

You and your owners and personnel may periodically be provided and/or have access to non-public information about the System and the operation of Peet's Stores, including your Store (the "Confidential Information"), including: (1) site selection criteria, market or demographic research, and/or other real estate reports; (2) training and operations materials and manuals, including recipes and the Manuals; (3) the Ssystem Sstandards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Peet's Stores; (4) market research, promotional, marketing and advertising programs for Peet's Stores; (5) knowledge of specifications for, and vendors of, operating assets and other products, services and supplies; (6) any computer software or similar technology which is proprietary to the System, including any login credentials, source code, data, reports, and other printed materials generated by the software or similar technology; (7) knowledge of the operating results and financial performance of any Peet's Stores; (8) customer data, including personal information, analytic data regarding customer behavior, and opt-in/opt-out preferences; and (9) any other information designated as confidential or proprietary by us.

All Confidential Information is exclusively owned by us or our affiliates and is proprietary to our System (other than certain personal information relating to your employees and personnel, and/or certain other data that we do not have access to or are otherwise designated or restricted by us). You and your owners agree to (and to use each of your best efforts to cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns to): (i) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of your Store in accordance with the Franchise Agreement; (ii) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and Ssystem Sstandards we establish, and our and our representative's instructions; (iii) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating your Store in accordance with the Franchise Agreement (you will be responsible for any violation of this requirement by any person to whom you provide Confidential Information); (iv) not make unauthorized copies of any of our Confidential Information; (v) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of the Franchise Agreement (and we may designate or approve the form of confidentiality agreement that you will use); and (vi) at our request, destroy or return any of the Confidential Information. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

As it relates to any "personally identifiable information" that constitutes part of our Confidential Information, you must also: (a) process, retain, use, collect, and disclose all personal information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes of practice issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws, regulations, and orders relating to personal information, including the guidance and

codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other person to access, correct, delete, opt-out of, or limit activities relating to any personal information.

All improvements, developments, derivative works, feedback, enhancements, or modifications to any component of the franchise system, including any new or modified systems of operation, and any information or materials made or created by you, your employees or your representatives, whether developed separately or in conjunction with us, will become part of the System and be owned by us and our affiliates. If you, your employees, or your representatives are deemed to have any interest in such intellectual property, you must assign all right, title and interest in and to such innovations to us and agree to obtain the same from your personnel and representatives.

## **ITEM 15**

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

You must identify one of your owners who is a natural person with at least 10% ownership interest and voting power in you and who will have authority and signatory power on your behalf (the “Managing Owner”) to supervise the business you conduct under the Franchise Agreement. Your Managing Owner must be authorized to deal with us in all matters whatsoever which may arise with respect to the Franchise Agreement. You must obtain our written consent prior to changing the Managing Owner.

You (or if you are conducting business as an entity, your Managing Owner) are solely responsible for the management, direction, and control of your Store. You (or your Managing Owner) must supervise the management and operation of your Store and continuously exert best efforts to promote and enhance your Store. Your Store must also be managed at all times by one or more managers who have completed our then-current Initial Training Program (each a “General Manager”). Your General Manager(s) must work full-time to supervise the day-to-day operations of your Store, and must complete the Initial Training Program to our satisfaction. [We may establish conditions for approving any such General Manager, which may include confirmation that it will have no competitive businesses activities, and/or execution of non-disclosure or other covenants we require.](#) A General Manager may manage multiple Peet’s Stores and is not required to have any ownership interest in you.

If you are a legal business entity, each of your direct and indirect owners must execute a guaranty in the form personally to be bound, jointly and severally, by all provisions of the Franchise Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as Attachment B to the Franchise Agreement. If any owner is an individual, his or her spouse must consent in writing to that owner’s execution of the guaranty.

## **ITEM 16**

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

#### **Products and Services**

You must: (1) offer and sell from your Store all of the products and services that we periodically specify from time to time; (2) not offer or sell at your Store, the Premises, or any other location any products or services we have not authorized; and (3) discontinue selling and offering for sale any products or services that we at any time disapprove. You will offer for sale and sell at your Store authorized products and services only in the manner (including days and hours of operation) and at the locations we have prescribed, including that you will not sell any products or services wholesale or through alternative channels of distribution without our express approval. We may authorize one or more Peet's Stores to offer additional, different, or modified attractions, products, or services, and we are under no obligation to authorize every Peet's Store to offer the same products or services. We may condition our approval for any such products or services on our then-current criteria, and/or additional terms and conditions that we establish. If we at any time (including after our initial approval) determine that you fail to meet our **S**ystem **S**tandards for offering or selling any products or services, we may permanently or temporarily terminate your right to offer or sell such products or services.

If we modify our **S**ystem **S**tandards for the products and services that we require your Store to offer and sell, you must immediately bring your Store into compliance with our **S**ystem **S**tandards for such products or services, including by purchasing or leasing any necessary operating assets, making any required changes to signage and advertising materials, and updating your Computers System to include any software, hardware or other equipment necessary to offer such products or services. If we at any time require or permit you to offer delivery, catering and/or any other off-site products or services, we reserve the right to limit the geographic area in which you may offer such services, and we may modify that geographic area from time to time, in our sole discretion.

#### **Proprietary Blends**

You may not under any circumstances offer or sell any coffee and tea beverages, coffee and tea retail products, or other coffee and tea products of any kind other than the Proprietary Blends sold by PCI.

#### **Pricing Requirements**

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by Peet's Stores. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

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

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
(a) Length of the franchise term	Franchise Agreement – Section 1.B	Begins the date of signing the Franchise Agreement and expires 10 years from your Store’s Opening Date.
	Area Development Agreement – Section 1.B	The term ends on the earlier of (i) the opening of the last Peet’s Store required under the Development Schedule, or (ii) the last day of the last development period.
(b) Renewal or extension of the term	Franchise Agreement – Section 13	If you satisfy the conditions in the Franchise Agreement, you may renew your franchise for two successive term of 5 years each.
	Area Development Agreement	Not Applicable
(c) Requirements for franchisee to renew or extend	Franchise Agreement – Section 13	You must meet the following conditions to qualify for a renewal franchise: (i) give us notice 180 to 365 days before expiration; (ii) substantially comply with the Franchise Agreement during its term; (iii) maintain possession of the Premises for at least as long as the full term of the renewal franchise; (iv) take all steps we identify to bring your Store into full compliance with our then-current standards and image, which may include conducting a material remodel or renovation, as we determine; (v) pay us a renewal fee; (vi) for at least 60 days prior to electing to obtain a renewal franchise, remain in full compliance with the Franchise Agreement and all <b>S</b> ystem <b>S</b> tandards; (vii) sign our then-current Franchise Agreement, the terms of which may be materially different from your current Franchise Agreement; (viii) sign a general release (subject to state law); and (ix) we are offering franchises for Peet’s Stores in your geographic market at the time you seek to obtain a renewal franchise.
	Area Development Agreement	Not Applicable
(d) Termination by franchisee	Franchise Agreement –Section 14.B	You may terminate the Franchise Agreement if you are in full compliance with the applicable agreement, we materially breach the Franchise Agreement, and we do not cure the default within 30 days after notice from you, or, if we cannot correct the failure within 30 days, we fail to give you reasonable evidence of our effort to correct the failure within 30 days after you deliver notice to us (subject to state law). Termination is effective an additional 30 days after you deliver to us written notice of termination.
	Area Development Agreement – Section 5.A	You may terminate the Franchise Agreement if you are in full compliance with the applicable agreement, we materially breach the Franchise Agreement, and we do not cure the default within 30 days after notice from you, or, if we cannot correct the failure

Provision	Section in Agreement	Summary
		within 30 days, we fail to give you reasonable evidence of our effort to correct the failure within 30 days after you deliver notice to us (subject to state law). Termination is effective an additional 30 days after you deliver to us written notice of termination.
(e) Termination by franchisor without cause	Franchise Agreement – Not Applicable	We may not terminate the Franchise Agreement without cause.
	Area Development Agreement – Not Applicable	We may not terminate the Area Development Agreement without cause.
(f) Termination by franchisor with cause	Franchise Agreement – Section 14.C	We may terminate the Franchise Agreement if you or your owners commit one of several violations.
	Area Development Agreement – Section 5.C	We may terminate the Area Development Agreement if you or your owners commit one or several violations.
(g) “Cause” defined — curable defaults	Franchise Agreement – Section 14.C	10 days to pay past due amounts owed to us or our affiliates; applicable cure period to pay past due amounts owed third-parties; 72 hours to cure violations of law, ordinance, rule or regulation of a governmental agency; 10 days to cure any deficiencies in insurance requirements; 30 days to cure an attachment, seizure, warrant, writ, or levy on your Store, or to vacate any order appointing a receiver, trustee, or liquidator on your Store or its assets; 15 days to cure failures identified in quality assurance audit, mystery shopper visit, or other inspection; 24 hours to cease selling any coffee or tea products at or from your Store other than the Proprietary Blends; 48 hours to cure failure to maintain sufficient inventory of Proprietary Blends; and 30 days to cure a breach of any other provision or obligation under the Franchise Agreement or any agreement between you (and your affiliates) and us (and our affiliates) <a href="#">including your Area Development Agreement</a> (subject to state law).
	Area Development Agreement – Section 5.C	72 hours to cure violations of law, ordinance, rule or regulation of a governmental agency; 10 days to pay past due amounts owed to us or our affiliates; 30 days to cure an attachment, seizure, warrant, writ, or levy on your business, or to vacate any order appointing a receiver, trustee, or liquidator on your business’s assets; and 30 days to cure a breach of any other provision <del>or obligation under</del> of the Area Development Agreement or any agreement between you (and your affiliates) and us (and our affiliates) <a href="#">including any Franchise Agreement</a> (subject to state law).
(h) “Cause” defined — non-curable defaults	Franchise Agreement – Sections 14.A and 14.C	Material misrepresentations or omissions; failure to obtain site or lease approval by the specified deadlines, or failure to open your Store for business by the specified deadline; your Mandatory Trainees do not successfully complete the Initial Training Program; abandonment or failure to operate your Store for more than 7 consecutive days, or you provide us with notice of your intent to close or abandon your Store; felony; breach of restrictive

Provision	Section in Agreement	Summary
		covenants or confidentiality or intellectual property covenants; unapproved transfer; default or termination of Lease or loss of your right to occupy the Premises; failure to pay taxes due; understatement of Gross Sales 3 or more times; 3 or more breaches within 12 months, or 2 or more of the same breach within 12 months, regardless of cure; immediate health or safety risk; <del>and</del> assignment for benefit of creditors or bankruptcy; engage in conduct which negatively impacts or injures the goodwill of the Marks, the System, and/or Peet's Stores.
	Area Development Agreement – Section 5.B	Material misrepresentations or omissions; failure to satisfy development schedule; abandonment; ceasing or threatening to cease development, or to make good faith progress in exercising your development rights; unapproved transfers; conviction or pleading guilty or no contest to felony; 3 or more breaches within 12 months; assignment for benefit of creditors or bankruptcy.
(i) Franchisee's obligations on termination / non-renewal	Franchise Agreement – Section 15	Pay all amounts owed; close your Store for business; cease using the Marks; cease identifying yourself as a current or former franchise owner or Peet's Store; remove all materials and signage bearing the Marks and remove all proprietary trade dress to de-identify the Premises; cease using contact information and Online Presences and transfer controls to us; return or destroy all items, forms, and material contain the Marks and return or destroy Confidential Information (including the Manuals and any and all customer data or other information from your Computer System); comply with all other <del>S</del> system <del>S</del> standards and applicable laws for closure and de-identification; and provide us evidence of compliance with all obligations. You must also pay us lost revenue damages if we terminate the Franchise Agreement for your breach, or you terminate the Franchise Agreement other than as permitted under the Franchise Agreement.
	Area Development Agreement – Section 5.D	Cease to conduct business, exercise development rights, and search for sites for Peet's Stores; cease identifying yourself as an area developer; return to us or destroy any and all Confidential Information; comply with all other <del>S</del> system <del>S</del> standards and all applicable laws; and pay all amounts owing to us up to the date of termination.
(j) Assignment of contract by franchisor	Franchise Agreement – Section 12.A	There is no restriction on our right to assign.
	Area Development Agreement – Section 4.A	There is no restriction on our right to assign.
(k) "Transfer" by franchisee — defined	Franchise Agreement – Section 12.B	"Transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, encumbrance, foreclosure, surrender or by operation of law of: (i) the Franchise Agreement or any rights under or interest in the Franchise Agreement, (ii)



Provision	Section in Agreement	Summary
		operate your Store on an interim basis.
	Area Development Agreement – Section 4.C	Neither the Area Development Agreement nor any ownership interests in you may be transferred without our prior written consent.
(q) Non-competition covenants during the term of the franchise	Franchise Agreement – Section 7.A	You and your owners agree may not have any involvement, directly or indirectly, in a “Competitive Business” during the term of the Franchise Agreement; lease or sublease the premises to a Competitive Business; or perform services for a Competitive Business in any location worldwide. “Competitive Business” means any business operating or granting franchises or licenses to others to operate any business: (1) for which coffee or espresso drinks, tea and tea-based drinks, bakery items, and coffee retail products, and/or similar products represent more than 20% of the total gross revenue; or (2) whose menu or concept is otherwise substantially similar to that of Peet’s Stores (subject to state law).
	Area Development Agreement – Section 3.C	You and your owners agree may not have any involvement, directly or indirectly, in a “Competitive Business” during the term of the Area Development Agreement, or perform services for a Competitive Business in any location worldwide. “Competitive Business” means any business operating or granting franchises or licenses to others to operate any business: (1) for which coffee or espresso drinks, tea and tea-based drinks, bakery items, and coffee retail products, and/or similar products represent more than 20% of the total gross revenue; or (2) whose menu or concept is otherwise substantially similar to that of Peet’s Stores (subject to state law).
(r) Non-competition covenants after the franchise is terminated or expires	Franchise Agreement –Section 15.C	For 2 years beginning on the later of (1) the termination or expiration of the Franchise Agreement (or the effective date of a transfer, for the transferor) or (2) the date you and your owners begin to comply, you and your owners may not have any direct or indirect interest in a Competitive Business; lease or sublease the premises to a Competitive Business; or perform services for a Competitive Business which is located or operating (a) at the Premises or within a 5-mile radius of the Premises, or (b) within a 5-mile radius of any Peet’s Store (subject to state law).
	Area Development Agreement – Section 5.E	For 2 years beginning on the later of (1) the termination or expiration of the Area Development Agreement (or the effective date of a transfer, for the transferor) or (2) the date you and your owners begin to comply, you and your owners may not have any direct or indirect interest in a Competitive Business, or perform services for a Competitive Business which is located or operating (a) within the Development Area, or (b) within a 5-mile radius of any other Peet’s Store (subject to state law).
(s) Modification of the agreement	Franchise Agreement – Section 17.K	No modification unless by written agreement of both parties, but we may change the Manuals and Ssystem Sstandards at any time.
	Area Development Agreement – Section 7.K	No modification unless by written agreement of both parties, but we may change the Ssystem Sstandards at any time.

Provision	Section in Agreement	Summary
(t) Integration / merger clause	Franchise Agreement – Section 17.L	Only the written terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside the Franchise Agreement may not be enforceable; <del>provided, that nothing.</del> <u>Nothing in this or in any related agreement, however,</u> is intended to disclaim the representations we made in <del>this</del> <u>the franchise</u> <del>D</del> <u>disclosure D</u> <u>document that we furnished to you.</u>
	Area Development Agreement – Section 7.L	Only the written terms of the Area Development Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside the Area Development Agreement may not be enforceable; <del>provided, that nothing.</del> <u>Nothing in this or in any related agreement, however,</u> is intended to disclaim the representations we made in <del>this</del> <u>the franchise</u> <del>D</del> <u>disclosure D</u> <u>document that we furnished to you.</u>
(u) Dispute resolution by arbitration or mediation	Franchise Agreement – Section 17.E	Subject to state law, all controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a suitable location chosen by the arbitrator within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Emeryville, California). Arbitration may not be conducted on a class-wide basis, consolidated with any other proceeding, or brought on your behalf by an association or agent.
	Area Development Agreement – Section 7.E	Subject to state law, all controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a suitable location chosen by the arbitrator within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Emeryville, California). Arbitration may not be conducted on a class-wide basis, consolidated with any other proceeding, or brought on your behalf by an association or agent.
(v) Choice of forum	Franchise Agreement – Section 17.G	Subject to state law and your obligation to arbitrate, you must commence actions in the court nearest to our or, as applicable, our successor's or assign's then-current principal place of business (currently, Emeryville, California).
	Area Development Agreement – Section 7.G	Subject to state law and your obligation to arbitrate, you must commence actions in the court nearest to our or, as applicable, our successor's or assign's then-current principal place of business (currently, Emeryville, California).
(w) Choice of law	Franchise Agreement – Section 17.F	Except for the Federal Arbitration Act and other federal law, the laws of the state of Delaware govern, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently from the Franchise Agreement's terms (subject to state law).
	Area Development	Except for the Federal Arbitration Act and other federal law, the

Gross Sales by Region

The table below reflects the average, median, high, and low Gross Sales of the 168 affiliate-owned reporting locations located in California versus the 32 affiliate-owned locations located outside of California for the 12-month period from October 1, 2023 to September 30, 2024. The “Peet’s Coffee®” brand is founded in California and has a stronger presence in that state than in other areas.

Gross Sales by Market Area					
	Average	Median	High	Low	# Above Avg
California (168 Locations)	\$1,467,287	\$1,413,201	\$2,768,588	\$587,252	73 (43.5%)
Non-California (32 Locations)	\$1,074,970	\$1,067,580	\$1,611,821	\$437,035	16 (50.0%)

\*\*\*

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Robyn Quintal, 1400 Park Avenue, Emeryville, California 94608 and (510) 518-6101, 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 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned <sup>1</sup>	2021	224	217	-7
	2022	217	<del>205</del> 203	<del>-8</del> -14

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2023	<del>205</del> 203	202	<del>-3</del> -1
Total	2021	224	217	-7
	2022	217	203	-14
	2023	203	202	-1

1. Since December 31, 2023, one company-owned outlet in Colorado and one company-owned outlet in California has permanently closed.

**TABLE NO. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO**  
**NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)**  
**FOR YEARS 2021 TO 2023**

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Totals	2021	0
	2022	0
	2023	0

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	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-OWNED OUTLETS**  
**FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California <sup>1</sup>	2021	178	1	0	3	0	176

1. Since December 31, 2023, one company-owned outlet in Colorado and one company-owned outlet in California has permanently closed.

**TABLE NO. 5**  
**PROJECTED OPENINGS**  
**FOR ~~THE~~ 2024 YEAR**  
**AS OF THE ISSUANCE DATE (NOVEMBER 6, 2024)**

State	Franchise Agreements Signed But Not Opened	Projected New Franchised in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>

The numbers in the Tables 1 through 4 above are as of December 31, 2023, December 31, 2022, and December 31, 2021. The projections in Table 5 are made as of the issuance date of this Disclosure Document [\(November 6, 2024\)](#) for remainder of the 2024.

[Exhibit D-1](#) contains a list of the names, addresses and telephone numbers of our current franchisees as of December 31, 2023; and [Exhibit D-2](#) contains a list of the names and last known address and telephone number of each franchisee who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

We have not sold any franchises as of the date of this Disclosure Document. Therefore, within the last three years, no franchisees have signed confidentiality clauses. In some instances, however, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisee but be aware that not all such franchisees will be able to communicate with you.

As of the date this Disclosure Document, there were no trademark-specific franchisee organizations that were created, sponsored, or endorsed by us and there were no trademark-specific franchisee organizations that requested to be included in this Disclosure Document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

We were formed in September 2024, and therefore, we are unable to provide three years of financial statements. Attached to this Disclosure Document as [Exhibit E](#) is our audited opening balance sheet as of October 15, 2024. Our fiscal year ends December 31.

## **ITEM 22**

### **CONTRACTS**

The following contracts are attached as exhibits to this Disclosure Document:

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
PEET'S COFFEE FRANCHISE, LLC**

The following are additional disclosures for the Franchise Disclosure Document of Peet's Coffee Franchise, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, VIRGINIA, WASHINGTON, OR WISCONSIN.**

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.

**CALIFORNIA**

**REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.**

1. 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.

2. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE, [www.peets.com](http://www.peets.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

~~4. Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, 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; or (d) violations of any provision of this division~~



4. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

5. The following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliate nor any person in item 2 of the franchise 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 Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following paragraph is added at the end of Item 6:

The highest rate of interest allowed by California law is 10% annually.

7. The following paragraphs are added at the end of Item 17:

The Franchise Agreement and Area Development Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement or Area Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contain a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement and Area Development Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement and Area Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A Section 101 et seq.).

The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is within a 50 mile radius of our then current principal place of business (currently Emeryville, California) with the costs being borne as provided in the Franchise Agreement and Area Development Agreement. Prospective developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement require application of the laws of Delaware. This provision might not be enforceable under California law.

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices it sets for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

8. The following paragraphs are added at the end of Item 19:

The earning claims figure(s) does(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 Store. Franchisees or former franchisees, listed in the franchise Disclosure Document, may be one source of this information.

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

## **HAWAII**

1. 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

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement and the Area Development Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement or Area Development Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement or Area Development Agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination and non-renewal of a Franchise Agreement or Area Development Agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND**

1. 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.

2.     The following language is added at the end of Items 5 and 7:

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.

3.     ~~2.~~ The following is added to the Item 17(c) and Item 17(m):

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4.     ~~3.~~ The following is added to Item 17(h):

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

5. ~~4.~~ The following sentence is added to Item 17(v):

A franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

## **MINNESOTA**

1. 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.

2. The following language is added at the end of Items 5 and 7:

As a condition to becoming registered to offer and sell franchises in the State of Minnesota, 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 Area Development Agreement opens.

3. ~~2.~~ The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and Area Development Agreement and 180 days' notice for non-renewal of the Franchise Agreement and Area Development Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the Area Developer or Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document, Area Development Agreement or Franchise Agreement can abrogate or reduce any of Area Developer's or Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Area Developer's or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by Governing Law with respect to claims arising under Minn. Rule 2860.4400D.

In compliance with Minnesota Statute 80C.17 Subd. 5, no action may be commenced pursuant to this section more than three years after the cause of action accrues

You cannot consent to us obtaining injunctive relief. You may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

4. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

## **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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provide above, with regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our 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.

**RIDER TO THE PEET'S COFFEE FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **PEET'S COFFEE FRANCHISE, LLC**, a Delaware limited liability company with its principal business address at 1400 Park Avenue, Emeryville, California 94608 (**"we"** or **"us"**), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (**"you"** or **"your"**).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the **"Area Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) the Stores that you develop under your Area Development Agreement are or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **ACKNOWLEDGMENT.** 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.

3. **DEVELOPMENT FEE.** The following language is added to the end of Section 2.A of the Area Development Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until the first franchise under this Agreement opens.

4. ~~3.~~ **RELEASES.** The following is added to the end of Sections 4.B and 4.C(4) of the Area Development Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. ~~4.~~ **INSOLVENCY.** The following is added to the end of Section 5.A of the Area Development Agreement:

The provision which provides for termination upon your bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

6. ~~5.~~ **ARBITRATION.** Section 7.E of the Area Development Agreement is supplemented by adding the following to the end of the Section:



A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. ~~6.~~ **CONSENT TO JURISDICTION**. Section 7.G of the Area Development Agreement is supplemented by adding the following to the end of the Section:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. ~~7.~~ **LIMITATIONS OF CLAIMS**. The following is added to the end of the first paragraph of Section 7.J of the Area Development Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

*[SIGNATURE PAGE TO FOLLOW]*

**RIDER TO THE PEET'S COFFEE FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **PEET'S COFFEE FRANCHISE, LLC**, a Delaware limited liability company with its principal business address at 1400 Park Avenue, Emeryville, California 94608 (**"we"** or **"us"**), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (**"you"** or **"your"**).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the **"Area Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Stores that you will develop under the Area Development Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled in, or actually present in the State of Minnesota.

2. **ACKNOWLEDGMENT.** 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.

3. **DEVELOPMENT FEE.** The following language is added to the end of Section 2.A of the Area Development Agreement:

As a condition to becoming registered to offer and sell franchises in the State of Minnesota, all development fees and initial payments by you shall be deferred until the first franchise under this Agreement opens.

4. **EVENTS OF TERMINATION.** The following is added to the end of Section 5 of the Area Development Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure).

5. **RELEASES.** The following is added to the end of Sections 4.B and 4.C(4) of the Area Development Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

6. ~~5.~~ **INJUNCTIVE RELIEF**. The following language is added to the end of Section 7.I of the Area Development Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

7. ~~6.~~ **LIMITATIONS OF CLAIMS**. The following is added to the end of the first paragraph of Section 7.J of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. ~~7.~~ **MINNESOTA LAW**. Notwithstanding anything to the contrary contained in the Area Development Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

*[SIGNATURE PAGE TO FOLLOW]*

**RIDER TO THE PEET'S COFFEE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **PEET'S COFFEE FRANCHISE, LLC**, a Delaware limited liability company with its principal business address at 1400 Park Avenue, Emeryville, California 94608 (**"we"** or **"us"**), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (**"you"** or **"your"**).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the **"Franchise Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) the Store that you develop under your Franchise Agreement is or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **ACKNOWLEDGMENT.** 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.

3. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 3.A of the Franchise Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under this Agreement.

4. ~~3.~~ **RELEASES.** The following is added to the end of Sections 12.B, 12.C(4), 12.E, 13.A(8), and 15.D of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. ~~4.~~ **TERMINATION.** The following is added to the end of Section 14.A of the Franchise Agreement:

This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

6. ~~5.~~ **ARBITRATION.** Section 17E of the Franchise Agreement is supplemented by adding the following to the end of the Section:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. ~~6.~~ **CONSENT TO JURISDICTION**. Section 17.G of the Franchise Agreement is supplemented by adding the following to the end of the Section:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. ~~7.~~ **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 17.J of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

9. ~~8.~~ **RELEASES**. The Franchise Agreement is further amended to state that “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

*[SIGNATURE PAGE TO FOLLOW]*

**RIDER TO THE PEET'S COFFEE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **PEET'S COFFEE FRANCHISE, LLC**, a Delaware limited liability company with its principal business address at 1400 Park Avenue, Emeryville, California 94608 (**"we"** or **"us"**), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (**"you"** or **"your"**).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the **"Franchise Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Store that you will develop under the Franchise Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled in, or actually present in the State of Minnesota.

2. **ACKNOWLEDGMENT.** 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

3. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 3.A of the Franchise Agreement:

As a condition to becoming registered to offer and sell franchises in the State of Minnesota, we will defer your obligation to pay the initial franchise fee, until we have met our pre-opening obligations and you have commenced operation of your Store.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following is added to the end of Section 5.C of the Franchise Agreement:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec 80C.12 Subd. 1(g).

5. ~~3.~~ **RELEASES.** The following is added to the end of Sections 12.B, 12.C(4), 12.E, 13.A(8), and 15.D of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

6. ~~4.~~ **RENEWAL AND TERMINATION.** The following is added to the end of Sections 13.A and 14 of the Franchise Agreement:



However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

7. ~~5.~~ **LOST REVENUE DAMAGES**. The following language is added to the end of Section ~~T5~~.E of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

8. ~~6.~~ **INJUNCTIVE RELIEF**. The following is added to Section 17.I of the Franchise Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

9. ~~7.~~ **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 18.J of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

10. ~~8.~~ **MINNESOTA LAW**. Notwithstanding anything to the contrary contained in the Franchise Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

*[SIGNATURE PAGE TO FOLLOW]*