

FRANCHISE DISCLOSURE DOCUMENT



Manhattan Pizza Company Franchising, LLC

A Virginia limited liability company

307 E. Market Street, Second Floor

Leesburg, Virginia 20176 Phone: 703-777-9563 Website: www.manhattanpizza.com

As a franchisee, you will operate a fast casual restaurant offering New York-style pizza under the name "Manhattan Pizza."

The total investment necessary to begin operation of a Manhattan Pizza franchised business is between \$400,800 and \$758,000. This includes a \$34,000 initial Franchise Fee that must be paid to the franchisor or its affiliates.

The minimum number of units that must be opened under a Multi-Unit Agreement is two. The total investment necessary to begin operation pursuant to a Manhattan Pizza Multi-Unit agreement is between \$798,600 and \$1,503,000, which includes the \$65,000 initial franchise fee.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact David McClure at 307 E. Market Street, Second Floor, Leesburg, VA 20176, phone: 703-777-9563, or email: dmcclure@mblawfirm.net.

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

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

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

ISSUANCE DATE: July 1, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special 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 our multi-unit agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in the Commonwealth of Virginia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in the Commonwealth of Virginia than in your own state.
2. **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.

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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- D. Financial Statements
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we”, “us,” or “our” means Manhattan Pizza Company Franchising, LLC, the franchisor. “You” or “your” means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

The Franchisor, its Parent, and its Affiliates

We are a Virginia limited liability company that was formed on March 8, 2013. Our principal business address is 307 E. Market Street, Second Floor, Leesburg, Virginia 20176. We do business under the name “Manhattan Pizza,” and other trademarks we designate (the “Marks”).

We began offering franchises in October 2013. We have not previously offered franchises in any other line of business, nor do we operate any businesses under the Marks. We do not conduct any business activities other than franchising.

Our parent is Manhattan Pizza Company, LLC (“MPC”). MPC’s principal place of business is 649 Potomac Station Drive NE, Leesburg Virginia 20176. MPC does not currently and has never offered franchises providing the type of business you will operate. MPC does not provide products or services to our franchisees. MPC has not ever conducted any other line of business.

Our affiliate, S&K, LLC (“S&K”) owns the Manhattan Pizza Business and has a principal business address at 12975 C Highland Crossing Drive, Herndon, Virginia 20171. S&K may make its facilities available to you for initial training. Other than making its facilities available for training, S&K does not offer products or services to our franchisees. S&K does not currently and has never offered franchises providing the type of business you will operate. S&K has not ever conducted any other line of business.

Our affiliate, Tanaz, LLC (“Tanaz”), a Virginia limited liability company formed on September 1, 2011, operates a self-serve frozen yogurt business under the name “Luv-N-Berry,” and it has operated that business since September 2012. Tanaz’s principal business address is 43290 Creek Bank Court, Leesburg, Virginia 20176. Tanaz has never offered and does not currently offer franchises in any line of business, but it plans to do so in the future, which businesses may be co-branded with Manhattan Pizza Businesses. Tanaz does not offer products or services to our franchisees. Tanaz has not ever conducted any other line of business.

We do not have any predecessors. Other than Tanaz, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

The Franchise

We offer franchises that are family-friendly fast casual restaurants selling New York style pizza, salads, sandwiches, wings, fries, burgers, drinks and desserts at affordable prices under the Marks (“Manhattan Pizza Businesses”). Manhattan Pizza Businesses are operated under a business format and system that includes our valuable know-how, information, trade secrets, training methods, Brand Standards Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Manhattan Pizza Businesses, all of which may be changed, improved, and further developed by us from time to time (the “System”).

Each Manhattan Pizza Business will typically be conducted through a retail restaurant location that is located in or close to an indoor or outdoor retail center or mall that has easy access to highways or major thoroughfares and adequate parking.

You must operate your Manhattan Pizza Business (the “Franchised Business”) following our standard business operating practices and sign our standard franchise agreement (“Franchise Agreement”). Your Franchised Business must offer the services and products we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Franchised Business at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Franchised Business.

Multi-unit Franchise Agreement

We also offer a Multi-unit Franchise Agreement. Under this program, we identify and assign a development territory (the “Territory”) where you, if you are a Multi-unit franchisee, must open and operate a specified number of Manhattan Pizza Businesses within a specified period of time. You would sign a Multi-unit Franchise Agreement (Exhibit C), which will describe your Territory and your Development Obligation. The minimum number of Manhattan Pizza Businesses that you must open under the Multi-Unit Franchise Agreement is two.

For each Manhattan Pizza Business approved by us that you open under a Multi-unit Franchise Agreement, promptly after our acceptance of the site for the Manhattan Pizza Business, you will sign a separate Franchise Agreement on our then-current form. Therefore, upon establishing each additional unit you will be required to sign a Franchise Agreement for that unit and the then-current version of the Franchise Agreement may differ from the current Franchise Agreement included within this FDD. In addition, you must sign a General Release (Exhibit G) as a condition to entering into the new Franchise Agreement.

Market and Competition

The market for our products and services generally is highly competitive and well-developed. You will have to compete with franchised operations, national chains and independently owned companies providing similar services. These chains and companies include national brands such as Papa John’s, Domino’s Pizza, and Pizza Hut. You may also encounter competition from other Manhattan Pizza Businesses.

Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, regional or national economic health, neighborhood demographic and traffic patterns, new technologies, and competition that provides related products.

Industry-Specific Regulations

Your Franchised Business will be subject to various federal, state and local health, safety and sanitation laws that apply to restaurant operations. You must investigate and comply with all applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2

BUSINESS EXPERIENCE

President: Jack Azar

Jack Azar has served as President of the company since our formation in March 2013. Jack is also the Manager and co-founder of our affiliate, MPC, and has had that role since its inception in December 1997. Jack has a wealth of knowledge and experience in restaurant operations and franchise operations, management, and marketing. He also has extensive experience in franchise locations, demographics, as well as construction and design issues.

Vice President: Essa Ezar

Essa Ezar has held this position since our formation in March 2013. Essa is our Co-Founder, and has over 20 years of experience in operating successful restaurant concepts. Essa is also the Manager and co-founder of our affiliate, MPC, and has had that role since its inception in December 1997.

General Counsel and Vice President: David McClure

David McClure has held this position since our formation in March 2013. David is also the founder and current Principal of The McClure Law Firm, P.C. in Leesburg, Virginia, which he formed and began operating in March 2005. He has extensive franchising law experience as well as broad experience with complex commercial law matters.

Vice President of Franchising: Andrew Murphy

Andrew Murphy has held this position since our formation in March 2013. Andy holds an MBA degree and has held sales leadership positions at both startup companies as well as the Fortune 500. He has served in senior leadership positions for several companies including IBM and SunGard. Currently he is the Executive Director of Fedtribe, a federally recognized, tribal 8a entity owned by the Pamunkey tribe of Virginia: the tribe of Chief Powhatan and his daughter Pocohontas. national companies.

ITEM 3

LITIGATION

Commonwealth of Virginia ex rel. State Corporation Commission v. Manhattan Pizza Company, LLC, Tanaz, LLC d/b/a Luv'N'Berry, and Jack Azar, in the Virginia State Corporation Commission, Case No. SEC-2014-00018. This matter was filed by the Virginia State Corporation Commission's Division of Securities and Retail Franchising (the "Division") in November 2014 against our parent, MPC, our affiliate, Tanaz, and our President, Jack Azar. The Division alleged that MPC and Tanaz, acting through Mr. Azar, violated the Virginia Retail Franchising Act (the "Act") by selling three unregistered franchises in Virginia by providing licensing agreements to franchisees between September 2011 and September 2013 by: (a) selling or offering to sell franchises in Virginia without being registered under the Act; and (b) failing to provide franchisees with franchise disclosure documents. In November 2014, MPC, Tanaz, and Mr. Azar entered into a Settlement Order with the Division (the "Order"). In the Order, MPC, Tanaz, and Mr. Azar: (a) did not admit or deny the Division's allegations; (b) agreed to pay the Treasurer of Virginia fourteen thousand dollars (\$14,000) in monetary penalties and one thousand dollars (\$1,000) to defray investigation costs; (c) agreed that Mr. Azar would complete a franchise sales management and compliance program; (d)

provide the respective franchisees of MPC and Tanaz with a copy of the Order; and (e) agreed not to violate the Act in the future. Other than this action, no litigation is required to be disclosed in this item.

In 2021, Franchisor was named as a defendant in a personal injury lawsuit brought against one of its franchisees and its delivery driver. Franchisor did not have any liability and the lawsuit was resolved without Franchisor being liable in any respect.

In 2023 Franchisor filed a lawsuit against a Maryland franchisee and Kishan Bikki pertaining to a claim for unpaid royalty fees for one of its two franchises. A default judgment was entered against Mr. Bikki. The Franchisor has not pursued the franchisee company, which continues to operate successfully as a franchisee.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard single unit initial franchise fee is currently \$34,000.

The initial franchise fee is fully earned by us when you sign the Franchise Agreement for the franchise being purchased.

Multi-unit Rights Fee

You must pay us a Multi-unit Rights Fee when you sign the Multi-unit Franchise Agreement. The minimum number of Manhattan Pizza Businesses that you must open under the Multi-Unit Franchise Agreement is two. The schedule of Multi-unit Rights Fees are set forth in the following table.

Number of Units	Multi-unit Rights Fee
2	\$65,000
3	\$89,500
4	\$129,500
5	\$149,500
6	\$174,500

Non-Refundable Fees

Your single unit initial franchisee fee and Multi-unit Rights Fee are fully earned by us and will not be refunded under any circumstances. We will retain the initial franchise fee or Multi-unit Rights Fee for our lost opportunities and to cover our costs and expenses in connection with the assistance we provided to you under the applicable Franchise Agreement.

Other than as stated above, these initial fees are uniform to all franchisees under this offering.

ITEM 6

OTHER FEES¹

Name of Fee	Amount	Due Date	Remarks
Remarks			
Royalty	5.5% of your Gross Sales (Note 2)	Payable weekly on Wednesday, or on another day of the week we designate in the Brand Standards Manual	Based on your Gross Sales during the previous week.
Brand Fund Fee	1% of Gross Sales when the Brand Fund is implemented	Payable weekly on Wednesday, or on another day of the week we designate in the Brand Standards Manual	Based on your Gross Sales during the previous week. At present no Brand Fund has been implemented.
Local Advertising Payment	The difference between the amount you spent on local advertising and your required local advertising expenditure (1% of your Gross Sales each month)	Payable after receipt of invoice	If you fail to spend your required local advertising expenditure on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund, unless waived by us.

Name of Fee	Amount	Due Date	Remarks
Remarks			
Local Advertising Cooperative	Amount established by members of the Cooperative. Each franchisee participating in a Cooperative is entitled to one vote per owned Manhattan Pizza Business. There is no minimum or maximum percentage of contribution.	Established by members of the Cooperative	We may form a Cooperative in your market. Your contributions will count towards your local advertising requirement. We and our affiliates are entitled to one vote for each owned Business in the Cooperative. Neither we nor our affiliates have controlling voting power in any existing Cooperative.
Default Fee	\$500 per occurrence	Payable upon demand	We have the right to charge this fee (in addition to our other rights and remedies) if you are not in compliance with our System standards.
Additional Initial Training Fee if more than the standard two participants	\$200 per attendee per day. Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters.	Prior to our providing any such training or advice	Payable if you wish to bring more than 2 people to the initial training program, or subsequently ask us to train additional staff. You must pay all travel, meal, lodging, salary, and living expenses for your attendees.
Technology/Website Fee	\$200 per month	Due with Royalty payment	Applies to the costs we expend in maintaining the Manhattan Pizza website that will include your store information, and to maintain the online training materials
Social Media Fee	\$200 per month	Due with Royalty payment	Applies to the costs we expend in our social media marketing
Continuing assistance	\$200 per day, plus all travel, lodging, meals, and other expenses we incur	Prior to our providing any such training or advice	Payable if you request our assistance.

Name of Fee	Amount	Due Date	Remarks
Remarks			
Audit Fees	Actual Cost of Audit Fees plus late charges and interest at 1.5% per month	As incurred.	Payable only if the audit shows an understatement greater than 3% of reported amounts
Costs and attorneys' fees (Note 3)	Will vary under circumstances	Upon settlement or conclusion of a claim or action, or in resolution of our efforts to collect past-due fees from you	Due when you do not comply with the Franchise Agreement
Interest	1.5% of the delinquent amount or the highest rate permitted by law, whichever is less.	Payable when any payment is overdue.	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Late Payment Fee	\$100	Payable when any payment you owe us is overdue.	Payable only if you do not pay your bills on time.
Dishonored Payment Fee	\$100	Payable when any payment you owe us is overdue.	If any check, electronic payment or other payment you tender to us is not honored for any reason, you must pay us an additional fee of \$100 to help offset bank charges and administrative expenses.
Insurance	Our cost of premiums, plus an administrative fee equal to 20% of the cost of the premiums.	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	\$10,000	Date that we approve transfer.	Applicable only if you choose to transfer your Franchise Agreement. Our consent is required for any transfer.
Professional Fees (Note 4)	All reasonable costs incurred by us with respect to your proposed transfer	Upon demand	If you request our approval of a transfer of your business and do not consummate the transaction, you must reimburse us for the costs we incur related to the proposed transfer.

Name of Fee	Amount	Due Date	Remarks
Remarks			
Supplier or Product Approval Fee	Reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval, which will typically be between \$200 and \$1,000.	Upon demand	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Follow-up Inspection Fee (when Franchisee has failed to correct issues, thereby requiring a third inspection)	The follow up inspection fee in effect at the time a follow-up inspection is required (currently \$500.00)	On invoice.	Payable only if you fail an inspection by us, necessitating a follow-up inspection
Successor Franchise Fee	\$10,000	Upon signing your successor franchise agreement	Payable only if you wish to obtain the right to continue operating as our franchisee after the end of your initial franchise term.
Indemnification	Will vary under circumstances	As incurred	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of the Franchised Business.
Management Fee	\$200 per day that we manage your Franchised Business, plus our direct expenses incurred on your behalf	As incurred	Due when we (or a third party) manage your Franchised Business after your death or disability, or by exercising our step-in rights
Securities Offering Fee (Multi-Unit Franchises Only)	\$5,000	Due when you ask us to review a proposed securities offering	If you plan to offer securities by private offering, you must obtain our approval. You must submit all documents we reasonably request and pay this fee.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 shall be uniformly imposed by us as to all franchisees, although in 2020 we had not yet implemented the Technology/Website Fee or the Social Media fee, and in 2020 we offered royalty fee abatements to one (1) franchisee during the first three-month period after they opened their Manhattan

Pizza Business. All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

2. “Gross Sales” means all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from the Franchised Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business including insurance proceeds and/or condemnation awards for loss of sales, profits or business, as will the full retail value of any gift certificate or coupon sold for use at the Franchised Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales); provided, however, that Gross Sales will not include revenues from any sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Sales, but will not include income from any specific product when the State, City or County that your franchise is located in specifically forbids such practice, and only then.

3. If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys’ fees and court costs.

In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or the Franchised Business, as a result of any claimed or actual act, error or omission of you or the Franchised Business, then you will be liable for our reasonable attorneys’ fees incurred by us in the action or proceeding.

If we terminate the Franchise Agreement for your default, or if you terminate the Franchise Agreement through agreement with us, you must pay us all our expenses from your default or termination, including reasonable attorneys’ and experts’ fees and the future royalties that we anticipate losing because of the early termination of your Franchise Agreement. If we hire a collection agency or an attorney to collect from you money that is past due, we are entitled to reimbursement from you for all costs and expenses that we incur in doing so, including reasonable attorneys’ fees.

4. “Professional fees” are only due if you request our permission to transfer your franchise, but you do not consummate your transfer. In that case, we will require you to reimburse us for the costs we incur, which may include our administrative costs, costs of performing background checks, and legal fees.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE UNIT FRANCHISE)

Investment	Amount- Range Estimated	Method of Payment	When Payable	To Whom Payment is Made
Initial Franchise Fee	\$34,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Construction and leasehold improvements (Note 1)	\$180,000 to \$380,000	As Incurred	As Agreed	Outside Suppliers
Real Estate Deposit and Rent (first three months) (Note 2)	\$5,000 - \$15,000	As Incurred	As Agreed	Landlord
Furnishings	\$20,000 to \$40,000	As Incurred	As Agreed	Outside Suppliers

Investment	Amount- Range Estimated	Method of Payment	When Payable	To Whom Payment is Made
Fixtures	\$18,000 to \$30,000	As Incurred	As Agreed	Outside Suppliers
Signage	\$10,000 to \$20,000	As Incurred	As Agreed	Outside Suppliers
Equipment	\$80,000 to \$150,000	As Incurred	As Agreed	Outside Suppliers
Inventory (Note 3)	\$10,000	As Incurred	As Agreed	Outside Suppliers
Utility deposits and fees	\$1,500 to \$2,000	As Incurred	As Agreed	Outside Suppliers
Business Licenses	\$1,000 to \$3,000	As Incurred	As Agreed	City / State / Licensing Authority
Grand Opening event and marketing (Note 8)	\$15,000 to \$25,000	As Incurred	As Agreed	Third Party franchise opening and marketing professional vendor
Additional Funds—(first three months) (Note 4)	\$15,000 to \$25,000	As Incurred	As Agreed	Outside Suppliers and Employees
Insurance (Note 5)	\$3,800 to \$5,500	As Incurred	As Agreed	Outside Suppliers
Architect Fees	\$7,500 to \$15,000	As Incurred	As Agreed	Outside Suppliers
Legal & Accounting	\$0 to \$3,500	As Incurred	As Agreed	Outside Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 6)	\$400,800 to \$758,000 (these estimates do not include any offsetting credit for Tenant Improvement money)			

YOUR ESTIMATED INITIAL INVESTMENT (MULTI-UNIT FRANCHISE) (NOTE 7)

Investment	Amount- Range Estimated	Method of Payment	When Payable	To Whom Payment is Made
Initial Franchise Fee (Note 7)	\$65,000 for minimum 2 units. (See Item 5 and Note 7 for scaling franchise fee corresponding to number of units)	Lump Sum	Upon signing of the Franchise Agreement	Us
	The following cost estimates assume building out and opening two units			
Construction and leasehold improvements (Note 1)	\$360,000 to \$760,000	As Incurred	As Agreed	Outside Suppliers
Real Estate Deposit and Rent (first three months) (Note 2)	\$10,000 to \$20,000	As Incurred	As Agreed	Landlord
Furnishings	\$40,000 to \$80,000	As Incurred	As Agreed	Outside Suppliers
Fixtures	\$36,000 to \$60,000	As Incurred	As Agreed	Outside Suppliers
Signage	\$20,000 to \$40,000	As Incurred	As Agreed	Outside Suppliers
Equipment	\$160,000 to \$300,000	As Incurred	As Agreed	Outside Suppliers
Inventory (Note 3)	\$20,000	As Incurred	As Agreed	Outside Suppliers
Business Licenses	\$2,000 to \$6,000	As Incurred	As Agreed	City / State / Licensing Authority

Investment	Amount- Range Estimated	Method of Payment	When Payable	To Whom Payment is Made
Utility Deposits and fees	\$3,000 to \$4,000	As Incurred	As Agreed	Outside Suppliers
Grand Opening event and marketing (Note 8)	\$30,000 to \$50,000 (estimated at \$15,000 to \$25,000 for each unit)	As Incurred	As Agreed	Recommended outside Third Party franchise opening and marketing professional vendor
Additional Funds—(first three months) (Note 4)	\$30,000 to \$50,000	As Incurred	As Agreed	Outside Suppliers and Employees
Insurance (Note 5)	\$7,600 to \$11,000	As Incurred	As Agreed	Outside Suppliers
Architect Fees	\$15,000 to \$30,000	As Incurred	As Agreed	Outside Suppliers
Legal & Accounting	\$0 to \$7,000	As Incurred	As Agreed	Outside Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (Multi-Unit Franchisee) (NOTE 7)	\$798,600 (2 units) to \$1,503,000 (2 units) (these estimates do not include any offsetting credit for Tenant Improvement money)			

(Please see Notes below, which are an integral part of this Item No. 7)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your Manhattan Pizza Business may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. We do not know whether any of the money you pay to third parties will be refundable. The Initial Fee you pay us is refundable under the circumstances described in Item 5.

1. Leasehold Improvements. These amounts are our best estimate of the range of costs of leasehold improvements, based on our experience and our affiliate's experience in constructing a Manhattan Pizza Business and will likely vary substantially based on local conditions, including the availability and prices of labor and materials. They do not include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a "vanilla shell" space that, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Manhattan Pizza Business. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing Manhattan Pizza Business, which also would result in a significantly greater initial investment. This estimate does **not** include tenant improvement allowance and any free rent that you may receive from the landlord for your Franchised Business. These costs could be substantially higher in certain markets, depending on the size of the cost of hiring any necessary contractors, and costs of materials, as well as shopping center construction fees, county or city building application and inspection fees, county, city, or state codes, and the cost to access existing plumbing. You should carefully investigate all of these costs in the area where you wish to establish your Franchised Business. These costs include utilizing construction project management professionals such as Core State Group or other professionals approved by us.

2. Real Estate. Your Manhattan Pizza Business will typically be located in a retail center that has easy access to highways or major thoroughfares and adequate visibility and parking. Suitable space, as approved by us, will be rented; its size will be between 2000 and 3000, square feet. The monthly amount that you spend on the space for your Manhattan Pizza Business will depend upon its location and the size and condition of the leased premises. These estimated Real Estate costs are based on anticipated monthly lease payments. The figures listed in this Item may vary substantially from location to location. Typically (but not in every case), a landlord will require a security deposit equal to one month's rent and payment of one month's rent before giving you possession of the leased premises.

We anticipate that most of our franchisees will lease space for their Manhattan Pizza Businesses. As a result, these amounts do not reflect costs for the purchase of real estate of for your Franchises Business, which also would result in a significantly greater initial investment.

3. Initial Inventory. You must purchase your initial inventory from suppliers approved by us. While we generally believe that this initial inventory investment will be sufficient to last for up to three months, the actual length of time that you will experience holding your inventory will depend on your actual sales. As a result, this initial inventory estimate may not be sufficient to cover your actual needs during the first three months of operation.

4. Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including lodging, meals and travel expenses for at least one person attending our training program, uniforms, utility deposits, sales taxes, dues, (including dues for belonging to such entities as Better Business Bureau, and Chamber of Commerce; you may choose to affiliate with other trade associations as you desire), recruitment, on-site training expenses, as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, cleaning, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. In compiling this chart, we relied on the experience of our affiliate, Manhattan Pizza Company, LLC, as the owner and operator (since 1997) of Manhattan Pizza Businesses similar to the franchise being offered to you.

5. Insurance. You must purchase insurance as specified by us, in minimum amounts of coverage as specified by us. You must use an insurance carrier that has been approved by us. We may increase your insurance requirements during the term of the Franchise Agreement, and you must comply with the new requirements. This amount should cover the initial semi-annual payment for general business liability insurance and workers' compensation insurance. The exact dollar amount of your insurance payment will be determined by the geographic location of the Manhattan Pizza Business and the number of employees you are covering. The figure in Item 7 is our best estimate of these costs. It is possible that your initial insurance costs would exceed the numbers listed in this Item 7.

6. Figures May Vary. This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Franchised Business. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. You should conduct your own independent investigation of the costs of opening a restaurant in the geographic area in which you intend to open the Franchised Business. You should also review the figures listed in this Estimated Initial Investment Item 7 carefully with a business advisor before making any decision to purchase a Manhattan Pizza Business.

7. Multi-Unit Fees. The Multi-unit Franchise initial investment estimate in the Item 7 table is computed by taking the total amount required to open a minimum of two units and includes the initial Franchise fee for two units. The initial Franchise fee for multi-unit Franchise Agreements scale as shown

in Item 5. The minimum number of Manhattan Pizza Businesses that you must open under the Multi-Unit Franchise Agreement is 2.

8. Grand Opening Expenses. The Grand Opening Event and marketing expenses are our best estimate of the cost to professionally stage the critical marketing and community outreach activities that experience shows is essential to a productive and professional opening.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must establish and operate your Manhattan Pizza Business in compliance with your Franchise Agreement and the standards and specifications contained in the confidential operations manual (“Brand Standards Manual”) loaned to you by us. We will communicate our standards and specifications to you in writing through the Brand Standards Manual.

In order to maintain our standards of consistent, high quality products and services, customer recognition, advertising support, value and uniformity in Manhattan Pizza Businesses, you must purchase all of your required décor, inventory, goods, equipment, supplies, forms, products, services, and advertising materials used in or sold through your Manhattan Pizza Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. You also must construct your Manhattan Pizza Business in a manner consistent with our standards, and use only appropriately licensed contractors.

If we do not authorize a product, service, or supplier, you are prohibited from using it in your Manhattan Pizza Business. It is a material breach of your Franchise Agreement if you buy products, equipment, supplies, inventory, goods or services from anyone other than our designated or approved suppliers and distributors (which may include us or our affiliates) without our prior written approval.

We formulate and modify our standards and specifications based on the market for pizza restaurants in general, as well as competitive and economic conditions, based on the experience of our affiliate’s operation of a Manhattan Pizza Business. We do not provide any material benefits to you based upon your use of approved suppliers.

Construction and Build Out

In order to maintain brand recognition and develop consistency in store build out standards it is mandatory, unless otherwise approved by us in writing, that franchisees utilize construction project management professionals approved by us for franchisee’s construction project management. Utilizing a construction project management team allows franchisees to focus on core business matters while construction objectives are professionally managed. We reserve the right to designate another, or a substitute project management provider if schedules and availability require.

Supplier Approvals

If you want to purchase or lease any products, equipment, supplies, forms, marketing, supplies, advertising or services from a supplier, other than from us or our authorized supplier, you must first notify us and obtain our written approval. We will provide you with our specifications and standards for approval. We will

review your request and we will respond to you in writing (typically by e-mail) regarding our approval or disapproval of the alternative supplier within 30 days after we have had the opportunity to test the item or supplier. We have no obligation to approve any request for a new supplier, product, or service, but we will not unreasonably withhold our approval.

You will be required to pay our costs of testing. If the supplier proposed by you meets our criteria, we will permit you to contract with that approved supplier. We reserve the right to re-inspect the facilities and to retest the product of any approved supplier and to revoke any approval if the supplier fails to continue to meet our high standards. Our approval will be revoked if we determine, in our reasonable discretion, that an approved supplier has not continued to meet our standards. In that case, we will inform you in writing of our decision to revoke our approval, and you will be required to cease contracting with that supplier immediately after your receipt of our notice of revocation. Other than our costs of testing, we do not charge a fee for approval.

We do not make our criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers. We do not issue specifications and standards to franchisees or approved suppliers. Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System.

Required Purchases Or Leases

Inventory and Equipment

Generally, you must purchase all of your inventory items, paper products, and supplies from suppliers approved by us, which may include us or our affiliate(s). We or our affiliate(s) may be the only approved suppliers of inventory or equipment for Manhattan Pizza Businesses. A list of the materials that you can, or will be required to, purchase from suppliers approved by us, and the names of those approved suppliers, will be listed in our Brand Standards Manual. We reserve the right to be the only approved suppliers of inventory items, but presently, we are not the only approved supplier of inventory items.

You must purchase all of your fixtures and equipment from suppliers approved by us, which may include us or our affiliate(s). Currently, however, we or our affiliate(s) are not approved suppliers or the only approved suppliers of fixtures and equipment for your Manhattan Pizza Business.

Insurance

The Franchise Agreement requires you to furnish to us copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit. Insurance coverage must meet our minimum requirements. All insurance policies must name us as an additional insured party. We are not an approved supplier or the only approved supplier of the required insurance policies.

You must obtain and maintain, at your own expense, the insurance coverage that we periodically require, and satisfy other insurance-related obligations.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies you purchase must name us and any affiliate we designate

as additional named insureds (and not additional insureds), and provide for 30 days' prior written notice to us of a policy's material modification or cancellation. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you and the Franchised Business on your behalf. The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories.

You must purchase and maintain throughout the term of the Franchise Agreement: (1) comprehensive commercial general liability insurance for the franchised business with an umbrella of at least \$1,000,000 aggregate; (2) property and casualty coverage on each store location; (3) business interruption coverage; (4) automobile liability of \$250,000 per person, \$1,000,000 per accident, and \$100,000 property damage for any vehicles used in the operation of your Manhattan Pizza Business; (5) worker's compensation; (6) employer's liability insurance; (7) unemployment insurance; (8) state disability insurance; and (9) other insurance to meet any applicable statutory requirements.

Computer System

We also may require you to purchase computer systems from our designated suppliers, which will include a computerized Point of Sale System ("POS System"). The computer equipment must be connected to the Internet, which will facilitate our communications with you. Upgrades to the computer equipment may be required periodically. We reserve the right to be the only approved suppliers of the computer system, but presently, we are not a supplier or the only approved supplier of the computer system.

You may be required to enter into a hardware maintenance contract with a company of your choosing for other computers you use in the Franchised Business, so long as you follow our procedures for approval of such outside supplier. We are not an approved supplier or the only approved supplier of the hardware maintenance contract.

Real Estate

You must purchase or lease real estate for your Manhattan Pizza Business according to the criteria that we will make available to you in the Brand Standards Manual. We may recommend an approved professional to assist in determination of the real estate for your Manhattan Pizza Business.

Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Manhattan Pizza Business, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 25% and 50% of your total cost to establish a Manhattan Pizza Business and between 25% and 50% of your total cost of operating a Manhattan Pizza Business (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures). We do not at present require real estate purchases from us or require you to lease property from us, therefore we do not have revenue derived from required purchases or leases. We do not have affiliates that derive revenue from required purchases or leases.

Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue

We do not have purchasing and distribution co-operatives as of the issuance date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We reserve the right

to negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees, but we currently do not do so.

During the 2023 fiscal year, our affiliate, Manhattan Pizza Company, LLC collected \$174,385 in rebates from our suppliers, based on purchases by our franchisees and by our affiliate-owned stores. Our total revenues in 2023 were \$655,259.00. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases.

Other than the rebates disclosed above, we have not yet derived revenue from any required purchases by franchisees, although we expect to do so in the future. Some of our officers own an equity interest in us (the franchisor) and our affiliates, and we may be an approved supplier.

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section In Agreement	Item In FDD
a	Site Selection & Acquisition/Lease	Section 3.1 and Addendum A of the Franchise Agreement; Sections 3.2 and 7.1 of the Multi-unit Franchise Agreement	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.5 and 9.3 of the Franchise Agreement	Items 5, 7, 8, and 11
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 – 3.8 of the Franchise Agreement; Section 7.1 of the Multi-unit Franchise Agreement	Items 7, 8, and 11
d	Initial & Ongoing Training	Section 10.1, 10.2, and 10.3 of the Franchise Agreement; Section 6.1 of the Multi-unit Franchise Agreement	Items 6, 7, and 11
e	Opening	Sections 3.7 and 3.8 and Addendum A of the Franchise Agreement	Item 11
f	Fees	Article 6 of the Franchise Agreement; Article 5 of the Multi-unit Franchise Agreement	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Brand Standards Manual	Articles 7, 8, and 9 of the Franchise Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Articles 7 & 12 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.1, 9.2, 9.3, 9.8, 9.10, 9.12 & 9.13 of the Franchise Agreement	Items 8, 11, 12, and 16

	Obligation	Section In Agreement	Item In FDD
j	Warranty & Customer Service Requirements	Section 9.11 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Section 2.1 of the Multi-unit Franchise Agreement	Item 12
I	Ongoing Product/Service Purchases	Sections 9.1 & 9.2 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.4 & 9.9 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 15.2 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 8 of the Franchise Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 15.1 of the Franchise Agreement; Sections 8.3 and 11.2 of the Multi-unit Franchise Agreement	Item 6
q	Owner's Participation, Management, Staffing	Section 9.5, 9.6 of the Franchise Agreement	Items 11 and 15
r	Records and Reports	Section 6.4 and Article 13 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 13 of the Franchise Agreement	Items 6 and 11
t	Transfer	Article 12 of the Franchise Agreement; Article 8 of the Multi-unit Franchise Agreement	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement; Section 4.2 of the Multi-unit Franchise Agreement	Item 17
v	Post-Termination Obligations	Articles 12 & 17 of the Franchise Agreement; Section 4.5 of the Multi-unit Franchise Agreement	Item 17
w	Non-Competition Covenants	Article 12 of the Franchise Agreement; Exhibit I; Section 9.1 of the Multi-unit Franchise Agreement	Items 15 and 17
x	Dispute Resolution	Article 16 of the Franchise Agreement; Section 11.16 of the Multi-unit Franchise Agreement	Item 17
y	Other – Personal Guaranty	Franchise Agreement Exhibit 3	Item 15

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not receive any consideration for placing financing with a lender, although we reserve the right to do so in the future. We do not guarantee your note, lease or obligation.

ITEM 11

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

Except as listed below, Manhattan Pizza Company Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance. Prior to the opening of your Manhattan Pizza Business, we will provide the following initial services:

1. Grant you a franchise to operate a Manhattan Pizza Business. (Franchise Agreement, Article 2)
2. We do not select the site for your Manhattan Pizza Business. However, at your request, we will advise you in determining appropriate factors and considerations for selecting a site for your Manhattan Pizza Business. We will not unreasonably withhold our acceptance of a site that meets our requirements. We must approve or disapprove your site within a reasonable time after we receive from you notice of the site's location. We describe the site selection process later in this Item. (Franchise Agreement, Article 3)
3. We will communicate with you and the approved suppliers for the initial design and construction of your Manhattan Pizza Business regarding our approval or disapproval of your construction plans and specifications for your Franchised Business. (Franchise Agreement, Article 3)
4. We will provide you with names of approved suppliers for your equipment, signs, fixtures, opening inventory, and supplies. We or our affiliate may be approved suppliers for some of these items, but you will be responsible for the delivery and installation of any such items. (Franchise Agreement, Article 9).
5. Before the opening of your Manhattan Pizza Business, provide you with an introductory orientation and training program in Northern Virginia, or other designated location (the "Introductory Training Program") on the operation of a Manhattan Pizza Business. We describe the Introductory Training Program later in this Item. (Franchise Agreement, Article 10)
6. We will loan to you during the term of the Franchise Agreement one copy of the Brand Standards Manual. We describe the Brand Standards Manual later in this Item. (Franchise Agreement, Article 9)
7. Provide you with specifications and a list of products for your initial equipment purchase and inventory order. (Franchise Agreement, Article 9)

Site Selection

We do not select the location of your Franchised Business. We generally do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. However, we will provide you with guidance regarding our standards for selecting a site, and you are required to obtain our approval for any site you choose. Under our multi-unit agreement, our approval is required for each site you want to open, and each site must be within your approved Protected Area. For each site the then-current franchise agreement shall provide the applicable current standards for sites and Protected Areas.

You select the site of your Manhattan Pizza Business within the Protected Area provided in the Franchise Agreement. We will either accept or reject the site in our sole discretion. If we accept a location submitted by you, we will enter it on Addendum 1 of your Franchise Agreement. Acceptance by us of a location is conditioned upon our determination, in our judgment, that the site that you have submitted for your

Manhattan Pizza Business is within your Protected Area and is a suitable site based upon criteria we establish from time to time.

We must determine that your proposed location meets or exceeds our standards, but our acceptance does not ensure that your Manhattan Pizza Business will be profitable at the approved location. We will use reasonable efforts to help you analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. We will either accept or reject the site in our sole discretion. We evaluate each proposed site and accept or do not accept each one on a case-by-case basis. The factors that we consider to approve your site(s) include (but are not limited to) general location and neighborhood, population demographics and density, traffic patterns, parking, size, physical characteristics of existing buildings, lease terms, local competition, local household income, and proximity to schools.

We will approve or disapprove your proposed site within 15 business days after you present the information described above to us. If you and we disagree about the proposed location, you must locate another acceptable site for your Franchised Business and repeat the process. If you cannot find an acceptable site, and sign a lease, within nine months of signing the Franchise Agreement, we have the right to terminate the Franchise Agreement. (Franchise Agreement, Article 3). We reserve the right to grant reasonable time extensions to determine an acceptable site as long as you have been diligently working to do so.

Time to Open.

We estimate that there will be an interval of time of 6 to 8 months days between the execution of the Franchise Agreement and the opening of your Manhattan Pizza Business. The factors that may affect this length of time include obtaining a satisfactory site, remodeling and decorating the site, time for obtaining building permits, zoning and local ordinances, weather conditions, installation of software and computer systems, training, obtaining marketing materials, materials shortages, hiring as needed, obtaining financing arrangements, and delayed installation of equipment, fixtures and signs. You must open your Manhattan Pizza Business within 120 days after the location we approve is available for your possession. We reserve the right to grant reasonable time extensions to get your unit open as long as you have been working diligently to do so.

Post-Opening Obligations. During the operation of your Manhattan Pizza Business, we will:

1. Provide periodic training programs regarding our latest products, techniques, methods, or processes. We have the right to charge you a fee of up to \$200 per person, per day to attend these training programs. You will be responsible for paying the living and travel expenses of you and those of your personnel who attend training. (Franchise Agreement, Article 10)
2. At your written request (or as required in the Franchise Agreement), provide additional on-site assistance and supervision to you, which will be scheduled subject to our availability. If you request this additional assistance, you may be required to pay an assistance fee of \$200 per day. (Franchise Agreement, Article 10)
3. Make a representative reasonably available to speak with you by telephone during normal business hours. (Franchise Agreement, Article 10)
4. Provide you with specifications and standards, and provide general guidance. (Franchise Agreement, Article 10)

Post-Opening Optional Assistance. During the operation of your Manhattan Pizza Business, we may:

5. Advise you of operating problems found at your Manhattan Pizza Business by disclosing them through reports submitted to or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Manhattan Pizza Business as we deem appropriate. (Franchise Agreement, Article 10)

6. Institute, maintain and administer a central advertising account (the “Brand Fund”) for such advertising or public relations programs, as we, in our sole discretion, may deem appropriate to promote Manhattan Pizza Businesses locally, regionally, or nationally. We describe the Brand Fund later in this Item. (Franchise Agreement, Article 8)

7. Coordinate the presence of the System on the Internet, including but not limited to e-commerce, web site use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding Manhattan Pizza Businesses and our franchisees. We will have sole discretion and control over the design and contents of any website. If we operate such a website, the website will include a section that provides the address and telephone number of your Manhattan Pizza Business, except that we reserve the right to de-list or remove your Manhattan Pizza Business from the website if you are not in compliance with the terms of the Franchise Agreement. We also have the right to control all use of social media (including social networking sites like Facebook, Twitter, LinkedIn, Instagram, Plaxo, and others) by you that mentions or uses the Marks. (Franchise Agreement, Article 7).

8. We are responsible for all product research and development, on which you may provide input and recommendations. We will periodically make changes to the products that we authorize and require you to sell at your Manhattan Pizza Business. (Franchise Agreement, Article 9)

9. Establish an extranet through which franchisees may communicate with each other and through which we can disseminate updates to the Brand Standards Manual and other Confidential Information. You will be permitted to participate in any extranet so long as you are in substantial compliance with the Franchise Agreement.

10. In our discretion, designate geographic areas for the establishment of regional advertising cooperatives (“Cooperatives”). We describe the Cooperatives later in this Item. (Franchise Agreement, Article 8).

There is no specified date or period of time for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Manhattan Pizza Business.

Advertising

Brand Fund

We reserve the right to create a fund for marketing the System, the Marks, and Manhattan Pizza Businesses (the “Brand Fund”). If established, you must pay up to one percent (1%) of your Gross Sales for the Brand Fund. The fee is payable monthly or at other times that we designate in the Manuals. The advertising requirements are uniform to all franchisees. The fees you pay to the Brand Fund are not refundable. No Brand Fund has been created for any preceding years, including 2023 and 2024.

Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Manhattan Pizza Businesses owned by us will be required to contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Marks. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Fund for reasonable administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. We did not collect or spend any Brand Fund Contributions during our last fiscal year. (Franchise Agreement, Article 8.3).

We do not have an advertising council comprised of franchisees, but we reserve the right to create one.

Local Advertising.

All of your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within fifteen (15) days after we receive the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved (Franchise Agreement, Article 8.2).

Cooperatives

In our discretion, we may designate geographic areas for the establishment of Cooperatives. If your Franchised Business is within one of these geographic areas, you must become a member of the Cooperative. You need not join more than one Cooperative for the same Franchised Business. All Manhattan Pizza Businesses, as well as Manhattan Pizza Businesses owned by us or our affiliates, must become members in any Cooperatives that we establish for geographic regions in which they own locations.

Each Cooperative will be organized and governed in a form and manner that we approve, and we reserve the right to change the way that the Cooperatives are organized and governed in our sole discretion. We reserve the right to administer the fund, or to have an advertising agency do so.

If you are a member of a Cooperative, you must contribute to the Cooperative on a monthly basis all or part of your required local advertising expenditure. Your local advertising obligation will be reduced by the amount of money that you contribute to the Cooperative. We have the right to examine the books, records, and accounts of the Cooperative and to audit the Cooperative. (Franchise Agreement, Article 8.8).

Each Cooperative must be organized and governed in a form and manner approved by us, in advance, in writing. Each Cooperative must prepare annual financial statements and submit them to us. The statements will be made available to you for your review.

We require that each Cooperative governs from written organizing documents. As of the date of this Disclosure Document, no Cooperative has been formed and no governing documents are available for you to review. No changes to the organizing documents are permitted without our advance written approval.

We, in our sole and absolute discretion, have the right to require any Cooperative to be formed, or have the governing documents changed. We also have the right to require that any Cooperative dissolve or merge into another Cooperative.

Computer System.

You must obtain and use in your Manhattan Pizza Business a POS System meeting our requirements. The POS System will generate reports on the sales and expenses of your Manhattan Pizza Business. The POS System will consist of a minimum of the following: CPU, cash drawer, high speed data communication device (credit card processing and remote report generation), receipt printer(s), touch screen monitor(s), database software, operating systems software, and restaurant management software.

We estimate that the cost of purchasing or leasing the POS System will range from \$14,000 - \$20,000. The monthly leasing fee will depend on factors such as lease term, lease rate, down payment, residual value, credit worthiness of lease.

You will be responsible to upgrade or update the POS System during the term of the franchise, to ensure the system adheres to the most current software versions and software license terms. We reserve the right to require you to upgrade or update the POS System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the POS System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology.

Neither we, nor any affiliate or third party, will be obligated to provide ongoing maintenance, repairs, upgrades or updates for the POS System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the POS System, but we reserve the right to do so in the future. The annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be dictated by the POS System supplier.

You are required to use the POS System to record all sales at your Manhattan Pizza Business, and we will have the unlimited right to independently access all of the information that is generate or stored on your

POS System. There are no limitations on the type of information we can access, or the times or frequency of when we access such information. No compatible equivalent component or program has been approved by us. (Franchise Agreement, Article 13).

Brand Standards Manual.

We will loan you a copy of our Brand Standards Manual, which may include one or more manuals and other written materials for the operation of a Manhattan Pizza Business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Brand Standards Manual to reflect changes in authorized products and services, changes in specifications, standards and operating procedures of a Manhattan Pizza Business.

We will loan you one copy of the Brand Standards Manual after you sign the Franchise Agreement. You must comply with all policies and procedures in the Brand Standards Manual. We may modify them at any time. The total number of pages is 78. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. You must update your copy of the Brand Standards Manual, as instructed by us. We disclose the Table of Contents to the Brand Standards Manual as Exhibit F to this Franchise Disclosure Document. (Franchise Agreement, Article 9).

Introductory Training Program and Ongoing Training

The Introductory Training Program typically lasts for three weeks, depending on your progress and performance. We offer the program once a calendar quarter. The classes will be held at our affiliate's Manhattan Pizza Businesses in Loudoun and Fairfax Counties in Northern Virginia, and at your Franchised Business immediately prior to and during the opening of your Manhattan Pizza Business. The Introductory Training Program is free of charge to you and, if applicable, your proposed Manager, except that you are responsible for costs associated with attending the program such as travel, lodging and meals. You and your Manager must complete the training program to our reasonable satisfaction, as determined by the specific program instructors listed in the training schedule below. Training is mandatory for you and your Manager.

We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of your Franchised Business.

We plan to provide the training listed in the table below. The hours presented for each subject are estimates, as our training program continues to evolve. This training schedule is fully detailed in the Operations Manual and will change from time to time (Franchise Agreement, Articles 9 and 10).

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Cook Training	12	40	Northern Virginia *
Store Operations	10	40	Northern Virginia *
Cashier Training		10	Northern Virginia *
HR Orientation	4	4	Northern Virginia *

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Totals	26	94	Northern Virginia *

The instructional materials used for all topics of training will consist of the Brand Standards Manual.

* An appropriate alternate geographic location may be designated.

Our Trainers

Jack Azar, our Founder, is a trainer for the Initial Training Program topics of history, corporate culture, advertising strategy and community service. Jack is our Founder, and has over 20 years of experience in designing, opening and operating successful restaurant concepts. Jack oversees all aspects of Manhattan Pizza Businesses. Jack successfully opened the first franchise store in 2009 and has continuously operated it since then.

Essa Azar, our President and Co-Founder, is a trainer for the Initial Training Program topic of store operations. Essa is our Co-Founder, and has over 15 years of experience in operating successful restaurant concepts. Essa oversees the Manhattan Pizza Business menu and kitchen operations.

Jordan Whitehurst, our Director of Training, is a trainer for the Initial Training Program topics of cook training, store operations, cashier training, and HR orientation. Jordan has more than 8 years of experience managing the operations of pizza stores in Northern Virginia. Jordan also has more than 9 years of hands-on experience with the technology hardware and software (such as point of sale systems and inventory systems) required to efficiently operate a Manhattan Pizza Business. Jordan has experience in overseeing all aspects of the Manhattan Pizza Business operations.

We will provide you with periodic training programs regarding our latest products, techniques, methods, or processes. If we require you to attend one of these training programs, we have the right to charge you a fee of \$200 per person, per day. You will be responsible for paying the living and travel expenses of you and those of your personnel who attend training.

ITEM 12

TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will provide to you a territory within which we will not establish, nor license another party to establish, another Manhattan Pizza Business (the “Protected Area”). As a single unit franchisee, we will grant you the right to open and operate a single Manhattan Pizza Business at a location in a specified Territory, subject to our approval. The territory may be one or more towns, cities, or some other population-based or geographic or defined area. The Protected Area will be identified on Addendum 1 to your Franchise Agreement. This proximity protection will remain for the initial franchise term.

We must approve your proposed Protected Area even if the area is identified by us in advance. The size of your Protected Area will depend on several factors, including but not limited to the geographic location of

your Franchised Business and the population density in the area of your Franchised Business. Generally, your Protected Area will be defined by street borders. We do not have any minimum area for your Protected Area. When determining the boundaries of your Protected Area, we generally use statistics provided by the U.S. Census Bureau, or state and local population data.

We must approve all proposed franchise locations even if the locations are identified by us in advance. We will enter the location we approve (the “Approved Location”) on Addendum 1 to the Franchise Agreement if it is approved prior to signing the Franchise Agreement, otherwise Addendum 1 will identify your Approved Location as “to be determined.” After we approve your Approved Location, we will designate your Protected Area by describing it on Addendum 1. You may not conduct business at any other site other than the Approved Location. Under our multi-unit agreement, our approval is required for each site you want to open, and each site must be within your approved Protected Area. For each site the then-current franchise agreement shall provide the applicable current standards for sites and Protected Areas

You will operate your Manhattan Pizza Business from one location and must receive our permission before relocating. We will not unreasonably withhold our consent, but such consent must be in writing to be effective. If you seek to relocate to a location that is outside of your Protected Area, we reserve the right not to approve any such relocation, and we will not consent to your relocation if it is within another franchisee’s Protected Area.

You are permitted to advertise, or solicit orders from, outside of your Protected Area if those activities are not conducted within another Manhattan Pizza Business’s Protected Area. You are not permitted to advertise, or solicit orders from, any area that is within another Manhattan Pizza Business’s Protected Area. You may, however, accept orders from outside your Protected Area for so long as you fill them only from your Approved Location. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Area.

You may use, reference or promote your Manhattan Pizza Business in connection with social media networks or platforms, but only with our approval and in compliance with our applicable policies. You are not permitted to have an individual website for your Manhattan Pizza Business, but we (so long as you are in compliance with the Franchise Agreement) will list your Manhattan Pizza Business on our System Internet web site, and we may provide you the opportunity to add some content to that site.

Your Protected Area will not be altered during the initial term of the Agreement if there is a population increase or decrease. It will also not be affected by your sales volume, as there is no minimum sales quota. We have the right to terminate our grant, or reduce the size, of your Protected Area if you default under the Franchise Agreement for, among other things, failing to maintain our standards or failing to pay the royalty and other fees when they become due.

On renewal, acquiring a successor franchise, or transferring your franchise, your Protected Area may be modified. Depending on the then-current demographics of the Protected Area, and on our then-current standards for territories, if the Protected Area is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the Protected Area.

Multi-Unit Franchise Agreement

Under the Multi-unit Franchise Agreement, we grant you the right to open and operate a minimum of two Manhattan Pizza Businesses at locations in a specified Multi-unit Territory, subject to our approval. The Multi-unit Territory may be one or more cities, counties, states, or some other geographic or population-

based defined area. During the term of the Multi-unit Franchise Agreement, we will not operate or grant a license or franchise to any other person to operate a Manhattan Pizza Business at any location within your Multi-unit Territory except as stated below.

Until the termination or expiration of the Multi-unit Franchise Agreement, you will retain your right of exclusivity if you comply with your Development Obligation and other obligations under the Multi-unit Franchise Agreement. Any Manhattan Pizza Business you develop at a Non-Traditional Location will not count towards your Development Obligation.

If you fail to meet any of your obligations under the Multi-unit Franchise Agreement, including the Manhattan Pizza Business opening obligations, or commit a material breach of any agreement between you and us, we may terminate your Multi-unit Territory and/or your right to further open and operate new Manhattan Pizza Businesses in the Multi-unit Territory in which case we may sell franchises within the former Multi-Unit Territory. The termination for this reason of the right to develop your Multi-unit Territory will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the expiration of the term of your Multi-unit Franchise Agreement, we may own, operate, franchise or license others to operate additional Manhattan Pizza Businesses anywhere, without restriction, including in your Multi-unit Territory, subject to the rights granted to you in the Protected Area established under any then-existing Franchise Agreement.

Under the Multi-unit Franchise Agreement, the continuation of your territorial exclusivity is dependent upon your compliance with your Development Obligation and other obligations under the Multi-unit Franchise Agreement, as described above.

Limitations on Territorial Rights Under Franchise and Multi-Unit Franchise Agreements

Except as stated above, we and our affiliates retain all rights in the Protected Area and Multi-Unit Territory for engaging in any activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

- (1) The right to sell products and services using the Marks to customers located within your Protected Area or Multi-Unit Territory, for example, sales of sauces or frozen pizzas online or through grocery stores or similar retailers if we elect to develop such markets in the future.,
- (2) The right to operate, and to grant others the right to operate Manhattan Pizza Businesses located anywhere outside your Protected Area or Multi-Unit Territory under any terms and conditions we deem appropriate and regardless of proximity to your Protected Area or Multi-Unit Territory.

We are not required to pay you if we exercise any of the rights specified above within your Protected Area or Multi-Unit Territory.

Right of First Refusal

You will not have the right of first refusal to acquire additional franchises within your Protected Area. You will not have the right of first refusal to acquire additional franchises within your Multi-Unit Territory (if you have one) except as stipulated under your Development Obligation, and then only to that extent. We do not customarily grant to franchise owners options, rights of first refusal or similar rights to acquire additional franchises outside of their respective protected areas or multi-unit territories.

Right of First Refusal; Other Franchise Systems

Other than through the Multi-Unit Franchise Agreement, we do not grant to franchise owners options, rights of first refusal or similar rights to acquire additional franchises outside of their respective franchised areas, although we do retain the right to do so within our sole discretion. You do not have the right to open any additional locations without a Multi-unit Franchise Agreement.

Although we and our affiliates have the right to do so, neither we nor our affiliates have operated or franchised, and have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the Marks in your Protected Area or Multi-unit Territory.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Manhattan Pizza Business. You may also use our other current or future trademarks to operate the Manhattan Pizza Business. The following marks are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Trademark	Application Number Application Date	Registration Number Registration Date	International Class of Goods
MANHATTAN PIZZA & SUBS (Word Mark)	77071005 December 24, 2006	3387699 February 26, 2008	43
MANHATTAN PIZZA (Word Mark)	87149429 August 24, 2016	5283995 September 12, 2017	39, 43
	87155603 August 30, 2016	5284022 September 12, 2017	39, 43

We have filed all required affidavits relating to the registered Mark shown above.

All Marks are owned by our affiliate, MPC, which has granted to us, under license (the "Intellectual Property License"), the right to use and franchise the Marks and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary materials in the United States by and to operators of Manhattan Pizza Businesses in exchange for a payment of \$10 per year. The Intellectual Property License does not contain any significant limitations on our right to use or license the

Marks to you, and will continue for a term of 25 years from May 15, 2013. If the Intellectual Property License were to be terminated, we will have the right to change the name under which we and our franchisees operate and continue to operate and license the existing Manhattan Pizza Businesses under a different name. Except as described above, no currently effective agreements significantly limit our rights to use or license the use of the Marks.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks.

You will have the right to use all of our Marks in the operation of your Manhattan Pizza Business. However, you must use the Marks only for the operation of your Manhattan Pizza Business and in the manner authorized by us. You cannot use the names or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Manhattan Pizza Business, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the Brand Standards Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which

could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of your Manhattan Pizza Business, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work-made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Manhattan Pizza Business, Brand Standards Manual and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these Improvements. You will have each of your employees sign an agreement requiring employee cooperation with these requirements. You must obtain our express written consent before making any modification or derivative work.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Brand Standards Manual and in guidance furnished to you during the term of the Franchise Agreement.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a Manhattan Pizza Business during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure of Confidential Information to employees of your Manhattan Pizza Business.

The Brand Standards Manual will at all times remain our property exclusively. We may revise the Brand Standards Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Manhattan Pizza Business must at all times be under your direct, day-to-day, full-time supervision, or you must have a Manager, approved by us responsible for direct, day-to-day, full-time supervision. Your Manager will be required to attend and successfully complete our Initial Training Program. If your Manager is unable to complete (or pass) our Initial Training Program, we will require you to designate an alternative manager that must attend and pass the Initial Training Program. You or your Manager must use his or her best efforts in the operation of your Manhattan Pizza Business. You (and, if applicable, your Manager) must complete our Initial Training Program. If you signed a Multi-unit Franchise Agreement, when you open your second and each subsequent Manhattan Pizza Business within your Multi-unit Territory, you must designate a Director of Operations who will be involved in the day-to-day operations of all Manhattan Pizza Businesses which you own in specified geographic areas.

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign a guarantee agreement assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached to the Franchise Agreement as Addendum 3.

You must take all necessary precautions to ensure that the persons listed in the Franchise Agreement as owners of an equity interest, and any representatives and beneficial owners of the Franchise Agreement, sign the Confidentiality/Non Competition Agreement (Exhibit I), and you must forward a copy of these signed agreements to us. You also must ensure that your Manager and any of your employees that have access to our trade secrets and confidential information each sign the Confidentiality/Non Competition Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only products and services that have been approved and specified by us in the Brand Standards Manual and any updates that are incorporated in the Brand Standards Manual from time to time. You may not offer for sale any products or services not specifically approved by us in writing and you may not use your Manhattan Pizza Business premises for any other purpose than the operation of a Manhattan Pizza Business and the sale of products or services approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Brand Standards Manual. There are no limits on our ability to make changes to the products or services we require you to sell.

You may not sell products or services to customers located within another franchisee's Protected Area. You may not sell products or services from or at any location other than the location of your Manhattan Pizza Business. We may (but are not required to) approve you to provide catering or delivery services. In that event, you may only provide catering or delivery services within the service area we approve. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our on-line policy.

If permitted by applicable law, we may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to

purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

We have the right to establish maximum prices for products you sell under special promotions. Otherwise, we do not set actual, minimum, or maximum retail prices for services or products that you sell at or from your Manhattan Pizza Business.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Unit Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	Agreement starts the on date it is signed and ends 10 years later.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire one additional term of 10 years if you meet the requirements listed in Article 5 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not later than 90 days or earlier than 180 days, to renew; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement, including a smaller geographic Protected Area; have fully performed your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us, and not have committed two or more breaches of the Franchise Agreement during any 12-month period during the term; remodel your Franchised Business; pay our successor franchise fee. If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 16.5	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 60 days to cure or commence cure.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 16.1 – 16.3	We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. “Cause” defined - curable defaults	Section 16.3	Except as described in (h), you have 10 days after notice to cure breaches relating to your:

Provision	Section in Franchise Agreement	Summary
		<p>(a) failure to obtain or maintain required insurance coverage; (b) failure to pay any amounts due to us; (c) failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (e) owners being engaged in a dispute with one another (deadlock) that materially affects the operation of the Franchised Restaurant, which dispute or deadlock remains unresolved after the expiration of the 10-day cure period; or (f) Violation of any provision of the Franchise Agreement concerning the use and protection of the Marks or Confidential Information.</p> <p>You will have 30 days after notice to cure any breaches of the Franchise Agreement not listed in Sections 16.1 or 16.2</p>
h. "Cause" defined – non-curable defaults	Section 16.1	<p>You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you:</p> <p>(a) abandon your Manhattan Pizza Business or fail to keep it open for a period of three (3) consecutive days, unless it is for a reason beyond your control; (b) are adjudicated bankrupt or insolvent, admit to an inability to meet financial obligations as they become due, or make a disposition for the benefit of your creditors; (c) have your assets seized, foreclosed, or taken over; (d) or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your Manhattan Pizza Business; (e) make an unauthorized transfer of the business; (f) fail to comply with any material federal, state, or local law or regulation applicable to the operation of your Manhattan Pizza Business; (g) Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue; (h) Violate any covenant not to compete or relating to confidential information; (i) Submit on two or more occasions during the term financial information which understates your Gross Revenue by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error; (j) engage in any activity that has a material adverse effect on the System or the Marks; (k) you receive from us 2 or more notices of default under the Franchise Agreement within a 12 month period regardless of whether you cured those defaults;</p>

Provision	Section in Franchise Agreement	Summary
		(I) you or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism.
i. Franchisee's obligations on termination/non-renewal	Article 17	Upon termination you must cease operating as a Manhattan Pizza Business, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Brand Standards Manuals, records, files and any materials relating to the operation of your Manhattan Pizza Business, cancel or transfer all telephone numbers and directory listings to us, and comply with all covenants.
j. Assignment of contract by franchisor	Section 11.1	We may transfer all or any part of the System, the Franchise Agreement, or the Marks without your consent.
k. "Transfer" by franchisee – defined	Section 11.2	Includes transfer of contract, premises of your Manhattan Pizza Business, assets, or change of more than 50% of the ownership of you (if you are a legal entity)
l. Franchisor approval of transfer by franchisee	Section 11.3	You cannot transfer the Franchise Agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 11.3	<p>We have the right to condition our approval of any transfer proposed by you upon the following:</p> <ul style="list-style-type: none"> (a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates; (b) We must have declined our right of first refusal; (c) Your transferee must have completed the initial training program to our satisfaction; (d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option); (e) You must pay us a transfer fee of \$10,000 or twenty percent (20%) of the then-current initial franchise fee that we are charging new franchisees at the time of transfer; (f) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns; (g) The transfer must be conducted in compliance with all applicable federal, state, and local laws and regulations; and (h) Your transferee must assume all of your liabilities and obligations relating to your Franchised Business.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11.5	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Manhattan Pizza Business.
o. Franchisor's option to purchase franchisee's business	Section 17.5	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent restaurant equipment supplier we select.
p. Death or disability of franchisee	Section 11.7	The deceased or incapacitated person must designate a successor to his or her interest in the Franchised Business, which must be approved by us, within 6 months of death or incapacity. We have the right to approve all transfers.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 12.3	Unless we agree otherwise in writing, you may have no involvement in any business that: i) is a casual or fast-casual restaurant business; or (ii) sells or offers to dispense, through wholesale or retail, products the same as or similar to the type of products sold by Manhattan Pizza Businesses, other than a Manhattan Pizza Business operated under a valid Franchise Agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.4	Unless we agree otherwise in writing, you may have no involvement in any business that: i) is a casual or fast-casual restaurant business; or (ii) sells or offers to dispense, through wholesale or retail, products the same as or similar to the type of products sold by Manhattan Pizza Businesses, for one year at any site within your Protected Area or within 20 miles of any Manhattan Pizza Business then existing. Except with the operation of a Manhattan Pizza Business under a valid Franchise Agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Brand Standards Manual and other confidential materials provided to you by us. You may not divert any business from us or seek to employ any of our employees or franchisees. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 19.3	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 19.4	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 18	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must be submitted to non-binding mediation in accordance with the commercial arbitration rules of the American Arbitration Association
v. Choice of forum	Section 18.11	Litigation must be in the courts of the state of Virginia located in Loudon County, and the United States District Court for the Eastern District of Virginia (subject to your state's law; see any state-specific addendum attached in Exhibit E)
w. Choice of law	Section 18.1	Federal law governs trademark issues. Virginia law applies except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

Multi-unit Agreement

Provision	Section in Multi-Unit Agreement	Summary
a. Length of the franchise term	Article 4.1	5 years or when you sign a Franchise Agreement for your last Manhattan Pizza Business necessary to fully satisfy your Development Obligation on Exhibit B, whichever is earlier.
b. Renewal or extension of the term	Not applicable.	Not applicable.
c. Requirements for franchisee to renew or extend	Not applicable.	Not applicable.
d. Termination by franchisee	None	Not applicable.
e. Termination by franchisor without cause	None	Not applicable. During the term of your Multi-unit Franchise Agreement, Franchisor cannot terminate your Multi-unit Franchise Agreement without cause.
f. Termination by franchisor with cause	Article 10.1	We can terminate if you materially default under your Multi-unit Franchise Agreement, an individual Franchise Agreement, or any other agreement between you and us. Termination of your Multi-unit Franchise Agreement will not automatically terminate your individual franchise agreements unless the underlying acts or omissions also constitute violations of the single unit franchise agreements. Similarly, termination of your single franchise agreement will not automatically terminate your Multi-unit Franchise Agreement unless the underlying acts or omissions also constitutes a violation of the Multi-unit Franchise Agreement.
g. "Cause" defined - curable defaults	Article 10.1	You have 5 days to cure a failure to pay fees. You have 30 days to cure any other default; but in the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control. If you fail to cure any default, we may terminate your Multi-unit Franchise Agreement but your individual franchise agreements will not be automatically terminated unless the underlying acts or omissions also constitute violations of the single unit franchise agreements. Similarly, If you fail to cure a default of your single unit franchise agreements, your Multi-unit Franchise Agreement will not be automatically terminated unless the underlying acts or omissions also constitutes a violation of the Multi-unit Franchise Agreement.
h. "Cause" defined – non-curable defaults	Article 10.1	Non-curable defaults include: unapproved transfers; failure to meet Development Obligation; any breach for unfair competition described in Article 9. Termination of your Multi-unit Franchise Agreement will not automatically terminate your individual franchise agreements unless the underlying acts or omissions also constitute violations of the single unit franchise agreements. Similarly, termination of your single franchise agreement will not automatically terminate your Multi-unit Franchise Agreement unless the underlying acts or omissions also constitutes a violation of the Multi-unit Franchise Agreement.

Provision	Section in Multi-Unit Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Article 4.5	You will have no further right to develop or operate additional Manhattan Pizza Businesses which are not, at the time of termination, the subject of a then-existing Franchise Agreement between you and us. You may continue to own and operate all Manhattan Pizza Businesses under then existing Franchise Agreements.
j. Assignment of contract by franchisor	Article 8.1	No restrictions on our right to assign.
k. "Transfer" by franchisee – defined	Article 8.3	Includes transfer of the Multi-unit Franchise Agreement or changes in ownership of the entity which owns it. If you are a business entity, shares of your entity may be offered for sale through the public offering of securities. Shares may be offered by private offering with our prior written consent.
l. Franchisor approval of transfer by franchisee	Article 8.3	Transfers require our prior written consent, which may not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Article 8.3	<p>You must assign the Multi-unit Franchise Agreement and all of the Franchise Agreements signed under the Multi-unit Franchise Agreement to the same assignee.</p> <p>At our election, the assignee must sign our then-current form of Franchise Agreement for each of your Manhattan Pizza Businesses then developed or under development.</p> <p>Before shares of a franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Parent, officers, directors, manager(s), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them with the offering; and pay us a fee to reimburse us for our costs and expenses associated with reviewing the proposed offering, which fee is in addition to any transfer fee required under any Franchise Agreement.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	Article 8.3	We may match any offer to purchase your business.
o. Franchisor's option to purchase franchisee's business	None	Not applicable.
p. Death or disability of franchisee	Articles 8.3 and 10.1	Same requirements as for a transfer in "m" above. If your interest is not transferred within 60 days following your (or a major member, partner or shareholder's) death or legal incapacity, your Multi-unit Franchise Agreement will be automatically terminated.
q. Non-competition covenants during the term of the franchise	Articles 9.1 and 14.1	Unless we agree otherwise in writing, you may have no involvement in any business that: i) is a casual or fast-casual restaurant business; or (ii) sells or offers to dispense, through wholesale or retail, products the same as or similar to the type of products sold by Manhattan Pizza Businesses, other than a Manhattan Pizza Business operated under a valid Franchise Agreement with us. If you are an entity, you may not conduct any business other than the business of the Multi-unit Franchise Agreement and any Franchise Agreements between you and us.

Provision	Section in Multi-Unit Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Article 10.1	Unless we agree otherwise in writing, you may have no involvement in any business that: i) is a casual or fast-casual restaurant business; or (ii) sells or offers to dispense, through wholesale or retail, products the same as or similar to the type of products sold by Manhattan Pizza Businesses, for one year at any site within your Multi-unit Territory or within 20 miles of any Manhattan Pizza Business then existing. Except with the operation of a Manhattan Pizza Business under a valid Franchise Agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires.
s. Modification of the agreement	Article 12.9	The Multi-unit Franchise Agreement can be modified or amended only by written agreement of all of the parties.
t. Integration/merger clause	Article 12.9	Only the terms of the Multi-unit Franchise Agreement and any Franchise Agreement(s) are binding (subject to state law). Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Article 12.16	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must be submitted to non-binding mediation in accordance with the commercial arbitration rules of the American Arbitration Association
v. Choice of forum	Articles 10.3 and 12.16	Litigation must be in the courts of the Commonwealth of Virginia located in Loudon County, and the United States District Court for the Eastern District of Virginia (subject to your state's law; see any state-specific addendum attached in Exhibit E)
w. Choice of law	Article 12.8	Federal law governs trademark issues. Virginia law applies except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Fiscal Years 2022 and 2023 (Fiscal Year ends December 31)
All Manhattan Pizza Businesses

Fiscal Year (January 1 – December 31)		High Unit	Middle Unit	Low Unit
2022	Total Revenue	\$1,779,157	\$1,596,478	\$562,977
	Median of Total Revenue (2022)		\$1,596,478	
	Average of Total Revenue (2022)		\$1,164,051	
	% Cost of Goods Sold (food plus paper products)	31.7%	30.2%	33.7%
2023	Total Revenue	\$1,917,419.39	\$1,654,451.44	\$1,508,650.33
	Median of Total Revenue (2021)		\$1,693,507.05	
	Average of Total Revenue (2021)		\$1,693,507.05	
	% Cost of Goods Sold (food plus paper products)	32 %	31.6 %	28.7%

The table above illustrates the results of the Manhattan Pizza Businesses operated by our franchisees during the 2022 and 2023 fiscal years. The table does not include non-standard stores. We have not included the revenues of (1) our licensee, which operates a business on a college campus that is materially different from our franchise-owned Manhattan Pizza Businesses; (2) a franchise unit that primarily provides catering; and (3) a franchise unit that was opened as a commissary for only six months of 2020 and was intended to service a franchisee's other two franchise stores.

Please see the notes below, which are an integral part of this Item 19.

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

Written substantiation for this financial performance representation will be made available to you (the prospective franchisee) upon reasonable request. See the notes below, which are a material part of this Item.

(1) The outlets included in the table are well established and are located in a shopping center, and are located in a limited geography in the Loudoun County, Virginia and Montgomery County in Maryland. The outlets are in areas that are densely populated and the residents are well above national averages for per capita income and net worth. These characteristics may differ materially from those of the Manhattan Pizza Business(es) that you establish and operate.

(2) The "Total Revenue" numbers stated above do not include revenues from any sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority.

(3) The data presented above has not been audited or verified for accuracy by any independent accounting professional. This data only represents our good faith compilation of this information using the customary skill and expertise of a business owner and may not apply all generally accepted accounting principles.
(4) The figures above do not reflect any of the expenses necessary to operate a Manhattan Pizza Business except for cost of goods sold.

(5) You should conduct an independent investigation of the costs and expenses you would incur in operating a Manhattan franchise.

(6) These statements relate to historical performance only.

We do not make any representations about a franchisee's past or future financial performance of franchised outlets. We do not make any representations about a franchisee's future financial performance. 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 David McClure, Manhattan Pizza Company Franchising, LLC, 307 E. Market Street, Second Floor, Leesburg, Virginia 20176 (703-777-9563), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

Systemwide Outlet Summary for Years 2022 through 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	13	14	+1
	2022	14	14	0
	2023	14	12	-2
Licensed*	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	14	15	+1
	2022	15	15	0
	2023	15	13	-2

*Prior to our first franchise offering, we offered and sold licenses that were materially different from the franchise we are offering now. One such licensed outlet remains.

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2022 through 2023

State	Year	Number of Transfers
Virginia (franchised)	2021	0
	2022	0
	2023	0
Virginia (licensed)	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

TABLE NO. 3

Status of Franchised Outlets for Years 2022 through 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Maryland								
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2021	8	1	0	0	0	0	9
Virginia	2022	9	0	0	0	0	0	9
(Franchised)	2023	9	0	0	0	0	1	8
	2021	1	0	0	0	0	0	1
Virginia	2022	1	0	0	0	0	0	1
(Licensed)	2023	1	0	0	0	0	0	1
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Totals	2021	14	1	0	0	0	0	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	0	0	2	13

TABLE NO. 4
Status of Company-Owned Outlets for 2022 through 2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Virginia, Maryland, No. Carolina	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals							
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

TABLE NO. 5
Projected Openings for 2024

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Maryland	0	0	0
North Carolina	0	0	0
Virginia	0	0	0
Totals	0	0	0

The above figures are estimates only. These numbers may change significantly depending upon a number of factors, including the timing of various state registrations and the success of franchise marketing efforts.

No Franchisee had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No Franchisees have signed a confidentiality clause in a Franchise Agreement, settlement agreement or other contract within the last three years that would restrict their ability to speak openly with you about their experience with us.

Our Franchisees and Licensees

Maryland – Current Franchisees	
Pizza MD 2, LLC 21580 Zuknick Terrace Ashburn, VA 21047 (301) 810-5330	(Urbana, MD location)
MP of Clarksburg, LLC 23221 Stringtown Road Clarksburg, MD 20871 (301) 515-7500	
Virginia – Current Franchisees	
Manhattan Pizza Company of Leesburg, LLC 647 Potomac Station Drive, #70	Virginia – Current Licensee SAS Management, Inc. 4400 University Drive

Leesburg, VA 20176 (703) 669-4020	Fairfax, VA 22030 (703) 993-5000
Manhattan Pizza Company of South Riding, LLC 25042 Riding Plaza, Suite 100 South Riding, VA 20162 (703) 722-2020	
Northern Virginia Pizzerias II, LLC 177 West Lee Highway Warrenton, VA 20186 (540) 680-2412	
S&K, LLC 12975 #C Highland Crossing Drive Herndon, Virginia 20171 (703) 481-6580	
SK Pizza II, LLC 4726 Leighfield Valley Drive Chantilly, VA 20161 (571) 926-9069	
Hearty Foods, LLC 1211 Wolf Rock Drive Purcellville, VA 20132 (540) 619-0500	
MP of Gainesville, LLC 13841 Heathcote Boulevard, #100 Gainesville, VA 20155 (571) 636-9900	
MP of Stafford, LLC 1610 Publix Way, #101 Stafford, VA 22554 (540) 318-6603	
North Carolina– Current Franchisees	
Annecy I, LLC 9660 Falls of the Neuse Road, Suite 133 Raleigh, NC 27615 (919) 847-3995	
Annecy II, LLC 305 Matthews Drive Holly Springs, North Carolina 27540 (919) 367-6667	

Franchisees Who Have Left the System

A franchisee that has operated a standard Manhattan Pizza Store since May of 2018, opened a second site as a non-standard commissary with Manhattan Pizza’s approval that was an experimental store. It did not have indoor seating, was well below the usual square footage for a store, and was implemented primarily as a commissary for the franchisee’s first store and for the

franchisee's planned second standard store, which has now opened. The commissary opened in May of 2019 and then closed in March of 2020 for multiple reasons including not providing expected efficiencies as a commissary. It was open for only 9 months and did not pay royalties or an initial franchise fee due to its experimental nature.

Manhattan Pizza followed the CDC regulations and State regulations to protect its franchisees and their customers during the COVID era. Manhattan Pizza initiated a one-month waiver of royalty fees for the month of April 2020 in support of our valued franchisees. Most franchisees have reported no significant reduction in sales due to COVID-19 in 2021, and some have reported no reduction. However, two franchisees have reported a material reduction in sales due to their location in a high-rise office community that drew its customers from multiple office buildings, which were impacted by mandatory closures and the subsequent shift to remote working arrangements. One of those franchises ceased operation in 2021. The other impacted franchise ceased operation in 2023 when the owner sold his restaurant and has continued to operate his remaining franchise store..

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit D are our audited financial statements for fiscal years ending, December 31, 2022, and December 31, 2023, and our unaudited financial statements for June 31, 2024.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

ITEM 22

CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as its business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Exhibit B: the Franchise Agreement

Addenda to Franchise Agreement:

1. Information Regarding Franchisee and the Franchised Restaurant; Approved Location and Protected Territory
2. Collateral Assignment of Lease

3. Personal Guarantee
4. Electronic Funds Transfer Authorization

Exhibit C: Multi-unit Franchise Agreement

Addenda to Multi-unit Franchise Agreement:

1. Multi-Unit Territory
2. Development Obligation
3. Business Entity Information

Exhibit E: State Addenda

Exhibit F: Brand Standards Manual Table of Contents

Exhibit G: Form of General Release

Exhibit H: Compliance Questionnaire

Exhibit I: Form of Confidentiality and Non-Compete Agreement

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit J. Please complete both copies, detach and return the copy marked "Our Copy" to us and keep the other copy in the Franchise Disclosure Document for your own records.

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT A

List of State Administrators and Agent for Service of Process

EXHIBIT A
LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND
STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

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

State	Agents for Service of Process	Administrators
California	California Commissioner of Corporations: <u>Los Angeles:</u> 320 West 4 th Street, Suite 750 Los Angeles, CA 90012-2344 <u>San Diego:</u> 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 <u>San Francisco:</u> Department of Business Oversight 71 Stevenson Street, Suite 2100 San Francisco, CA 94105	Corporations Commissioner Department of Business Oversight One Sansome Street, #600 San Francisco, CA 94104 (866) 275-2677
Connecticut	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
Florida	Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800	Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221
Georgia	Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334	Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Illinois Attorney General Attorney General's Office	Chief, Franchise Bureau Illinois Attorney General

State	Agents for Service of Process	Administrators
	500 South Second Street Springfield, IL 62706	500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House – Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust

State	Agents for Service of Process	Administrators
		Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	Attention: Barbara Lasoff Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	North Dakota Securities Commissioner 5 th Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5 th Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]
South Dakota	Director of South Dakota Division of Securities C/o 500 East Capitol Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Securities C/o 118 West Capitol Pierre, SD 57501-3185 (605) 773-4013
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711

State	Agents for Service of Process	Administrators
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 Main Street, 9 th Floor Richmond, VA 23219
Washington	Director of Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4 th Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 th Street NW Washington, DC 20580 (202) 326-3128

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT B

Franchise Agreement



FRANCHISE AGREEMENT BETWEEN

Manhattan Pizza Company Franchising, LLC
307 E. Market Street, Second Floor
Leesburg, Virginia 20176

and

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APPENDIX

Glossary of Terms

ADDENDA

1. Information Regarding Franchisee and the Franchised Restaurant; Approved Location and Protected Territory
2. Collateral Assignment of Lease
3. Owner Agreement
4. Electronic Funds Transfer Authorization

FRANCHISE AGREEMENT

This Franchise Agreement (“**Agreement**”) is entered into on the Effective Date between Manhattan Pizza Company Franchising, LLC, a company organized under the laws of Virginia (“**Manhattan Pizza**”), and the Franchisee identified in **Addendum 1** to this Agreement (“**Franchisee**”). Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the **Appendix**.

RECITALS

A. Manhattan Pizza owns a uniform System for the establishment and operation of Manhattan Pizza® Businesses.

B. Manhattan Pizza has the right to license the Marks and the System in connection with the operation of a Manhattan Pizza Business;

C. Franchisee wishes to obtain the rights to use the Marks and wishes to be assisted, trained, and licensed by Manhattan Pizza, as a franchisee, to use the System and the Marks in the operation of the Franchised Restaurant, and Manhattan Pizza is willing to grant such rights under the terms and conditions of this Agreement.

The parties therefore agree as follows:

1. COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS OF FRANCHISEE

Franchisee understands, represents, and agrees to the following:

1.1. **Success Depends Upon Franchisee.** Franchisee is an independently owned and operated business whose success is dependent on its own efforts, those of its management, employees, and independent contractors, as well as business conditions in general.

1.2. **System Modifications.** Manhattan Pizza reserves the right to modify any aspect or element of the Trade Dress and/or the System. Reasons justifying the changes or modifications include, but are not limited to, the need to: (1) modify, change or abandon the strategy on which Manhattan Pizza Businesses are currently based; (2) add or change the standards for customer service and products; and (3) require the use of new or different equipment. Such changes will generally be communicated to Franchisee through the Brand Standards Manual. Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply.

1.3. **System Variations.** Because complete uniformity under various market circumstances may not always be possible or desirable, Manhattan Pizza, in its discretion, reserves the absolute and exclusive right to vary the standards for any Manhattan Pizza Business based upon the customs or circumstances of a particular market area, density of population, existing business practices or any condition that Manhattan Pizza deems to be of importance to the operation of such franchisee’s Manhattan Pizza Business. Further, Manhattan Pizza, in its discretion, may enter into agreements with other Persons for the operation of other Manhattan Pizza Businesses, which agreements may contain provisions that vary materially from this Agreement.

1.4. Independent Investigation. Franchisee has conducted its own investigation of all financial requirements, business and legal risks with respect to the Franchised Restaurant in general and operating the Franchised Restaurant in particular. Franchisee has had the opportunity to read and review Manhattan Pizza's Franchise Disclosure Document and this Agreement at least fourteen calendar days before signing this Agreement, and to be thoroughly advised by legal counsel or a personal advisor, or has chosen not to do so without any influence by Manhattan Pizza.

1.5. No Representations Regarding Success or Profitability. Neither Manhattan Pizza, nor anyone acting on its behalf, has made any statements, representations, projections, forecasts, warranties or guarantees (express or implied, written or oral) to Franchisee, including any statements regarding the potential financial or business success of the Franchised Restaurant or with respect to the Franchised Restaurant's potential, expected or actual Gross Sales, income, profits, earnings or expenses, other than any such statements that are contained in Manhattan Pizza's Franchise Disclosure Document. Franchisee has not relied upon any guarantee, warranty, projection, forecast or earnings claim, whether express, implied, purported or alleged, in entering into this Agreement, other than that contained in Item 19 of Manhattan Pizza's Franchise Disclosure Document (if we make any).

1.6. Accuracy of Information. Franchisee has ensured that all information it has submitted to Manhattan Pizza in connection with Franchisee's application for this Agreement was complete and accurate when it was given to Manhattan Pizza. Franchisee represents to Manhattan Pizza that there have been no material changes in that information or other changes in material circumstances with respect to Franchisee between the time of the submittal and the Effective Date. Franchisee further acknowledges that the acknowledgments signed by Franchisee in Addendum 4 are truthful and accurate.

1.7. Permits, Licenses, and Legal Requirements. Franchisee understands that restaurants are highly regulated businesses and that Franchisee may be required, under applicable state law, to secure permission from the appropriate government authorities to operate the Franchised Restaurant. It is Franchisee's responsibility to familiarize itself with all applicable Legal Requirements, and Manhattan Pizza has made no representations as to the nature of such Legal Requirements or Franchisee's ability to qualify or comply with them.

1.8. Franchisee's Ownership. If Franchisee is a Business Entity, Franchisee represents that:

1.8.1. Every one of Franchisee's Owners has signed the Owner Agreement, attached as Addendum 3.

1.8.2. Franchisee is duly organized and validly existing under the laws of the state of Franchisee's organization, and Franchisee is duly qualified to transact business in the state in which the Franchised Restaurant is located.

1.8.3. Franchisee has the authority to execute and deliver this Agreement and all related agreements and to perform its obligations under all such agreements.

1.8.4. Franchisee's organizing documents state that Franchisee's activities are restricted to those necessary solely for the development, ownership and operation of a Manhattan Pizza Business in accordance with this Agreement and in accordance with any other agreements entered into with Manhattan Pizza or any of its Affiliates.

1.8.5. The articles or certificate of incorporation, partnership agreement or other organizational documents of Franchisee recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interests are restricted by the terms of this Agreement.

1.8.6. All certificates representing direct or indirect legal or beneficial ownership interests in Franchisee, now or later issued, must bear a legend that conforms with the Legal Requirements reciting or referring to such restrictions.

If Franchisee is an individual or sole proprietorship but later becomes a Business Entity, Franchisee must ensure that it complies with, and that its organizing documents are consistent with, each one of the above requirements and representations.

1.9. Disclosure of Ownership Interests. Franchisee and, if Franchisee is a Business Entity, each of Franchisee's Owners represents, warrants and agrees that the provisions in **Addendum 1** that pertain to Franchisee's Business Entity and its ownership is current, complete and accurate. Franchisee agrees that updates or changes to **Addendum 1** will be furnished promptly to Manhattan Pizza, so that it (as revised and signed by Franchisee) is at all times current, complete and accurate. Each Owner must be an individual acting in his or her individual capacity.

1.10. Anti-Terrorism Laws. Franchisee certifies that neither Franchisee, nor Franchisee's Owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>) Franchisee agrees not to hire or have any dealings with a Person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's Owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Manhattan Pizza to the fullest extent possible in Manhattan Pizza's efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities in this Agreement pertain to Franchisee's obligations under this Section.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise. Subject to the terms and conditions of this Agreement, Manhattan Pizza grants to Franchisee the right, and Franchisee undertakes the obligation, to operate one Manhattan Pizza Business only at the location identified in **Addendum 1** to this Agreement (the "**Approved Location**"). Franchisee agrees to equip, open and operate, under the terms of this Agreement, a Manhattan Pizza Business specializing in offering specific Authorized Products and Authorized Services (collectively, "**Authorized Products and Services**") as specified by Manhattan Pizza in its Brand Standards Manual, only under the Marks and only at the Approved Location.

2.2. Restrictions on License. Franchisee does not have the right to grant franchises or sub-licenses of any kind to any other party, nor does Franchisee have the right to open more than one Manhattan Pizza Business within the Protected Area, unless otherwise provided by separate

agreement. Franchisee will operate its Franchised Restaurant only within the Protected Area. No part of the Franchised Restaurant may be offered for sale or lease, nor will Franchisee allow any part of the Franchised Restaurant to be used for any other purpose other than that explicitly set forth in this Agreement or the Brand Standards Manual, or conduct any business at the Approved Location other than authorized under this Agreement, without the prior written approval of Manhattan Pizza.

2.3. No Alcoholic Beverages. Franchisee does not have the right to serve alcoholic beverages under this Agreement. In order to protect the goodwill of the System and Manhattan Pizza Businesses, this right is strictly controlled with permission granted by Manhattan Pizza, which may be withheld in Manhattan Pizza's sole discretion.

3. CONSTRUCTION AND COMMENCING BUSINESS

3.1. Approved Location. The Franchised Restaurant will be located at the Approved Location listed on Addendum 1. If no Approved Location has been inserted in the blank space provided in Addendum 1 at the time of execution of this Agreement, it will be inserted when determined as outlined in Section 3.2 below.

3.2. Site Selection. Franchisee agrees that Franchisee is responsible for independently investigating the demographic characteristics, competition, and market for the services to be provided by the Franchised Restaurant in the market area where Franchisee intends to operate. Manhattan Pizza will, however, provide Franchisee with its standards for site selection. Franchisee must obtain Manhattan Pizza's approval before committing to a site.

3.2.1. Franchisee must seek approval by advising Manhattan Pizza in writing of the street address for the proposed location, and by providing Manhattan Pizza with a copy of any demographic information that Franchisee possesses on the proposed location as Manhattan Pizza requires, in the form prescribed by Manhattan Pizza. Within fifteen (15) Business Days after receipt of such information from Franchisee, Manhattan Pizza will approve or disapprove of the proposed site. If Franchisee and Manhattan Pizza do not agree on the site for the Franchised Restaurant, Franchisee must attempt to locate another acceptable site. Manhattan Pizza reserves the right to approve or disapprove any site location proposed by Franchisee based upon its review of the site.

3.2.2. MANHATTAN PIZZA DOES NOT REPRESENT THAT IT, OR ANY OF ITS AFFILIATES, OWNERS, EMPLOYEES, DESIGNATED CONSULTANTS OR AGENTS, HAVE ANY SPECIAL EXPERTISE IN SELECTING RESTAURANT SITES. NEITHER MANHATTAN PIZZA'S ASSISTANCE NOR APPROVAL IS INTENDED TO INDICATE OR INDICATES THAT THE FRANCHISED RESTAURANT WILL BE PROFITABLE OR SUCCESSFUL AT THE APPROVED LOCATION. FRANCHISEE IS SOLELY RESPONSIBLE FOR IDENTIFYING THE APPROVED LOCATION.

3.3. Manhattan Pizza's Approval of the Lease. Franchisee must obtain Manhattan Pizza's approval of any lease for the Approved Location by submitting to Manhattan Pizza a copy of the proposed lease. Manhattan Pizza will accept or reject the proposed lease as soon as practicable, but in no event longer than 15 Business Days after it is submitted by Franchisee. Franchisee will not enter into any lease for the Approved Location unless Franchisee has received acceptance from Manhattan Pizza. Franchisee must not create (or purport to create) any obligations on behalf of Manhattan Pizza, or grant (or purport to grant) to the lessor thereunder any rights against Manhattan Pizza, nor agree to any other term, condition, or covenant which is inconsistent with

any provision of this Agreement. Franchisee must deliver to Manhattan Pizza a fully-executed copy of the final, approved lease after it is fully executed. MANHATTAN PIZZA'S REVIEW OF A LEASE, OR ANY ADVICE OR RECOMMENDATION OFFERED BY MANHATTAN PIZZA, SHALL NOT CONSTITUTE A REPRESENTATION OR GUARANTEE THAT THE FRANCHISE WILL SUCCEED AT THE APPROVED LOCATION NOR CONSTITUTE ANY EXPRESSION OF MANHATTAN PIZZA'S LEGAL OR BUSINESS OPINION REGARDING THE TERMS OF THE LEASE.

3.4. Relocation. Franchisee may not relocate the Franchised Restaurant without Manhattan Pizza's prior written consent. If Manhattan Pizza shall consent to any relocation, Franchisee will de-identify the former location in the manner described in Section 17.2 of this Agreement, and will reimburse and indemnify and hold Manhattan Pizza harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of Franchisee's failure to do so.

3.5. Required Lease Terms. Franchisee will execute a Collateral Assignment of Lease, in the form found in Addendum 2 attached to this Agreement, whereby Franchisee agrees to assign its rights in the lease to Manhattan Pizza in the event of a termination or expiration of this Agreement or a default under the lease. In addition, the lease will, unless Manhattan Pizza otherwise consents in writing:

3.5.1. Provide that the term is for a period which is not less than the Term of this Agreement (including available successor term(s));

3.5.2. Grant Manhattan Pizza or its designee an option, without cost or expense to Manhattan Pizza or such designee, to assume the lease, or execute a substitute lease on the same terms, in the event that this Agreement is terminated due to Franchisee's default;

3.5.3. Provide that Manhattan Pizza or its designee shall have the right (but not the obligation) to succeed to Franchisee's rights under the lease if Franchisee fails to exercise any option to renew, and/or extend the term of the lease, and shall further provide that upon Franchisee's default or alleged default under the lease, the lessor will notify Manhattan Pizza in writing at least fifteen (15) days prior to its termination or non-renewal. The lease must also provide that, in the case of a default by Franchisee, Manhattan Pizza or its designee have the right, but not the obligation (and without liability to Franchisee), to cure the default and to succeed to Franchisee's rights under the lease or request that the lessor terminate the lease and enter into a substitute lease with Manhattan Pizza or its designee on the same terms by giving written notice of such election to Franchisee and such lessor; and

3.5.4. Provide that upon expiration or termination thereof for any reason, Franchisee shall, upon Manhattan Pizza's demand, remove all of the Marks from the Approved Location and modify the decor of the Franchised Restaurant so that it no longer resembles, in whole or in part, a Manhattan Pizza Business and that if Franchisee shall fail do so, Manhattan Pizza will be given written notice and the right to enter the Approved Location to make such alterations, in which event Franchisee shall reimburse Manhattan Pizza for all direct and indirect costs and expenses it may incur for making those changes, including attorney's fees.

3.6. Approval of Plans. Franchisee must submit to Manhattan Pizza for approval all construction plans, specifications, and any proposed deviations for any construction and any remodeling of the Franchised Restaurant. Manhattan Pizza will approve or disapprove such plans

within 30 days of the date Franchisee submits them. Manhattan Pizza's approval of construction plans and specifications is not a warranty of their appropriateness, and means only that they comply with Manhattan Pizza's minimum specifications.

3.7. Constructing the Franchised Restaurant. Franchisee is solely responsible for developing and constructing the Franchised Restaurant. This means that Franchisee must, at Franchisee's own expense: (a) secure all financing to develop and operate the Franchised Restaurant and acquire and maintain adequate capital reserves; (b) pay all applicable state, county, and municipality taxes, permit costs, and/or fees associated with construction; (c) obtain all required building, utility, sign, health, sanitation, business, and other permits and licenses; (d) purchase insurance for the Franchised Restaurant; (e) obtain all building inspections and approvals, occupancy and/or construction permits, and architectural drawings; and (f) engage a licensed architect and licensed contractor(s) to construct, remodel, renovate, and/or equip all improvements to the Franchised Restaurant and decorate it according to the plans and specifications that Manhattan Pizza approves, and in accordance with the requirements of Franchisee's lease.

3.8. Time to Opening. Franchisee must have a lease signed for the Franchised Restaurant within sixty (60) days of the Effective Date. Franchisee agrees that all construction or remodeling will be completed, and the Franchised Restaurant will be open and operating, no later than 120 days after the date the Approved Location is available for Franchisee's possession, or by the date specified in the lease for the Franchised Restaurant, whichever is earlier, unless Manhattan Pizza otherwise agrees in writing. The time periods for the commencement and completion of such construction are of the essence of this Agreement. If Franchisee fails to perform its obligations contained in this Section, Manhattan Pizza may deem the Franchisee's failure to constitute a material default of this Agreement and will have the right to terminate the Agreement, without refunding to Franchisee any fees paid.

3.9. Approval to Open. Franchisee may not open the Franchised Restaurant until Franchisee has received written authorization to open from Manhattan Pizza, which authorization may be conditional. Manhattan Pizza's assistance and authorization to open the Franchised Restaurant is not a representation or warranty that the Franchised Restaurant complies with any applicable laws, codes or regulations or that the construction is sound or free from defects.

4. PROTECTED AREA

4.1. Protected Area. Subject to Section 4.2, and provided Franchisee is not in default of this Agreement and/or any other Agreement between Manhattan Pizza (or any Affiliate of Manhattan Pizza) and Franchisee (or Affiliate of Franchisee), Manhattan Pizza will not establish, nor permit any third party to operate, a Manhattan Pizza Business under the Marks or System during the Term within the Protected Area without Franchisee's prior written consent. The Protected Area will be identified in Addendum 1.

4.1.1. If Franchisee's Approved Location has not been identified as of the Effective Date, Franchisee's Protected Area will be identified, and entered on Addendum 1, at the time Franchisee obtains Manhattan Pizza's approval of the Approved Location. Franchisee and Manhattan Pizza will describe Franchisee's anticipated Protected Area in general terms in the "general description" in Section B of Addendum 1. Franchisee's and Manhattan Pizza's listing of the general description of Franchisee's Protected Area does not give Franchisee any rights of exclusivity in the identified area, and is only used for a reference. Manhattan Pizza may sell other Manhattan Pizza Businesses in the area identified in Section B of Addendum 1.

4.1.2. After Manhattan Pizza has approved a location for the Franchised Restaurant, Franchisee and Manhattan Pizza will enter them in Section C of **Addendum 1**. As the Protected Area is dependent on the location of the Franchised Restaurant, Manhattan Pizza will present Franchisee with the Protected Area upon the identification of the site for the Franchised Restaurant. If Franchisee does not wish to accept the Protected Area, Franchisee may choose another site location and Manhattan Pizza will present Franchisee with another Protected Area based on the site selected.

4.2. **No Other Protection.** Franchisee acknowledges that Manhattan Pizza and its Affiliates retains all other rights within the Protected Area, including but not limited to the right to:

4.2.1. Use, and to license other Persons to use, the Marks and System for the operation of Manhattan Pizza Businesses at any location other than within the Protected Area, regardless of proximity to the Protected Area, and regardless of whether such other businesses draw customers from the Protected Area.

4.2.2. Use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Protected Area, in association with operations that are different from than the Franchised Restaurant.

4.2.3. Offer Authorized Products and Services, or grant others the right to offer the Authorized Products and Services, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, grocery stores, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Protected Area.

4.2.4. Maintain any websites utilizing a domain name incorporating the Marks or derivatives. Manhattan Pizza retains the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

4.2.5. Acquire, merge, or combine with businesses that are the same as or similar to the Franchised Restaurant and operate such businesses regardless of where such businesses are located, including inside the Protected Area, and to be acquired by any third party which operates businesses that are the same as, or similar to, the Franchised Restaurant, regardless of where such businesses are located, including inside the Protected Area. Notwithstanding the foregoing, Manhattan Pizza will not re-brand any such businesses located inside the Protected Area by allowing them to use the Marks.

4.3. **Catering and Delivery Services.** If Franchisee want to offer catering or delivery service to customers, Franchisee must obtain Manhattan Pizza's written approval, which Manhattan Pizza will not unreasonably withhold, so long as Franchisee holds any necessary licenses or permits for such services. If Manhattan Pizza approves Franchisee's request to offer catering and delivery services, Manhattan Pizza will designate a service area ("Service Area") in which Franchisee may offer catering or delivery services. Franchisee will be required, at Franchisee's sole cost and expense, to obtain a vehicle, insurance, catering and delivery equipment and menus, approved by Manhattan Pizza, as set forth in the Brand Standards Brand Standards Manual, prior to offering catering or delivery services within Franchisee's Service Area. Franchisee must operate the

Franchised Restaurant at all times while providing catering or delivery services. Franchisee must follow the policies stated in the Brand Standards Brand Standards Manual while providing catering or delivery services. Franchisee may not sell or provide any product or service outside of the Franchised Restaurant unless it is through approved catering or delivery services. Any income from catering or delivery services must be included in Franchisee's Gross Sales reporting.

5. TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE

5.1. **Term.** The term of this Agreement commences on the Effective Date, and, unless sooner terminated in accordance with Article 16, will expire on the 10th anniversary of the Effective Date (the "Term").

5.2. **Right to Acquire Successor Franchise.** After the expiration of the initial Term, Franchisee may, at its option, acquire a successor franchise for 1 additional term of 10 years, unless Franchisee is signing this Agreement under a successor franchise agreement, in which case Franchisee's successor term will be governed by Franchisee's original franchise agreement. To qualify for a successor franchise, Manhattan Pizza will have the right to insist on Franchisee's fulfillment of any or all of the following conditions:

5.2.1. Franchisee must give Manhattan Pizza written notice of such election to acquire a successor franchise not less than ninety (90) days nor more than one hundred and eighty (180) days prior to the end of the initial term.

5.2.2. Franchisee executes Manhattan Pizza's then-current standard form of franchise agreement (the "Successor Franchise Agreement"), which may, at Manhattan Pizza's sole discretion, include substantially different terms than those contained in this Agreement, including but not limited to higher, additional, or different fees (including a higher Royalty Fee and advertising contribution) and a smaller Protected Area, but Franchisee will not have to pay a new initial franchise fee. The term of the Successor Franchise Agreement will be the term specified above.

5.2.3. Franchisee and each Owner shall have executed a general release, in Manhattan Pizza's then-current form (the current form is attached to the Franchise Disclosure Document as **Exhibit G**), of any and all Claims against Manhattan Pizza and its Affiliates and their respective officers, directors, shareholders, Managers, members, agents and employees in their corporate and individual capacities, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

5.2.4. Franchisee is not then in default of any provision of this Agreement, or any amendment of or successor to this Agreement, or any other agreement between Franchisee and Manhattan Pizza, or any Affiliate of Manhattan Pizza, and Franchisee has not committed and received notice of two (2) or more breaches of this Agreement during any twelve (12) month period during the Term, even if such breaches were timely remedied.

5.2.5. Franchisee must provide proof that Franchisee has all current licenses, insurance, and permits as required by law for Franchisee to continue operating the Franchised Restaurant.

5.2.6. Franchisee will have obtained the right to continue to occupy the Approved Location, or will obtain Manhattan Pizza's approval to relocate the Franchised Restaurant to a different Approved Location.

5.2.7. Franchisee must pay Manhattan Pizza a successor franchise fee equal to the greater of: (a) \$10,000; or (b) twenty percent (20%) of the then-current initial franchise fee that Manhattan Pizza is charging for new MANHATTAN PIZZA® franchises at the time of renewal. Franchisee must pay this fee at the same time that Franchisee gives Manhattan Pizza the written request required by Section 5.2.1. If, for any reason, Manhattan Pizza does not grant Franchisee a Successor Franchise Agreement, Manhattan Pizza shall, at the same time Manhattan Pizza notifies Franchisee of the refusal, refund the successor franchise fee paid by Franchisee.

5.2.8. Franchisee must make or provide for, in a manner satisfactory to Manhattan Pizza, such changes as may be necessary to bring the Franchised Restaurant up to Manhattan Pizza's current standards, including, without limitation, installation of new equipment and software and renovation of the Franchised Restaurant and decor to reflect the then-current standards and image of the System.

5.3. **Interim Period.** If Franchisee does not sign the Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at Manhattan Pizza's option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period. In this Agreement, all references to the Term will include any Interim Period.

6. **PAYMENTS**

6.1. **Initial Franchise Fee.** In consideration of the mutual promises and covenants contained herein, Franchisee will pay a lump-sum initial franchise fee to Manhattan Pizza of \$34,000 upon execution of this Agreement. The initial franchise fee will be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by Manhattan Pizza in granting this franchise and for Manhattan Pizza's lost or deferred opportunity to grant a franchise within the Protected Area to a third party.

6.2. **Royalty Fee.** During the Term of this Agreement, Franchisee will pay Manhattan Pizza a weekly royalty fee ("Royalty Fee") equal to five and one-half percent (5.5%) of Gross Sales.

6.3. A. **Technology/Website and Social Media Fee.** Manhattan Pizza will maintain a website that will include your Approved Location as set forth in this Agreement, and will include updating of online training manuals and materials. Manhattan Pizza will also provide social media marketing intended to benefit all franchisees. The Technology/Website fee of \$200 each month and the Social Media Fee of \$200 each month is due with the Franchisee's first monthly Royalty Fee payment.

B. **Brand Fund Fee.** At such time as Manhattan Pizza implements a Brand Fund,

Franchisee will pay Manhattan Pizza a continuing weekly advertising fund fee of one percent (1%) of Gross Sales (“**Brand Fund Fee**”) from the preceding week. Manhattan Pizza will deposit the Brand Fund Fee into a fund that Manhattan Pizza maintains (“**Brand Fund**”). The Brand Fund Fee will be due and payable beginning on the first day of Franchisee’s third full month of operation after the Brand Fund is implemented.

6.4. Time and Manner of Payments. Franchisee must pay to Manhattan Pizza Royalty Fees and Brand Fund Fees on a weekly basis, by noon local time on Wednesday of each week, via electronic funds transfer (“**EFT**”). Manhattan Pizza has the right to change the time and manner of payments by providing written notice to Franchisee 30 days in advance of such change, through the Brand Standards Manual or otherwise in writing. Franchisee must ensure that each Royalty Fee and Brand Fund payment is, without exception, accompanied by a statement of the previous week’s Gross Sales on a form approved and provided to Franchisee by Manhattan Pizza, which may be electronic.

6.4.1. Franchisee must pay Manhattan Pizza all fees due for each period on or before the applicable due date.

6.4.2. Franchisee agrees to comply with procedures specified by Manhattan Pizza and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee’s business bank operating account, as may be necessary to assist in or accomplish payment by such method, and will execute Manhattan Pizza’s EFT Authorization form, which is attached to this Agreement as Addendum 4. Under this procedure, Franchisee must authorize Manhattan Pizza to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Manhattan Pizza and any interest charged due on those amounts. Franchisee must make funds available to Manhattan Pizza for withdrawal by electronic transfer no later than the payment due date.

6.4.3. If funds in the account are insufficient to cover the amounts payable at the time Manhattan Pizza makes its funds transfer request, the amount of the shortfall is overdue and is subject to the terms set forth in this Agreement for overdue payments, in addition to any other remedies Manhattan Pizza has. None of these fees are refundable.

6.4.4. If Franchisee has not timely reported its Gross Sales to Manhattan Pizza for any reporting period, then Manhattan Pizza will be authorized, at Manhattan Pizza’s option, to debit Franchisee’s account in an amount equal to: (a) the fees transferred from Franchisee’s account for the last reporting period for which a report of the Gross Sales was provided to Manhattan Pizza; or (b) the amount due based on information retrieved from Manhattan Pizza’s approved POS System.

6.5. Application of Funds. If Franchisee becomes delinquent in the payment of any monetary obligation to Manhattan Pizza, Manhattan Pizza will have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, notwithstanding any other designation by Franchisee as to application. Franchisee may not withhold payment of any amounts you Franchisee owes Manhattan Pizza due to Manhattan Pizza’s alleged nonperformance of any of its obligations under this Agreement.

6.6. Late or Dishonored Payments. If Manhattan Pizza does not timely receive any fee or any other amount due under this Agreement on or before the applicable due date, Franchisee will pay Manhattan Pizza a late fee equal to \$100, plus the lesser of the daily equivalent of 1.5% per month

simple interest of any overdue amount, or the highest rate then permitted by applicable law, for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments. If any check, electronic payment or other payment Franchisee tenders to Manhattan Pizza is not honored for any reason, Franchisee will pay Manhattan Pizza an additional fee of \$100 to help offset bank charges and administrative expenses.

6.7. Reimbursement of Collection Costs. If Manhattan Pizza is required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by Franchisee to pay us amounts when they are due, or Franchisee's failure to submit when due any reports, information, or supporting records, or in connection with any failure by Franchisee to otherwise comply with this Agreement, Franchisee must reimburse Manhattan Pizza for all costs and expenses of enforcement and collection, including Manhattan Pizza's reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of Manhattan Pizza's employees or agents; and (d) hourly charges of Manhattan Pizza's employees or agents. These amounts must be paid to Manhattan Pizza by Franchisee within five (5) days after Franchisee cures the default, or upon demand by Manhattan Pizza if Franchisee's default is not cured.

6.8. Payments to Others. All payment obligations pertaining to the Franchised Restaurant, including all trade payables and other indebtedness of every kind and all federal, provincial, state and municipal taxes and charges, are solely Franchisee's obligations and not those of Manhattan Pizza. Manhattan Pizza will not be liable for any sales, service, use, excise, income, gross receipts, property, payroll or other taxes levied against Franchisee or its assets, or against Manhattan Pizza, in connection with the conduct of the Franchised Restaurant, or any payments Franchisee makes to Manhattan Pizza pursuant to this Agreement or any other agreement. Franchisee must reimburse Manhattan Pizza for any gross receipts, sales, income, use or other tax assessed by any taxing authority in the state where the Franchised Business is located, on any fees or other amounts payable by Franchisee to Manhattan Pizza pursuant to this Agreement. Manhattan Pizza will not be liable or responsible for Franchisee's compliance (or failure to comply) with any and all Legal Requirements.

7. **TRADEMARK STANDARD AND USE REQUIREMENTS**

7.1. Ownership. Franchisee agrees that the Marks and Intellectual Property are the exclusive property of Manhattan Pizza and/or its Affiliates, and will never assert any claim to any goodwill, reputation or ownership relating to associated with the Marks or Intellectual Property. Franchisee will not, during or after the Term, engage in any conduct directly or indirectly, or assist another party to engage in any conduct, that would infringe upon, harm or cause damage to the Marks. Franchisee will not contest or assist any other party to contest the rights of Manhattan Pizza in any of the Marks or the goodwill associated with the Marks. Franchisee will not use, or assist others to use, the Marks in a derogatory, negative or other inappropriate manner in any medium. Franchisee agrees that it will provide Manhattan Pizza with all assignments, affidavits, documents, information and assistance Manhattan Pizza reasonably requests to fully vest in Manhattan Pizza all rights, title and interest in and to the Marks, including all items as are reasonably requested by Manhattan Pizza to register, maintain and enforce its rights in the Marks. Franchisee acknowledges that Manhattan Pizza will suffer irreparable damage and will have no adequate remedy at law as a result of Franchisee's unauthorized or infringing use of the Marks, and agrees that Manhattan Pizza shall have the right to seek injunctive relief in a court of competent jurisdiction in the event of such unauthorized or infringing use of the Marks.

7.2. Changes. Manhattan Pizza, from time to time in its discretion, may modify all or any part of the Marks. Manhattan Pizza may require Franchisee to use one or more additional or substitute

Marks. Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result of any such modification and Manhattan Pizza will not have any liability or obligation to Franchisee with respect to Franchisee's required modification or discontinuance of any Marks. Upon receipt of notice of such modifications, Franchisee, as soon as reasonably possible, will cease using the former Marks and commence using the modified Marks at Franchisee's sole cost and expense.

7.3. Permitted Use. Franchisee's right to use: the Marks; any proprietary software provided by Manhattan Pizza; other materials in which Manhattan Pizza claims a copyright, trademark, or other right to exclusive use; trade secrets; Confidential Information; and other Intellectual Property as granted in this agreement is limited to Franchisee's use of those materials, items, or Intellectual Property in connection with the operation of the Franchised Restaurant, and otherwise as described in this agreement and as authorized in the Brand Standards Manual or as may be prescribed in writing by Manhattan Pizza from time to time.

7.3.1. Franchisee shall use only the trademarks authorized by Manhattan Pizza to identify and distinguish the services and publications offered by Franchisee. Franchise cannot use Intellectual Property for any service or product that is not specifically authorized in the Franchise Agreement or Brand Standards Manual without the express written consent of the Manhattan Pizza. Franchisee must comply with all of Manhattan Pizza's trademark, trade name and service mark notice marking requirements, including, without limitation, affixing "SM," "TM," or "®," adjacent to all Marks in any and all uses of them.

7.3.2. Franchisee will not use anything that resembles or is deceptively or confusingly similar to the Marks or the System in any manner or for any purpose, or do anything that would dilute, directly or indirectly, the value of the goodwill associated with the Marks, nor counsel, procure or assist anyone else to do the same. Franchisee will use the Marks only for the uses and in the manner permitted. Franchisee acknowledges that it is required, to the extent possible, to prevent Persons or parties associated with or employed by it from using the Marks and/or Intellectual Property in an unauthorized manner.

7.4. No Representations or Warranties. MANHATTAN PIZZA MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5. Internet and Social Media. Manhattan Pizza will develop, operate, host or maintain Internet website(s) (including social media sites) or other forms of e-commerce to coordinate the Internet presence for the System. Manhattan Pizza will have sole discretion and control over the design and contents of any website. Manhattan Pizza will not have any obligation to maintain any website(s) indefinitely, or ensure that service of the websites is not interrupted. Manhattan Pizza may dismantle any website at any time without liability to Franchisee. Manhattan Pizza may allocate reasonable resources from the Brand Fund toward the cost of its websites' maintenance and further development.

7.5.1. Manhattan Pizza's primary Internet site will include a locator function that will identify the Franchised Restaurant for so long as Franchisee is in substantial compliance with this Agreement. Franchisee is responsible for monitoring any information about the Franchised Restaurant and reporting any inaccuracies to Manhattan Pizza.

7.5.2. Franchisee agrees and acknowledges that Franchisee is obligated to comply with Manhattan Pizza's on-line policy which is subject to change by Manhattan Pizza from time

to time. Franchisee agrees and acknowledges that individual franchisee websites are prohibited except as set forth in this Section 7.6 or the Brand Standards Manual, and that Franchisee's on-line promotional strategies must comply with Manhattan Pizza's on-line policy, which may prohibit altogether Franchisee's use of Internet sites, blogs and social media sites in connection with the Marks or the Franchised Restaurant. Franchisee further agrees and acknowledges that Manhattan Pizza may review and monitor all on-line content on social media sites, blogs, electronic communication and other on-line sites on which its Marks, trademarks, trade names, copyrights or any similar marks are used.

7.6. Infringement. Franchisee must notify Manhattan Pizza of any suspected infringement upon the Marks or the Intellectual Property, but may not take any action against suspected infringers without Manhattan Pizza's express written permission. Franchisee must notify Manhattan Pizza within three (3) days after receiving notice of any Claim, demand or cause of action based upon or arising from any attempt by any other Person, firm or corporation to use the Marks or any colorable imitation thereof. Upon receipt of timely notice of an action, Claim or demand against Franchisee relating to the Marks, Manhattan Pizza will have the exclusive right (but not the obligation) to contest, defend against, or bring an action against, any third party regarding the third party's use of any of the Marks in its sole discretion. In the event Manhattan Pizza takes legal action to protect its Marks or authorizes Franchisee to do so, Manhattan Pizza will be responsible for all costs (including reasonable attorneys' fees) related to such legal action. Franchisee must cooperate with Manhattan Pizza and with any action undertaken by Manhattan Pizza concerning litigation relating to the Marks.

8. MARKETING AND ADVERTISING

8.1. Franchisee Advertising. All advertising, promotion and marketing by Franchisee must be completely clear and factual and not misleading, and must conform to the highest standards of ethical marketing and the policies which Manhattan Pizza prescribes from time to time in the Brand Standards Manual or otherwise. Franchisee must submit to Manhattan Pizza for approval samples of all advertising, promotional and marketing materials that Manhattan Pizza has not prepared or previously approved before Franchisee uses them. If Franchisee does not receive written approval within 15 Business Days after Manhattan Pizza receives the materials, Manhattan Pizza will be deemed to have not approved them. Franchisee may not use any advertising or promotional materials that Manhattan Pizza has disapproved at any time or for any purpose.

8.2. Local Advertising. During each and every month of the Term, Franchisee must spend a minimum of one percent (1%) of Franchisee's Gross Sales for advertising, marketing, public relations efforts, and promotion within Franchisee's local market area. Franchisee will make the expenditures directly, subject to Manhattan Pizza's approval (as stated in Section 8.1). The medium in which Franchisee chooses to advertise is within Franchisee's reasonable business judgment. Within thirty (30) days of the end of each calendar month, Franchisee must furnish to Manhattan Pizza, in a manner approved by Manhattan Pizza, an accounting of Franchisee's expenditures on local advertising and promotion for the preceding calendar month. If the accounting does not demonstrate that Franchisee spent a minimum of one percent (1%) of Franchisee's Gross Sales during the previous month or Franchisee fails to submit the required accounting, Franchisee must pay to Manhattan Pizza the shortfall between Franchisee's actual expenditure and one percent (1%) of Franchisee's Gross Sales. Manhattan Pizza may deposit those funds into the Brand Fund, and spend them as part of the Brand Fund, or may spend them on marketing in Franchisee's local market. If Franchisee owns multiple Manhattan Pizza Businesses in a contiguous area, Manhattan Pizza may (but is not obligated to) reduce Franchisee's local advertising requirement.

8.3. Use of Brand Fund Fee. Manhattan Pizza will create the Brand Fund at a time it determines to do so in its sole discretion. The Brand Fund, and all contributions and any earnings of the Brand Fund, will be used to meet the Brand Fund's costs and expenses. The Brand Fund will be used for maintaining, administering, directing, preparing, and implementing advertising and promotions for Manhattan Pizza Businesses generally, which may include any or all of the following: the cost of creating, preparing, and producing print, broadcast, and internet campaigns; direct mail; sales brochures, flyers, posters, etc.; other marketing delivery systems; logowear and promotional items featuring the Marks; marketing surveys; public relations and sponsorship activities; creating and maintaining a website or website(s) (including social media sites or accounts) related to the franchise and an extranet for the System; employing advertising agencies, public relations firms, research firms, design firms, website/extranet design and development firms; and other Vendors to assist in the foregoing; labor expenses for employees to assist in the development of said advertising and promotion (including the cost of travel and related expenses to meet with the aforementioned); implementing promotions for Manhattan Pizza Businesses generally in the appropriate local market area, including the cost of purchasing advertising space; sponsorships; the implementation of public relations campaigns; or other costs associated with marketing and advertising the System and the Marks. Manhattan Pizza may use Brand Fund monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 8.3. Manhattan Pizza will not use Brand Fund for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using the Brand Fund (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Fund monies may be used to create and maintain one or more pages on Manhattan Pizza's website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

8.4. Acknowledgement by Franchisee. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally and that Manhattan Pizza undertakes no obligation in administering the Brand Fund to make expenditures for Franchisee that are equivalent or proportionate to the Brand Fund Fee contributions, or to ensure that Franchisee or any other particular Manhattan Pizza Business benefits directly or pro rata from the advertising or promotion conducted or developed by the Brand Fund. Franchisee further acknowledges that Manhattan Pizza owns all rights, and retains all copyrights, in all design and content developed using the Brand Fund, and that Manhattan Pizza will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with the Brand Fund, and the allocations of the Brand Fund to production, placement, and other costs. Manhattan Pizza will own all copyright in any works created using the Brand Fund. Manhattan Pizza has no fiduciary duty to Franchisee or to any other Person with respect to the collection or expenditure of the Brand Fund, except that those funds will be spent in the manner described in this Article 8. Each Manhattan Pizza Business owned by Manhattan Pizza, or its Affiliate, will contribute to the Brand Fund on the same basis and at the same percentage as its franchisees.

8.5. Fund Accounting. All contributions to the Brand Fund will be deposited into and disbursed from a bank account that may be commingled with other accounts, except that Manhattan Pizza will account for the Brand Fund separately. Upon written request by the Franchisee, Manhattan Pizza will furnish to Franchisee, after 90 days after the end of each calendar year, a report for the preceding year showing the expenditures made from the Brand Fund during such calendar year and amount remaining for use (if any) during the following year. This report will not be audited.

8.6. Unused Funds; Termination. Manhattan Pizza anticipates that all contributions to, and earnings of, the Brand Fund will be expended for the purposes stated above during the fiscal year in which the contributions and earnings are received. However, if unexpended amounts remain in the Brand Fund at the end of the fiscal year, all expenditures in the following fiscal year will be made first out of the unspent contributions, and then out of new contributions. Although the Brand Fund is intended to be of perpetual duration, Manhattan Pizza may in its sole discretion terminate the Brand Fund or suspend its operation. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for the purposes set forth in this Article 8. Upon termination of this Agreement, Franchisee's obligation to make contributions to the Brand Fund will be terminated.

8.7. Promotional Campaigns. During the Term, Manhattan Pizza will have the right to establish and conduct promotional campaigns, which may, by way of illustration and not limitation, promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as Manhattan Pizza may establish, and to pay for reasonable quantities of marketing or promotional materials as required by Manhattan Pizza.

8.8. Cooperative Advertising. Manhattan Pizza will have the right, in its sole discretion, to designate geographic areas for purposes of establishing local or regional advertising cooperatives (“**Cooperatives**”) comprised of the Manhattan Pizza Businesses located within such geographic area. If the Franchised Restaurant is within the territory of an existing Cooperative at the time it opens for business, Franchisee must immediately begin participating in the Cooperative. If a Cooperative applicable to the Franchised Restaurant is established during the Term of this Agreement, Franchisee must begin participating no later than thirty (30) days after the date the Cooperative begins operation. In no event will the Franchised Restaurant be required to contribute to more than one Cooperative; however, if Franchisee owns multiple Manhattan Pizza Businesses, each Manhattan Pizza Business owned by Franchisee will be required to contribute to the Cooperative applicable to that business. Franchisee's monetary contributions to a Cooperative will be applied towards Franchisee's local advertising requirement, as set forth in Section 8.2. Manhattan Pizza (or its Affiliates, as the case may be) will become a member in any Cooperative established for a geographic area that includes a Manhattan Pizza Business owned by Manhattan Pizza or its Affiliates. The following provisions will apply to each Cooperative:

8.8.1. Governance. Each Cooperative will be organized and governed in a form and manner, and will commence operations on a date, that is approved in advance by Manhattan Pizza in writing. Manhattan Pizza reserves the right to change, in its sole discretion, the form and manner of the organization and governance of any Cooperative and Franchisee agrees to implement any such change immediately upon notice from Manhattan Pizza. No changes in the bylaws or other governing documents of a Cooperative will be made without Manhattan Pizza's prior written consent.

8.8.2. Purpose. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Manhattan Pizza's approval, promotional materials for use by members in local advertising.

8.8.3. Approval. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without Manhattan Pizza's prior approval.

8.8.4. Contribution Amount. Franchisee and each other member of the Cooperative must contribute to the Cooperative on a monthly basis, on such specific days as established by

the Cooperative, the amount determined by the membership. Each required contribution will be submitted together with such statements or reports as may be required by Manhattan Pizza, or by the Cooperative with Manhattan Pizza's prior written approval.

8.8.5. Audit. Manhattan Pizza and its designated agents will have the right to examine, copy, and audit, at Manhattan Pizza's expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative.

9. OPERATION OF THE FRANCHISED RESTAURANT

9.1. Authorized Products and Services. Franchisee shall advertise and sell only Authorized Products and Services at or from Franchised Restaurant. Franchisee acknowledges that Franchisee may not be permitted to sell all Authorized Products and Services at any or all times. Except as specifically authorized by Manhattan Pizza, Franchisee shall not sell any Authorized Products or Services outside of the Franchised Restaurant (except for delivery services as authorized by Manhattan Pizza) or to any customer for the purpose of resale by the customer.

9.1.1. Authorized Menu. The Franchised Restaurant must be confined to the preparation and sale of only such menu items and other food and beverage products as Manhattan Pizza designates and approves in writing from time to time (the "**Authorized Menu**"). Franchisee must offer for sale from the Franchised Restaurant all items and only those items listed on the Authorized Menu and other Authorized Products. Franchisee must offer the full Authorized Menu during all hours of operation. Manhattan Pizza has the right to make modifications to these items from time to time. Franchisee shall cease selling any previously approved product, service, or menu item within thirty (30) days after receipt of notice that the product, service, or menu item is no longer approved. Franchisee may not offer or sell any other product or service at the Franchised Restaurant without Manhattan Pizza's prior written consent. Manhattan Pizza may authorize test marketing of proposed Authorized Services or Products at any Manhattan Pizza Businesses as it deems appropriate.

9.1.2. Authorized Products and Ingredients. Franchisee must use in the operation of the Franchised Restaurant and in the preparation of Authorized Menu items and other food and beverage products only the proprietary sauces and mixes and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and must prepare and serve Authorized Menu items and products in such portions, sizes, appearance, taste and packaging, all as Manhattan Pizza specifies in the Brand Standards Manual or otherwise in writing. Franchisee acknowledges and agrees that Manhattan Pizza may change these periodically and that Franchisee is obligated to conform to these requirements. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet Manhattan Pizza's standards of uniformity and quality. Franchisee acknowledges that the Franchised Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Franchised Restaurant at maximum capacity.

9.1.3. Featured Items. Manhattan Pizza has the right to require Franchisee to feature and display certain Authorized Products and Services as Manhattan Pizza may specify and in accordance with policies and specifications published in the Brand Standards Manual or in other written directives, which may require Franchisee to purchase, use, display and conduct certain point of purchase marketing and promotional displays, events,

demonstrations, and advertising, and with which Franchisee shall comply with in all respects. Manhattan Pizza may authorize test marketing of proposed Authorized Products or Services at any Manhattan Pizza Business or Businesses as it deems appropriate.

9.2. Approved Supplies and Suppliers. Manhattan Pizza will furnish to Franchisee from time to time lists of Approved Supplies or approved Suppliers. Franchisee must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "**Approved Supplies**") in connection with the design, construction and operation of the Franchised Restaurant as set forth in the Approved Supplies and approved Suppliers lists, as Manhattan Pizza may amend from time to time. Although Manhattan Pizza does not do so for every item, Manhattan Pizza has the right to approve the manufacturer, distributor and/or Supplier of Approved Supplies and require that Franchisee use designated Suppliers. Franchisee acknowledges and agrees that certain Approved Supplies may only be available from one source, and Manhattan Pizza or Manhattan Pizza's Affiliates may be that source. Franchisee will pay the then-current price in effect for all products and Approved Supplies that Franchisee purchases from Manhattan Pizza or Manhattan Pizza's Affiliates. All inventory, products, materials and other items and supplies used in the operation of the Franchised Restaurant that are not included in the Approved Supplies or Suppliers lists must conform to the specifications and standards Manhattan Pizza establishes from time to time. **ALTHOUGH APPROVED OR DESIGNATED, MANHATTAN PIZZA AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, MANHATTAN PIZZA DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY MANHATTAN PIZZA. MANHATTAN PIZZA'S APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO MANHATTAN PIZZA.**

9.3. Alternative Suppliers. If Franchisee wants to make purchases from a supplier other than an Approved Supplier, Franchisee must first submit to Manhattan Pizza a written request to approve the proposed supplier, together with any documentation regarding that supplier that Manhattan Pizza reasonably requests. Within 30 days after receiving a completed request, and completion of such evaluation and testing (if Manhattan Pizza requires), Manhattan Pizza will notify Franchisee in writing of its approval or disapproval of the proposed supplier. Manhattan Pizza may revoke its approval at any time if Manhattan Pizza determines, in its sole discretion, that the supplier no longer meets its standards. Franchisee must stop purchasing from a disapproved supplier upon notification from Manhattan Pizza that it has been disapproved.

9.4. Acknowledgement of Markup or Rebates. Franchisee acknowledges and agrees that Manhattan Pizza and/or its Affiliates have the right to a reasonable markup on all items that Franchisee is required to purchase from Manhattan Pizza and/or its Affiliates. Further, Franchisee acknowledges that Manhattan Pizza may receive from designated or approved Suppliers of the Franchised Restaurant, equipment, food items, supplies and hardware and software, periodic volume rebates or other revenue or consideration as a result of Franchisee's purchases. Franchisee further acknowledges and agrees that Manhattan Pizza shall be entitled to keep such rebates and revenue for its own use.

9.5. Maintenance and Refurbishment. Franchisee will do all things necessary to comply with

the System, including keeping the Franchised Restaurant and all of its equipment and assets: (i) in good order and repair, and in compliance with the System requirements as set forth in the Brand Standards Manual or as otherwise stated by Manhattan Pizza; and (ii) in a neat, clean, attractive, safe and sanitary condition; replacing equipment, and other assets only with those that have been approved by Manhattan Pizza as, in Manhattan Pizza's discretion, they become worn out or otherwise unsuitable for use. Franchisee will make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations to the Franchised Restaurant that may be determined by Manhattan Pizza to be necessary so that the Franchised Restaurant, equipment, and assets that are viewed by the public will conform to the System's image, as may be prescribed by Manhattan Pizza from time to time. Franchisee will undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which may be reasonably specified by Manhattan Pizza. If, however, any condition presents a threat to customers or public health or safety, Franchisee must address the condition immediately. Franchisee recognizes and agrees that there are no limitations on this obligation, and acknowledges and agrees that the requirements of this Section 9.4 are both reasonable and necessary to ensure continued public acceptance and patronage of Manhattan Pizza Businesses and to avoid deterioration or obsolescence in connection with the operation of the Franchised Restaurant.

9.6. Supervision. Franchisee will operate the Franchised Restaurant in accordance with the provisions of this Agreement and continuously exert best efforts to promote and enhance the business of the franchise. Franchisee is not required to participate personally in the direct operation of the franchise. However, the Franchised Restaurant must at all times be operated under the direct supervision of Franchisee (if Franchisee is an individual) or by a Manager (if Franchisee does not supervise the Franchised Restaurant personally, or is a Business Entity) who: a) is approved by Manhattan Pizza; (b) has successfully completed the Initial Training Program and all other training programs required by Manhattan Pizza from time to time; and (c) devotes his or her full time (a minimum of 40 hours per week) and best efforts to operating the Franchised Business. Manhattan Pizza has the right to deal with the Manager(s) on matters pertaining to day-to-day operations of, and reporting requirements for, the Franchised Restaurant.

9.7. Franchisee's Employees. Franchisee agrees to maintain a competent, conscientious, trained staff, sufficiently literate in the English language and in a sufficient number, and to take such steps as are necessary to ensure that its employees and independent contractors provide competent, prompt, courteous, and knowledgeable service, and that they meet Manhattan Pizza's minimum standards (as specified in the Brand Standards Manual) to preserve good customer relations. Franchisee must require its employees to wear uniforms while working at or for the Franchised Restaurant, and such uniforms is of such design and color as Manhattan Pizza may prescribe in the Brand Standards Manual. Franchisee acknowledges that any guidance given to Franchisee's employees or independent contractors is solely for the purpose of ensuring that the Franchised Restaurant complies with Manhattan Pizza's System standards.

9.8. Operating Hours. Subject to applicable law or subsequent written agreement between Manhattan Pizza and Franchisee to the contrary, Manhattan Pizza and Franchisee agree that the Franchised Restaurant shall be open and operational for the greater of the minimum number of hours prescribed in: (a) the Brand Standards Manual; or (b) Franchisee's lease. Such minimum

hours and days of operation may be changed as Manhattan Pizza may from time to time specify in the Brand Standards Manual.

9.9. Signage. Franchisee shall maintain approved signs and/or awnings at, on, or near the front of the premises of the Franchised Restaurant, identifying the Franchised Restaurant as a Manhattan

Pizza Business operated under the Marks. The signs shall conform in all respects to Manhattan Pizza's specifications and requirements and the layout and design plan approved for Franchised Restaurant, subject only to restrictions imposed by Legal Requirements. On receipt of notice by Manhattan Pizza of a requirement to alter any existing sign on its premises, Franchisee will at its cost make the required changes within sixty (60) days, subject to the approval of Franchisee's landlord if required by Franchisee's lease.

9.10. Brand Standards Manual. Franchisee shall participate in the System and operate the Franchised Restaurant at the Approved Location in strict compliance with the standard procedures, policies, rules and regulations established by Manhattan Pizza from time to time and incorporated in the Brand Standards Manual. Franchisee must supervise its employees, Manager, managers, and Affiliates to ensure they comply with the Brand Standards Manual. Manhattan Pizza has the right to prescribe additions to, deletions from or revisions of the Brand Standards Manual (the "**Supplements to the Brand Standards Manual**"), all of which will be considered a part of the Brand Standards Manual. All references to the Brand Standards Manual in this Agreement will include the Supplements to the Brand Standards Manual. Supplements to the Brand Standards Manual will become binding on Franchisee as if originally set forth in the Brand Standards Manual, upon being delivered to Franchisee (unless a longer period is specified by Manhattan Pizza). Manhattan Pizza will provide Franchisee with 30 days to comply with any material change made by Manhattan Pizza to the standards set forth in the Brand Standards Manual. The Brand Standards Manual and any Supplements to the Brand Standards Manual are material in that they will affect the operation of the Franchised Restaurant, but they will not conflict with or materially alter Franchisee's rights and obligations under this Agreement. While the Brand Standards Manual is designed to protect Manhattan Pizza's reputation and the goodwill of the Marks and to provide procedures, methodologies and guidelines for the System, it is not designed to control every conceivable aspect of the day-to-day operations of the Franchised Restaurant.

9.10.1. Manhattan Pizza is permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Brand Standards Manual at any time, by addition, deletion or other modification to the provisions thereof, and such modification shall be made in the sole judgment of Manhattan Pizza. Such modifications may obligate Franchisee to invest additional capital in the Franchised Restaurant ("**Capital Modifications**") and/or incur higher operating costs.

9.10.2. Upon the execution of this Agreement, Manhattan Pizza shall loan to Franchisee one (1) copy of the Brand Standards Manual. The Brand Standards Manual and all amendments to the Brand Standards Manual (and copies thereof) are copyrighted property of Manhattan Pizza and shall remain Manhattan Pizza's property. They are loaned to Franchisee for the Term of the Agreement, and must be returned to Manhattan Pizza immediately upon the termination or expiration of this Agreement. The contents of the Brand Standards Manual are highly confidential documents which contain certain Confidential Information of Manhattan Pizza. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Brand Standards Manual without Manhattan Pizza's express prior written consent. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Brand Standards Manual to Manhattan Pizza.

9.11. Customer Service. Franchisee must use its best efforts to ensure customer satisfaction; operate in good faith, with honesty, integrity, and professionalism in all dealings with customers, potential customers, Manhattan Pizza, Suppliers, creditors, and the general public; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to

promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Manhattan Pizza deems reasonably necessary or appropriate to resolve customer disputes. If Manhattan Pizza is contacted by a customer of the Franchised Restaurant who wishes to lodge a complaint, Manhattan Pizza reserves the right (but is not required) to address the Person's complaints in order to preserve goodwill and prevent damage to the Marks, and to require Franchisee to pay any reasonable expenses incurred by Manhattan Pizza in addressing the customer's complaints (including administrative expenses for Manhattan Pizza's time spent). Nothing in this Section 9.11 or in any other provision of this Agreement is to be construed to impose liability upon Manhattan Pizza to any third party for any action by or obligation of Franchisee.

9.12. **Merchant Services.** Within a reasonable time upon Manhattan Pizza's request and prior to opening the Franchised Restaurant, Franchisee shall apply for, implement, and maintain merchant services from Manhattan Pizza approved supplier(s), including the acceptance of debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase Authorized Products and Services via such procedure, as specified by Manhattan Pizza. Franchisee shall acquire, at its expense, all necessary hardware and/or software used in connection with these non-cash systems.

9.13. **Gift Cards.** If Manhattan Pizza develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, Franchisee shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. Franchisee shall remit all proceeds from the sale of gift certificates and stored value cards to Manhattan Pizza or its designee according to the procedures that Manhattan Pizza prescribes periodically. Manhattan Pizza shall reimburse or credit to Franchisee (at Manhattan Pizza's option) the redeemed value of gift certificates and/or stored value cards accepted as payment for products and services sold by the Franchised Restaurant.

9.14. **Compliance With Legal Requirements.** Franchisee shall comply with all Legal Requirements and obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct the Franchised Restaurant in any jurisdiction in which it operates. Franchisee agrees and acknowledges that Franchisee alone is responsible for compliance with Legal Requirements and that Manhattan Pizza has no obligation to Franchisee or any other Person for Franchisee's compliance under this Section. Franchisee specifically acknowledges and agrees that its indemnification responsibilities under this Agreement include Franchisee's obligations under this Section. Without limiting the generality of the foregoing, Franchisee specifically agrees to comply with all applicable health and safety laws, ordinances and regulations so as to be rated the highest available health and safety classification by the appropriate governmental authorities and to furnish to Manhattan Pizza copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency within 10 days of Franchisee's receiving them. If the Franchised Restaurant is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency. In the event the Franchised Restaurant fails to be rated in the highest classification or Franchisee receives any notice that the Franchised Restaurant is not in compliance with all applicable health and sanitary standards, Franchisee must immediately notify Manhattan Pizza of such failure or noncompliance.

9.15. **Improvements.** If Franchisee, Franchisee's Manager, employees, or Owners develop any new concept, process or improvement in the operation or promotion of the Franchised Restaurant

or Manhattan Pizza Businesses generally (an “**Improvement**”), Franchisee agrees to promptly notify Manhattan Pizza and provide Manhattan Pizza with all necessary related information, without compensation. Any such Improvement shall become Manhattan Pizza’s sole property and Manhattan Pizza shall be the sole owner of all related copyrights, trademarks, patents, patent applications, and other intellectual property rights. Franchisee shall fully disclose the Improvements to Manhattan Pizza, without disclosure of the Improvements to others, and shall obtain Franchisor’s written approval prior to using such Improvements. Franchisee and Franchisee’s Owners hereby assign to Manhattan Pizza any rights Franchisee or Franchisee’s Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee’s Owners agree to assist Manhattan Pizza in obtaining and enforcing the intellectual property rights to any Improvement. In the event that the foregoing provisions of this Section 9.15 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee’s Owners hereby grant to Manhattan Pizza a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Franchisee or Franchisee’s Owners’ rights therein.

9.16. Suggested Pricing Policies. Manhattan Pizza may, from time to time, make suggestions to Franchisee with regard to Franchisee’s pricing policies. Notwithstanding any suggestions, Franchisee has the sole and exclusive right as to the minimum prices Franchisee charges for the services offered at the Franchised Restaurant. Manhattan Pizza retains the right to establish maximum prices to be charged by Franchisee for sales promotions. Any list or schedule of prices Manhattan Pizza furnishes to Franchisee may, unless otherwise specifically stated as to the maximum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between Franchisee and Manhattan Pizza.

9.17. Lease Requirements. Franchisee agrees to refrain from any activity that may jeopardize Franchisee’s right to remain in possession of, or to renew the lease for Franchisee’s Approved Location. Franchisee also agrees to comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Restaurant.

9.18. Merchant Services. Franchisee agrees to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that Manhattan Pizza may periodically designate as mandatory. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). Franchisee agrees not to use any Credit Card Vendor for which Manhattan Pizza has not given its prior written approval, or as to which Manhattan Pizza has revoked its earlier approval. Manhattan Pizza has the right to modify Manhattan Pizza’s requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Manhattan Pizza’s approval of any service provider. Franchisee shall acquire, at its expense, all necessary hardware and/or software used in connection with these non-cash systems.

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

debit cards. Franchisee must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event Franchisee is unable to demonstrate full compliance, Manhattan Pizza may require that Franchisee engages the services of an approved vendor to assist Franchisee on an ongoing basis. Having a secure managed firewall that meets Manhattan Pizza's system standards is one part of the current requirement. Franchisee will be required to enter into a contractual relationship directly with Manhattan Pizza's approved managed firewall vendor.

10. OPERATIONAL ASSISTANCE

10.1. **Training.** The following training by Manhattan Pizza is included in Franchisee's payment of its initial franchise fee. Prior to beginning operation of the Franchised Restaurant, Franchisee and its Manager must attend, and successfully complete, to Manhattan Pizza's satisfaction, an initial training program in Manhattan Pizza's System, methods of operation, policies, and any other topics as Manhattan Pizza may determine necessary or appropriate (the "**Initial Training Program**"). There will be no additional charge for Franchisee or Franchisee's Manager to attend the Initial Training Program (for a possible total of 2 people). Manhattan Pizza may modify the content and manner of conducting the Initial Training Program in its discretion from time to time. Franchisee must not commence operation until the Manager has completed the Initial Training Program to Manhattan Pizza's satisfaction. Additionally, Manhattan Pizza may provide additional training and certification courses from various locations from time to time. If Manhattan Pizza determines in its sole discretion, based on Franchisee's performance in the Initial Training Program, that Franchisee or its Owners are not qualified to operate a Manhattan Pizza Business, Manhattan Pizza has the right to terminate this Agreement and will refund 20% of the initial franchise fee, without interest.

10.1.1. The Initial Training Program will relate to the System, System guidelines, and operational and brand standards. Manhattan Pizza will not train or assist in training Franchisee's employees or independent contractors. Franchisee will be responsible for training its employees and independent contractors. Franchisee will be responsible for hiring, training, directing, scheduling, and supervising its employees and independent contractors in the day-to-day operations of its Franchised Restaurant.

10.1.2. Should Franchisee have the need to replace its Manager, any replacement Manager must attend the Initial Training Program at a time that it is offered by Manhattan Pizza. The fee for a subsequent Manager to attend the Initial Training Program is \$200 per attendee, per day, plus all travel, lodging, meals, and other expenses Manhattan Pizza incurs if such training occurs at a location other than Manhattan Pizza's headquarters.

10.1.3. For any subsequent training programs that Franchisee is required to attend, Manhattan Pizza will not charge Franchisee a fee to attend.

10.1.4. Franchisee shall pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by Franchisee, its Manager, and/or other Persons attending the training with Franchisee or any subsequent training attended by Franchisee or its Manager(s) or employees.

10.1.5. Manhattan Pizza shall pay no compensation for any services performed by trainee(s) in connection with training or other assistance, including providing services for Manhattan Pizza, its Affiliate or another Franchisee.

10.1.6. Manhattan Pizza may, in its discretion, elect not to provide the Initial Training Program to Franchisee if, as of the Effective Date, Franchisee or its Manager has previously attended and successfully completed the Initial Training Program in connection with the operation of another Manhattan Pizza Business.

10.2. Additional On-Site Assistance. At Franchisee's request, Manhattan Pizza will provide Franchisee with additional on-site assistance and supervision in connection with the Franchised Restaurant, at Franchisee's expense, on mutually convenient dates, subject to scheduling. If Franchisee requests this additional assistance, Franchisee will pay Manhattan Pizza's onsite assistance fee of \$200 per day, plus all travel, lodging, meals, and other expenses Manhattan Pizza incurs in providing assistance to Franchisee.

10.3. Periodic Training. Manhattan Pizza will provide periodic training programs regarding its latest products, techniques, methods, or processes. Manhattan Pizza has the right to charge Franchisee a fee of up to \$200 per Person, per day to attend these training programs. Franchisee will be responsible for paying the living and travel expenses of Franchisee and those of Franchisee's personnel who attend training.

10.4. Meetings. Manhattan Pizza will, in its discretion, hold periodic meetings to discuss sales techniques, new Authorized Products and Services developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, procedures and other topics, which may include an annual convention. Franchisee must pay any and all of its own travel and living expenses to attend. These meetings will be held at Manhattan Pizza's headquarters or at a location chosen by Manhattan Pizza in Manhattan Pizza's discretion. Manhattan Pizza has the right to require Franchisee to attend such meetings.

10.5. Site Visits. Manhattan Pizza may, at its discretion, either directly or by designee visit the Franchised Restaurant for the purpose of rendering advice and consultation or training with respect to the Franchised Restaurant, its operation and performance, or to determine compliance by Franchisee with System standards as outlined within the Agreement and the Brand Standards Manual. Franchisee agrees that it and its Manager will meet with Manhattan Pizza during such site visits.

10.6. Remote Assistance. Manhattan Pizza will make a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Manhattan Pizza determines is necessary, to discuss Franchisee's operational issues and support needs. Manhattan Pizza may also provide to Franchisee such periodic individual or group advice, consultation and assistance, rendered by telephone, newsletter or bulletins made available from time to time to all System franchisees, as Manhattan Pizza may deem necessary or appropriate within its sole discretion. In addition, Manhattan Pizza may communicate with Franchisee concerning new developments, techniques and improvements as Manhattan Pizza deems appropriate in its sole discretion. Failure by Manhattan Pizza to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

11. ASSIGNMENT

11.1. By Manhattan Pizza. Manhattan Pizza may transfer or assign the System, the Marks, or all or any part of its rights or obligations under this Agreement to any Person or legal entity without limitation.

11.2. Assignment by Franchisee. Manhattan Pizza has entered into this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Franchisee. Therefore, neither Franchisee's interest in this Agreement, nor any interest in Franchisee, in the Franchised Restaurant, nor the lease for the Franchised Restaurant, will be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a "Transfer"), without the prior written consent of Manhattan Pizza (which will not be unreasonably withheld). Manhattan Pizza will not unreasonably withhold approval of a Transfer if Franchisee complies with the conditions of this Article 11. Manhattan Pizza's consent to a Transfer shall not constitute a waiver of any claims it may have against Franchisee.

11.3. Conditions for Approval of Transfer. Manhattan Pizza, in its discretion, may impose conditions on the Transfer, including the following:

11.3.1. Franchisee and its Owners must be in full compliance with this Agreement, and have been in substantial compliance with this Agreement during the Term, and must pay all amounts then owed to Manhattan Pizza or its Affiliates.

11.3.2. The transferee must complete and submit all application documents required by Manhattan Pizza from prospective franchisees at the time of the assignment and be approved in writing by Manhattan Pizza as a new franchisee.

11.3.3. The transferee shall have either: (i) assumed this Agreement by a written assumption agreement approved by Manhattan Pizza, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Manhattan Pizza (which will include a personal guarantee(s) by the transferee, its principals and/or owners of a beneficial interest in transferee); or (ii) at Manhattan Pizza's option, shall have executed a replacement franchise agreement on the standard form of franchise agreement being offered to new franchisees by Manhattan Pizza, which may differ from this Agreement in all material respects, including but not limited to having a smaller Protected Area and higher or different fees than were granted in this Agreement.

11.3.4. Franchisee must pay, or cause the transferee to pay, to Manhattan Pizza a non-refundable Transfer fee equal to twenty percent (20%) of the then-current initial franchise fee that Manhattan Pizza is charging for new Manhattan Pizza Businesses at the time of the Transfer, or \$10,000, whichever is greater.

11.3.5. At the expense of either Franchisee or the transferee, upgrade, remodel, or replace the assets used by the Franchised Restaurant, including any and all equipment, to conform to Manhattan Pizza's then-current standards and specifications for new franchisees, and will complete the upgrading, remodeling, or replacing and other requirements within the time specified by Manhattan Pizza.

11.3.6. Prior to the date of Transfer, or at the first available date and time scheduled after the Transfer, the transferee will attend training at Manhattan Pizza's designated location as required under the-then current Franchise Agreement being used by Manhattan Pizza;

11.3.7. Franchisee and each Owner shall have executed a general release, in Manhattan Pizza's then-current form (the current form is attached to the Franchise Disclosure Document as Exhibit G), of any and all Claims against Manhattan Pizza and its Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities; provided, however, that any release

will not be inconsistent with any state law regulating franchising.

11.3.8. If any part of the sale price is financed, Franchisee must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Royalty Fee, Brand Fund Fee, and other amounts due to Manhattan Pizza and its Affiliates pursuant to this Agreement.

11.4. Right of First Refusal. At least 30 days before Franchisee intends to Transfer the Franchised Restaurant, Franchisee will give written notice to Manhattan Pizza of its intention to make a Transfer.

11.4.1. Manhattan Pizza will have the right to acquire the Franchised Restaurant at the same price, and on the same terms and conditions, as contained in any bona fide offer from a third party to acquire the Franchised Restaurant. Manhattan Pizza's credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, Manhattan Pizza or Manhattan Pizza's designee may provide promissory notes with the same terms as those offered by the proposed transferee).

11.4.2. If the consideration, terms, and/or conditions offered by the third party are such that Manhattan Pizza may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Manhattan Pizza may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree as to the reasonable equivalent in cash consideration, an independent appraiser will be appointed by mutual agreement and the determination of the appraiser will be binding.

11.4.3. Manhattan Pizza must receive, and Franchisee and Franchisee's Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a Business Entity, as applicable.

11.4.4. Manhattan Pizza has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Manhattan Pizza. This Section 11.4 will not apply to: (a) a Transfer by Franchisee or Franchisee's Owners to the adult child of Franchisee or Franchisee's Owners; or (b) if Franchisee is a Business Entity, the Transfer of shares of Franchisee to an Owner who was identified on Addendum 1 of this Agreement as of the Effective Date.

11.5. Payment of Professional Fees. In the event that Franchisee requests Manhattan Pizza's consent to a Transfer but that Transfer is not consummated, such that Franchisee does not pay to Manhattan Pizza the non-refundable Transfer Fee set forth in Section 11.3.4, Franchisee will reimburse all reasonable costs (including legal fees) incurred by Manhattan Pizza with respect to the granting of its approval. The reimbursement payment is due with the next Royalty Fee payment.

11.6. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any Person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Restaurant, the executor, administrator, or personal representative of such Person shall Transfer such interest to a third party approved by Manhattan Pizza within six months after such death or mental incapacity. Such Transfers, including, without

limitation, Transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the Transfer fee shall be waived. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such Person are unable to meet the conditions of this Section 11.6, the executor, administrator, or personal representative of the decedent shall Transfer the decedent's interest to another party approved by Manhattan Pizza within six months, which disposition shall be subject to all the terms and conditions for Transfer contained in this Agreement. If the interest is not disposed of within such period, Manhattan Pizza may, at its option, terminate this Agreement. Notwithstanding anything herein to the contrary, in the event of the death or disability of an individual Franchisee, the Transfer of Franchisee's interest in this Agreement and the Franchised Restaurant by will or intestate succession, or conveyance of such interest in the event of disability, to his or her individual heirs, will require Manhattan Pizza's written consent, but will not give rise to Manhattan Pizza's right of first refusal under Section 11.4. However, Manhattan Pizza's right of first refusal will apply to any proposed Transfer or assignment by such heirs.

11.7. Transfer by Individual Franchisee to Business Entity for Convenience. Notwithstanding Section 11.3 above, if Franchisee is in full compliance with this Agreement, if Franchisee is an individual Franchisee may Transfer this Agreement to a Business Entity which conducts no business other than the Franchised Restaurant and, if applicable, other Manhattan Pizza Businesses, in which Franchisee maintains management control, and of which Franchisee owns and controls one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Restaurant assets are owned, and the Franchised Restaurant is conducted, only by that single Business Entity. Franchisee must notify Manhattan Pizza at least thirty (30) days prior to any such Transfer. The Business Entity must expressly assume all of Franchisee's obligations under this Agreement. Transfers of ownership interests in Business Entity are subject to Section 11.3 above. Franchisee will sign Manhattan Pizza's form of Personal Guarantee (**Addendum 3** to this Agreement) and agrees to remain personally liable under this Agreement as if the Transfer to the Business Entity did not occur and the Business Entity shall be subject to the provisions of this Agreement that apply to Franchisee as a Business Entity.

11.8. Transfer of Non-Controlling Interest. Notwithstanding the foregoing, if Franchisee is a Business Entity, Franchisee's Owners may Transfer up to a total of 10% of the ownership interest in the Business Entity to one or more third parties. Manhattan Pizza has the right to condition its approval of such a Transfer on Franchisee's meeting the following terms: (a) Franchisee has provided to Manhattan Pizza advance notice of the Transfer, (b) **Addendum 1** has been amended to reflect the new ownership; (c) each new Owner has signed a Personal Guarantee in the form of **Addendum 3**; and (d) any new Owner attends Manhattan Pizza's Initial Training Program and pays Manhattan Pizza its then-current fee for the Initial Training Program for attending that program. Notwithstanding the foregoing, any Transfer, or series of Transfers must be approved by Manhattan Pizza in the manner set forth in this Article 11 when: (y) the Transfer or series of Transfers is made to an Owner or Owners that were not listed in **Addendum 1** as of the Effective Date, which result(s) in the Owner or Owners owning more than 10% of Franchisee; or (z) collectively result(s) in a change of control in Franchisee.

11.9. Pledge or Encumbrance Without Consent Prohibited. Neither Franchisee nor the owners of a Business Entity Franchisee will pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement, the Franchised Restaurant, the Business Entity Franchisee, or the shares or assets of the Business Entity Franchisee without the express prior written consent of Manhattan Pizza, which permission will not be unreasonably withheld. Nothing in this Agreement or in any documents relating to any purported encumbrance shall be construed

to impair Manhattan Pizza's power to exercise any rights or remedies Manhattan Pizza may have under this Agreement and applicable law, including but not limited to: (a) the power to issue notices of default or to terminate this Agreement in accordance with its terms and applicable law; (b) Manhattan Pizza's right of first refusal as set out in Section 11.4 above; or (c) the requirement of Manhattan Pizza's consent as set out in Section 11.3 above. Without written consent, the pledge or encumbrance shall be void.

12. COVENANTS REGARDING COMPETITION AND CONFIDENTIAL INFORMATION

12.1. Acknowledgement. Franchisee acknowledges that Franchisee will obtain knowledge of Confidential Information that is essential to the operation of the Franchised Restaurant, without which information Franchisee could not effectively and efficiently operate. Franchisee further acknowledges that such Confidential Information was not known to Franchisee prior to execution of this Agreement. Franchisee further acknowledges and agrees that all of the Confidential Information is the sole property of Manhattan Pizza, represents valuable assets of Manhattan Pizza, and that Manhattan Pizza has the right to use the Confidential Information in any manner it wishes at any time.

12.2. Use and Disclosure of Confidential Information. Franchisee will not use any Confidential Information for any purpose other than in the manner directed by Manhattan Pizza. Franchisee may disclose Confidential Information only to such of its employees, agents and representatives as reasonably necessary in order to operate the Franchised Restaurant. Franchisee may not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other Person or entity any Confidential Information, except to such employees and independent agents as must have access to it in order to operate the Franchised Restaurant, and Franchisee agrees that its use of Confidential Information for any purpose other than the development and operation of the Franchised Restaurant in accordance with this agreement would constitute unfair competition. Any and all Confidential Information may not be used for any purpose other than conducting the Franchised Restaurant. Franchisee agrees not to make any copies of, reproductions of, or extracts of any Confidential Information except strictly incidental to, and solely in furtherance and within the scope of Franchisee's relationship with Manhattan Pizza. Franchisee will never reveal any Confidential Information to any Person, except as permitted by this Agreement or pursuant to an order from a court of competent jurisdiction. In the event that Franchisee should receive such a court order, Franchisee shall provide immediate oral and written notice of such order to Manhattan Pizza, and shall cooperate with Manhattan Pizza in protecting the secret nature of the Confidential Information. Upon termination of this Agreement, Franchisee shall immediately return to Manhattan Pizza all written materials (including computerized information) Franchisee has received from Manhattan Pizza or that Franchisee has developed during the Term of this Agreement. Franchisee shall not retain any written materials (including computerized information) that contain Confidential Information.

12.3. Covenant Not to Compete: During Term. Franchisee covenants and agrees that, during the Term and any successor term(s), neither Franchisee nor its Owners, Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, consultant with, represent, or act as an agent for, any Competitive Business anywhere.

12.4. Covenant Not to Compete: After Term. For the reasons stated in Section 12.2 above, Franchisee covenants and agrees that, for a period of one (1) year after the termination of this Agreement or any successor to this Agreement, regardless of the reason, cause, purpose, or source of the termination (including but not limited to the Transfer, sale, or assignment of this Agreement

by Franchisee), neither Franchisee nor its owners, Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, serve as a manager for, consult with, represent, or act as an agent for, any Competitive Business within twenty (20) miles of; (a) the Protected Area; or (b) any other Manhattan Pizza Business that is then open or under development.

12.5. Covenant Not to Divert Customers or Employees. Franchisee agrees that, during the term or any successor term(s), and for a period of two (2) years after the termination or expiration of this Agreement or any successor agreement(s), neither Franchisee nor its owners, Manager(s), officers, directors, members, and partners will not directly or indirectly divert, attempt to divert, or accept business from any customer of the Franchised Restaurant, or customer of any other Manhattan Pizza Business, to any Competitive Business, or attempt to obtain an unfair advantage over Manhattan Pizza or any Manhattan Pizza Businesses by employing, or seeking to employ, any of Manhattan Pizza's employees or the employees of any other Manhattan Pizza Business, or induce or seek to induce, such employees to leave their employment, or induce or seek to induce such employees to offer assistance, in any way, to any Competitive Business.

12.6. Further Acknowledgements by Franchisee. Franchisee agrees that all covenants in this Agreement and this Article 12 are fair and reasonable in both duration and area, and will not impose any undue hardship on the Franchisee. Franchisee agrees that the existence of any Claims it may have against Manhattan Pizza, whether or not arising from this Agreement, will not constitute a defense to enforcement by Manhattan Pizza of the covenants in this Article. Franchisee further acknowledges that a violation of any covenant in this Article will cause irreparable harm to Manhattan Pizza, the exact amount of which may not ascertainable, and therefore, Franchisee consents that in the event of such violation, Manhattan Pizza will, as a matter of right, be entitled to apply for injunctive relief to restrain Franchisee, or anyone acting for or on its behalf, from violating said covenants. Such remedies, however, are cumulative and in addition to any of the remedies to which Manhattan Pizza may then be entitled. The covenants set forth in this Article 12 will survive the termination or Transfer of this Agreement. Franchisee agrees to pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Manhattan Pizza in connection with the enforcement of the covenants in this Article 12. **FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.**

12.7. Covenants Are Severable; Tolling. The parties agree that each covenant herein is construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Manhattan Pizza is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and part of this Agreement. Any period of time specified in this Article 12 will be tolled and suspended for any period of time during which Franchisee is in violation of any restrictive covenant.

12.8. Preservation of Confidentiality. Franchisee shall not permit any Person (including Franchisee's Owners, Managers, principals, officers, directors, and employees) access to Confidential Information (including the Brand Standards Manual) without first requiring them to execute a confidentiality agreements, in a form approved by Manhattan Pizza, requiring that all

Confidential Information that may be acquired by or imparted to such Person be held in strict confidence and used solely for the benefit of Franchisee and Manhattan Pizza. All confidentiality agreements described in this paragraph must include a specific identification of Manhattan Pizza as a third-party beneficiary with the independent right to enforce the agreement. Manhattan Pizza's current approved form is attached as **Exhibit I** to its Franchise Disclosure Document.

12.9. **Limited Exclusion.** The restrictions contained in Sections 12.3 and 12.4 above will not apply to ownership of less than five percent (5%) of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only, and are not owned by an officer, director, employee or consultant of such company.

13. AUDITS; INSPECTIONS

13.1. **Financial Planning and Management.** Franchisee must keep such complete records of its Franchised Restaurant as a prudent and careful businessperson would normally keep. Franchisee must keep its financial books and records as Manhattan Pizza may from time to time direct in the Brand Standards Manual or otherwise, including retention of all invoices, accounts, books, data, licenses, order forms, payroll records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Within three (3) days after the end of any weekly reporting period, Franchisee must submit to Manhattan Pizza a complete and accurate accounting of Franchisee's Gross Sales for the previous weekly reporting period in the format requested by Manhattan Pizza, which may be electronic, through the POS System or otherwise. Franchisee will maintain an accounting system reflecting all operational aspects of the Franchised Restaurant, including uniform reports as may be required by Manhattan Pizza, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. Franchisee will also submit to Manhattan Pizza current financial statements; forms showing the sales, use, and gross receipt taxes paid by Franchisee; and such other reports as Manhattan Pizza or documents kept by Franchisee as Manhattan Pizza may reasonably request. On or before April 15 of each year, Franchisee must provide Manhattan Pizza with a copy of its federal tax return for the previous tax year. Franchisee will maintain the records required under this Section 13.1 for a period of three (3) years after the expiration of the Term.

13.2. **Inspection Rights.** To ensure conformity with the standards and specifications of Manhattan Pizza or its representatives, Manhattan Pizza reserves the right to inspect all aspects of the operation of the Franchised Restaurant, at any time during normal business hours.

13.2.1. Manhattan Pizza or its agents have the right, at all reasonable times to: (a) inspect the Franchised Restaurant operating materials and supplies; (b) observe the operations of the Franchised Restaurant for such consecutive or intermittent periods as Manhattan Pizza deems necessary; (c) take photographs, movies or video tapes of the Franchised Restaurant; (d) interview personnel of the Franchised Restaurant; (e) conduct customer surveys; (f) inspect and copy any books, Customer Information, records, and documents relating to the operation of the Franchised Restaurant, including employment contracts, leases, and material and information generated by or contained in the POS System; and (g) select supplies, equipment and other items from the Franchised Restaurant to evaluate whether they comply with the Brand Standards Manual. Franchisee shall cooperate fully with Manhattan Pizza in connection with these inspections, observations, surveys and interviews. Manhattan Pizza will not be obligated to give Franchisee or its Manager any prior notice of any such inspection.

13.2.2. Franchisee authorizes Manhattan Pizza to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Franchised Restaurant and

directs such Persons to provide such information and copies of documents pertaining to the Franchised Restaurant as Manhattan Pizza may request. Manhattan Pizza and its designee

have the right to discuss Franchisee's records and the Franchised Restaurant with Franchisee's Manager and any officers, directors, or employees responsible for maintaining records.

13.3. Follow-up Inspection Fee. If an inspection results in a "fail" rating under the criteria established by Manhattan Pizza in its sole discretion, and Manhattan Pizza conducts follow-up inspections, Franchisee will pay Manhattan Pizza the then-current inspection fee for each follow-up inspection, which, as of the Effective Date, is five hundred dollars (\$500), or, if the inspection is performed by a third party, the reasonable costs paid by Manhattan Pizza to such third party for that service.

13.4. Ownership of Customer Information and Goodwill. Franchisee acknowledges that Manhattan Pizza owns all information and other business records ("Customer Information") with respect to the Customers of the Franchised Restaurant, including all Customer-related contact names, addresses, telephone numbers, e-mail addresses, and Customer purchase records, and that Customer Information will include all information generated or recorded as a result of Franchisee's efforts while using the Marks. Franchisee agrees to use reasonable efforts to obtain and capture Customer Information, with Customer permission, consistent with any Customer tracking or loyalty program(s) Manhattan Pizza may establish from time-to-time. Franchisee agrees to input Customer Information into the POS System, or other system or method of retention specified in the Brand Standards Manual, if Manhattan Pizza directs it to do so. Franchisee must not export Customer Information from the POS System or software. Manhattan Pizza has the right to use and exploit the Customer Information in any way it chooses. Franchisee agrees that any goodwill resulting from Franchisee's activities under this Agreement is Manhattan Pizza's sole property.

13.5. POS System. Franchisee will purchase and install a POS System as required by Manhattan Pizza. Franchisee shall make all improvements to the POS System in the manner, and when, specified by Manhattan Pizza in writing, even if such improvements require Franchisee to spend additional money on the POS System. Franchisee has sole and complete responsibility for the manner in which Franchisee's POS System interfaces with other systems, including those of Manhattan Pizza and other third parties, as well as any and all consequences that may arise if Franchisee's POS System is not properly operated, maintained and upgraded.

13.5.1. Franchisee will lease or purchase equipment and software for the POS System only from Suppliers approved by Manhattan Pizza. Franchisee shall not install, or permit to be installed, any devices, software or other programs not approved by Franchisor for use with the POS System. Franchisee will not authorize the use of the software by anyone else and will not configure, program or change any software programs.

13.5.2. Manhattan Pizza may from time-to-time designate, develop, or authorize others to develop proprietary computer applications for use as part of the POS System, which Franchisee may be required to purchase and/or license and use in the operation of the Franchised Restaurant. Franchisee shall execute any license, sublicense or maintenance agreement required by Manhattan Pizza or any other approved Supplier of proprietary computer applications designated by Manhattan Pizza.

13.5.3. Franchisee, its Owners, officers, directors, employees and independent contractors will release, defend, indemnify and hold Manhattan Pizza harmless for and from any and all Claims, losses, liabilities, damages or expenses (including reasonable attorneys' fees,

court costs, and costs of investigation) of any kind or nature whatsoever incurred by Franchisee, its Owners, officers, directors, employees and independent contractors

resulting from Franchisee's use of third-party software. This release, defense, indemnification and hold harmless will survive the Agreement's termination.

13.5.4. Franchisee shall: (a) promptly enter into its POS System and maintain all information required to be entered and maintained by Manhattan Pizza; (b) provide to Manhattan Pizza such reports as Manhattan Pizza may reasonably request from the data so collected and maintained, and (c) permit Manhattan Pizza to access Franchisee's POS System at all times and any time by any commercially available means specified by Manhattan Pizza from time to time. Franchisee shall cooperate with Manhattan Pizza to permit access to Franchisee's POS System and data contained therein.

13.5.5. Any and all data collected or provided by Franchisee, downloaded from Franchisee's POS System, or otherwise collected from Franchisee by Manhattan Pizza or provided to Manhattan Pizza, is and will be owned exclusively by Manhattan Pizza, who has the right to use the data in any manner without compensation to Franchisee. Franchisee is hereby licensed, without additional compensation, to use such data solely for the purpose of operating the Franchised Restaurant. This license will automatically and irrevocably expire, without additional notice or action by Manhattan Pizza, when this agreement terminates or expires.

13.5.6. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet failures, date-related problems, and attacks by hackers and other unauthorized intruders. Manhattan Pizza does not guarantee that information or communication systems supplied by Manhattan Pizza or its Suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must take reasonable steps to secure Franchisee's POS System and any other computer system, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

13.6. **Audit.** Manhattan Pizza and/or its designated agents shall have the right at all reasonable times to examine and copy, at Manhattan Pizza's expense, the books, records, accounts, sales tax records, and business tax returns of Franchisee. Manhattan Pizza shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee or to require Franchisee to participate in a mail-in audit or any other form of audit in accordance with the Brand Standards Manual. Franchisee agrees to cooperate fully with Manhattan Pizza's representatives and independent accountants in any examination. If an inspection or audit reveals that any payments due to Manhattan Pizza have been understated in any report to Manhattan Pizza, then Franchisee shall immediately pay to Manhattan Pizza the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Manhattan Pizza for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Manhattan Pizza may have as a result of such underreporting, including but not limited to the right to terminate this Agreement.

14. RELATIONSHIP BETWEEN THE PARTIES

14.1. **Franchisee's Name.** Franchisee must operate solely under the name identified on **Addendum 1** and may use "Manhattan Pizza®" or other Marks only as a "doing business as" (d/b/a) designation, unless Manhattan Pizza agrees otherwise. Franchisee must use no other name in connection with any advertising or operation of the Franchised Restaurant. Manhattan Pizza has the right to review and require changes to any display of Franchisee's name or the Marks.

14.1.1. Franchisee may not include "Manhattan Pizza®" or any of the Marks in Franchisee's legal name.

14.1.2. Franchisee must post a conspicuous notice on or near the front entrance of the Franchised Restaurant that clearly states: "EACH MANHATTAN PIZZA® RESTAURANT IS INDEPENDENTLY OWNED AND OPERATED" or any modification of this statement as may be required in the Brand Standards Manual. Franchisee must include this disclaimer on all business cards, stationery, promotional and advertising materials, website and Internet communications, real estate documents, and all other materials Franchisee uses.

13.1.3. In all public records, in relationships with other persons, and on letterhead and business forms, Franchisee must indicate that it independently owns the Franchised Restaurant, and that Franchisee is solely a franchisee of Manhattan Pizza Company Franchising, LLC

14.2. **Relationship of Parties.** It is expressly agreed that the parties intend by this Agreement to establish between Manhattan Pizza and Franchisee the relationship of franchisor and franchisee. Franchisee has no authority to create or assume in Manhattan Pizza's name or on its behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Manhattan Pizza for any purpose whatsoever. Neither Manhattan Pizza nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee will not hold itself out as the agent, employee, partner or co-venturer of Manhattan Pizza. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Manhattan Pizza and Franchisee agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

14.2.1. Manhattan Pizza will not be obligated for any damages to any Person or property directly or indirectly arising out of the operation of the business Franchisee conducts pursuant to this Agreement, whether or not caused by Franchisee's negligent or willful action or failure to act, or Franchisee's use of the Marks in a manner not in accordance with this Agreement. Franchisee must not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in Manhattan Pizza's liability for Franchisee's debts or obligations.

14.2.2. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Manhattan Pizza or subject to Manhattan Pizza control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Each of the parties shall file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments, with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature

whatsoever by virtue thereof. Neither this Agreement nor Manhattan Pizza's course of conduct is intended, nor may anything in this Agreement (nor Manhattan Pizza's course of conduct) be construed, to state or imply that Manhattan Pizza is the employer of Franchisee's employees and/or independent contractors, nor vice versa.

14.2.3. Manhattan Pizza will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Manhattan Pizza's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions for the Franchised Restaurant does not directly or indirectly vest in Manhattan Pizza the power to hire, fire or control any such employee. Franchisee agrees that any direction received from Manhattan Pizza regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own policies, and that Franchisee understands that it should do so in consultation with local legal counsel well-versed in employment law. No employee of Franchisee's will be deemed to be an employee of Manhattan Pizza's for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from Franchisee to Manhattan Pizza.

14.2.4. Franchisee alone is responsible for all employment decisions and functions of the Franchised Restaurant, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, setting hours for, and discipline of employees, regardless of whether Franchisee has received advice from Manhattan Pizza on these subjects or not. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Franchised Restaurant and that under no circumstance shall Manhattan Pizza do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which Franchisee is required to comply with under this Agreement, whether set forth in the Brand Standards Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Manhattan Pizza controls any aspect or element of the day-to-day operations of the Franchised Restaurant, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Franchised Restaurant.

14.3. Owners Agreement. Franchisee and each of its Owners must, jointly and severally, sign the Owner Agreement attached as **Addendum 3**, and Franchisee and each of its Owners will otherwise bind themselves to the terms of this Agreement. If the ownership interest is acquired after Effective Date, each new Owner must sign and provide the Owner Agreement to Manhattan Pizza within ten (10) days after obtaining the interest as an Owner.

15. INDEMNIFICATION; INSURANCE

15.1. Indemnification. Franchisee, and each of the Owners identified on **Addendum 1**, agree that Franchisee will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, Manhattan Pizza, its successor, assigns, and Affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "**Indemnified Parties**") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out

of or is based upon any of the following:

15.1.1. The infringement, alleged infringement or any other violation by Franchisee, Franchisee's Owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to Franchisee's unauthorized use of all or any portion of the Marks and/or System.

15.1.2. Franchisee's, or Franchisee's Owners', violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

15.1.3. Franchisee's, or Franchisee's Owners', libel, slander, or any other form of defamation.

15.1.4. Franchisee's employment or other contractual relationship with Franchisee's employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that Manhattan Pizza is an employer or joint employer of Franchisee's employees.

15.1.5. Franchisee's, or Franchisee's Owners': (a) violation or breach of any warranty, representation, agreement, or obligation in this Agreement or in any other agreement between Franchisee and Manhattan Pizza or Manhattan Pizza's Affiliates; (b) acts, errors, or omissions, or those by any of Franchisee's affiliates, any of Franchisee's principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of the Franchised Restaurant, including, but not limited to, any acts, errors, or omissions of any of them in the operation of any motor vehicle or in the establishment or implementation of security for the Franchised Restaurant.

15.1.6. Any damages, incidents, or claims listed in this Section 15.1 that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

Manhattan Pizza has the right to defend any such action or claim against Manhattan Pizza at Franchisee's expense. This indemnification will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 15.1 only, the term "claim" also includes all obligations and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.

15.2. **Insurance.** During the Term of this Agreement, Franchisee must maintain in force, at Franchisee's expense, policies of insurance, in the minimum amounts specified by Manhattan Pizza, issued by carriers approved by Manhattan Pizza. Specifically, Franchisee must purchase and maintain throughout the term of the Franchise Agreement: (1) comprehensive commercial general liability insurance for the franchised business with an umbrella of at least \$1,000,000 aggregate, with an endorsement specifically covering cyber liability risks; (2) property and casualty coverage on each store location; (3) business interruption coverage; (4) automobile liability of \$250,000 per person, \$1,000,000 per accident, and \$100,000 property damage for any

vehicles used in the operation of the Franchised Business; (5) worker's compensation; (6) employer's liability insurance; (7) unemployment insurance; (8) state disability insurance; and (9) other insurance to meet any applicable statutory requirements. Franchisee must also maintain all other insurance required by state or federal law, or as required by Franchisee's landlord. Manhattan Pizza may unilaterally modify its insurance requirements, which modifications may include increasing minimum policy limits, by delivering to Franchisee written notice of the change through the Brand Standards Manual.

15.2.1. Insured Parties. All insurance policies must endorsed to: (i) name Manhattan Pizza (and its officers, directors, members, shareholders, partners and employees) as additional insureds in the broadest form extending to the insured parties' negligence and errors and omissions, and cannot be limited to vicarious liability; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Manhattan Pizza and the insured parties. If any of Franchisee's policies fail to meet these criteria, then Manhattan Pizza may disapprove the policy and Franchisee must immediately find additional coverage with an alternative carrier satisfactory to Manhattan Pizza. Franchisee must furnish Manhattan Pizza with duplicate policies or certificates evidencing insurance and compliance with these requirements in force as required herein prior to taking possession of the Franchised Restaurant. Evidence of payment of premiums must be delivered to Manhattan Pizza at least thirty (30) days prior to the expiration dates of each existing insurance policy.

15.2.2. Continuation of Policy. Regardless of the amounts stated above, it is Franchisee's responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a "claims made" basis, which through the purchase of an extended reporting endorsement (i.e., "tail" insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24 month period following the end of the policy period.

15.2.3. Manhattan Pizza's Right to Obtain Insurance. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Manhattan Pizza may, but will not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Manhattan Pizza's choice, and Franchisee must reimburse Manhattan Pizza for the full cost of such insurance, plus an administrative fee equal to 20% of the cost of such premiums, within five days of the date Manhattan Pizza delivers an invoice detailing such costs and expenses to Franchisee.

16. DEFAULT; TERMINATION

16.1. Immediate Termination With Notice and No Opportunity to Cure. Manhattan Pizza will have the right to terminate this Agreement immediately, without providing to Franchisee an opportunity to cure, upon written notice to Franchisee under any of the following circumstances:

16.1.1. Abandonment. Franchisee abandons the Franchised Restaurant or fails to keep the Franchised Restaurant open and operating for business for a period of 3 consecutive days, except as may be allowed by Manhattan Pizza as stated in the Brand Standards Manual or otherwise in writing.

16.1.2. Bankruptcy. Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of

creditors, or a receiver is appointed for Franchisee.

16.1.3. Certain Acts. Conduct or activity by Franchisee, its Manager(s), or Owners that is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Restaurant, Manhattan Pizza, the System, Manhattan Pizza Businesses generally, the Marks, or the goodwill associated therewith, including (but not limited to) a felony conviction of Franchisee or any Owner or Manager of Franchisee.

16.1.4. Unauthorized Assignment. Franchisee or an Owner purports to sell, assign, Transfer or encumber this Agreement, the Franchised Restaurant or an interest in Franchisee without Manhattan Pizza's prior written consent in violation of Article 11.

16.1.5. Failure to Comply With Laws. Franchisee fails to comply with any material Legal Requirement applicable to the operation of the Franchised Restaurant, and fails within the time period allowed by law (if applicable) to cure the noncompliance following Franchisee's receipt of notice of the noncompliance. If no time period is specified, the cure period will be twenty-four (24) hours from the receipt of such notice.

16.1.6. Repeated Defaults. Manhattan Pizza delivers to Franchisee two or more written notices of default pursuant to this Article 16 within any twelve-month period during the Term, whether or not the defaults described in such notices ultimately are cured.

16.1.7. Understating Gross Sales. Franchisee submits on two or more occasions during the term a report, financial statement, tax return, schedule or other information or supporting record (including submission by or through the POS System) which understates Franchisee's Gross Sales by more than two percent (2%), unless Franchisee demonstrates that such understatement resulted from inadvertent error.

16.1.8. Material Misrepresentations. Franchisee makes any material misrepresentations relating to the acquisition of the Franchised Restaurant or in connection with the operation of the Franchised Restaurant.

16.1.9. Failure to Allow Audit or Inspection. Franchisee refuses to allow or cooperate with the audits or inspections by Manhattan Pizza described in Article 13 of this Agreement.

16.1.10. Violation of Restrictive Covenants. Franchisee or its Owners violate any of the restrictive covenants set forth in Article 12 of this Agreement.

16.1.11. Interference With Relationships. Franchisee interferes or attempts to interfere with Manhattan Pizza's actual or prospective contractual relations with Vendors, Suppliers, other Manhattan Pizza Businesses, employees, advertising agencies or any third parties.

16.1.12. Sale of Unapproved Products or Services. Franchisee offers or sells as part of the Franchised Restaurant any unapproved program, service or product; does not sell Authorized Products or Services, or the products identified on the Authorized Menu; or does not use or disseminate (as applicable) all materials, notices and procedures specified by Manhattan Pizza.

16.1.13. Termination of Lease. Franchisee's lease for the Franchised Restaurant is terminated due to Franchisee's default or breach, or if Franchisee's right of possession of the Approved Location is terminated at any time for any cause whatsoever.

16.1.14. Intellectual Property Misuse. Franchisee challenges the validity of, materially misuses, or makes any unauthorized use disclosure, or duplication of the Confidential Information (excluding only independent acts of employees or others if Franchisee exercised its best efforts to prevent such disclosures or use).

16.1.15. Anti-Terrorism Laws. Franchisee violates, or makes any misrepresentation regarding Franchisee's compliance with, or violation of, Anti-Terrorism Laws by Franchisee, its Owners, officers, directors, Managers, members, partners, or agents.

16.2. Termination After 10-day Cure Period. Manhattan Pizza has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Franchisee fails to cure the following defaults within 10 days after delivery of written notice: (a) failure to obtain or maintain required insurance coverage; (b) failure to pay any amounts due to Manhattan Pizza; (c) failure to pay any amounts due to Franchisee's trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which Manhattan Pizza has advanced funds for or on Franchisee's behalf, or upon which Manhattan Pizza is acting as guarantor of Franchisee's obligations; (e) failure of Franchisee or Franchisee's employees to obtain and maintain any permit or license necessary for the operation of the Franchised Restaurant; (f) Franchisee's Owners are engaged in a dispute with one another (deadlock) that materially affects the operation of the Franchised Restaurant; (g) Franchisee fails to resolve Customer complaints and/or disputes as required by Section 9.11; or (h) Franchisee fails to make a timely payment of any amount due to a Supplier unaffiliated with Manhattan Pizza (other than payments which are subject to a bona fide dispute) which dispute or deadlock remains unresolved after the expiration of the 10-day cure period. The description of any breach in any notice served by Manhattan Pizza upon Franchisee will in no way preclude Manhattan Pizza from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

16.3. Termination with 30-Day Cure Period. Except for any default by Franchisee under Sections 16.1 or 16.2 of this Agreement, and as otherwise expressly provided elsewhere in this Agreement, Franchisee shall have thirty (30) days after Manhattan Pizza's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Manhattan Pizza. If the default is such that it cannot be reasonably cured within such thirty (30) day period, Manhattan Pizza will grant Franchisee additional time to correct the defect so long as the corrective action is begun within the 30-day period and is pursued diligently to completion. Any such additional time so granted need not exceed 60 days. If any such default is not cured within that time period, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure. This thirty (30) day cure period will include Franchisee's failure to open the Franchised Restaurant on or before the required opening date stated in Section 3.8.

16.4. Effect of Laws; Election by Manhattan Pizza not to Terminate Immediately. If applicable law will not allow the termination of this Agreement immediately as set forth in Section 16.1 above, or if Manhattan Pizza elects not to have the default result in the immediate termination of this Agreement, the concerned default will be subject to the provisions of, and the cure period stated in, Paragraph 16.2.

16.5. Termination by Franchisee. Franchisee can terminate this Agreement only with the prior written consent of Manhattan Pizza, or if Manhattan Pizza commits a material breach of this Agreement that is not cured within 60 days after written notice from Franchisee. If the nature of

the breach is such that Manhattan Pizza will be unable to cure the same within the required 60 day period, Manhattan Pizza can take such additional time as may be reasonably necessary within which to cure said breach provided that the Manhattan Pizza has begun taking corrective action within the 60 day period and is pursued diligently to completion.

16.6. **Cross-Default.** Any default by Franchisee under any agreement between Franchisee and Manhattan Pizza or its Affiliates, or under Franchisee's lease for the Franchised Restaurant, and Franchisee's failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement. If the default under the other agreement is such that it would entitle Manhattan Pizza to immediately terminate that other agreement, then Manhattan Pizza will be entitled to immediately terminate this Agreement in the manner set forth in Section 16.1.

16.7. **Manhattan Pizza's Pre-Termination Options.** If Franchisee fails to pay any amount owed under this Agreement, or fails to comply with any term of this Agreement or the Brand Standards Manual (subject to applicable notice and cure periods), then, in addition to Manhattan Pizza's right to terminate this Agreement or to bring a claim for damages, Manhattan Pizza has the following options as it deems necessary:

16.7.1. To suspend all services provided to Franchisee under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

16.7.2. To eliminate listing Franchisee in any advertising, marketing or promotional materials, including any directory listings, approved or published by Manhattan Pizza, and its principal website.

Manhattan Pizza may continue taking these actions until Franchisee complies with the requirements of any default notice that Manhattan Pizza has sent, and Manhattan Pizza acknowledges Franchisee's compliance in writing. The options in this Section 16.7 will have no effect on, and will not release Franchisee from, any obligation Franchisee owes to Manhattan Pizza or to its Affiliates.

16.8. **Default Fee.** Upon the occurrence of an event of default by Franchisee, Manhattan Pizza shall have the right, upon written notice to Franchisee, to impose a separate default fee equal to five hundred dollars (\$500) per breach ("Default Fee"). The Default Fee is intended to compensate Manhattan Pizza for the administrative costs it incurs by monitoring, notifying and following up with Franchisee after a default has occurred. Each Default Fee is in addition to any other rights and/or remedies that Manhattan Pizza may have including, without limitation, its right to terminate this Agreement.

16.9. **Step-In Rights and Management.** To prevent any interruption of business of the Franchised Restaurant and any injury to the goodwill and reputation thereof which may be caused thereby, in the event of Franchisee's default under this Agreement or in the event of Franchisee's death or permanent incapacity (mental or physical), Manhattan Pizza will have the right (but not the obligation) to operate the Franchised Restaurant for as long as Manhattan Pizza deems necessary and practical. Franchisee hereby authorizes Manhattan Pizza to undertake such operation, but Manhattan Pizza's exercising these rights will not constitute a waiver of any other rights or remedies Manhattan Pizza may have under this Agreement. If Manhattan Pizza operates the Franchised Restaurant, Manhattan Pizza shall have the right to collect and pay from the revenues of the Franchised Restaurant all expenses relating to the operation of the Franchised Restaurant including, without limitation, Royalty Fees and Brand Fund contributions, employee salaries,

reimbursement of Manhattan Pizza's expenses incurred in connection with such operation, and a management fee of two hundred dollars (\$200) per day. Franchisee shall indemnify and hold Manhattan Pizza harmless from any and all Claims arising from the alleged acts and omissions of Manhattan Pizza and its representatives in exercising its rights under this Section 16.9.

16.10. Reimbursement of Manhattan Pizza's Costs. If Manhattan Pizza is required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by Franchisee to pay Manhattan Pizza amounts when they are due, or Franchisee's failure to submit when due any reports, information, or supporting records, or in connection with any failure by Franchisee to otherwise comply with this Agreement, Franchisee must reimburse Manhattan Pizza for all costs and expenses of enforcement and collection, including Manhattan Pizza's reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of its employees or agents; and (d) hourly charges of its employees or agents. These amounts must be paid to Manhattan Pizza by Franchisee within five (5) days after Franchisee cure the default, or upon demand by Manhattan Pizza if Franchisee's default is not cured.

17. POST TERMINATION OBLIGATIONS

Upon termination or expiration of this Agreement for any reason (including a Transfer by Franchisee):

17.1. Cease Use of Marks and System Materials; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, and Internet Listings. Franchisee must refrain from any representation whatsoever that it is or ever has been a franchisee of Manhattan Pizza or that you it is or has been affiliated with Manhattan Pizza, and take any affirmative action necessary to remove any use of the Marks in connection with the Franchised Business. Franchisee shall immediately cease all use of the Marks, Brand Standards Manual, materials relating to the System and its operation, and Confidential Information. Franchisee shall cancel any assumed name registration containing the Marks. Franchisee shall, at Manhattan Pizza's option and request, assign to Manhattan Pizza all rights to all e-mail addresses, URLs, domain names, social media identities, Internet listings, and Internet accounts related to the Franchised Restaurant. If Franchisee does not voluntarily comply with this Section 17.1, Manhattan Pizza may, at its option, execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary to end and cause the discontinuance of Franchisee's use of the Marks and Franchisee irrevocably appoints the Person serving as Manager and/or President of Manhattan Pizza as Franchisee's attorney-in-fact to do so.

17.2. Assignment of Lease; De-Identification. Manhattan Pizza shall have the option to assume Franchisee's lease for the Franchised Restaurant premises, such option to be exercised at any time before or within 30 days after expiration or termination of this Agreement. If Manhattan Pizza exercises this option, Franchisee shall assign to Manhattan Pizza or its designee Franchisee's interest in the lease. If Manhattan Pizza or its designee assumes Franchisee's lease, title to all leasehold improvements will convey to the assignee upon such assignment, without any further consideration. If Manhattan Pizza does not exercise its option, Franchisee shall modify the Franchised Restaurant premises (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to Manhattan Pizza of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Restaurant from that of other Manhattan Pizza Businesses, and shall make such specific additional changes to the Franchised Restaurant as Manhattan Pizza may reasonably request for that purpose. Such de-identification must be completed within 15 days after expiration or termination of this Agreement. If Franchisee does not make these changes, Franchisee hereby nominates Manhattan

Pizza as Franchisee's attorney-in-fact to enter the premises of the Approved Location to make those changes on Franchisee's behalf, and Franchisee agrees to indemnify Manhattan Pizza and its designees from any and all damages that Franchisee or any third parties incur due to Manhattan Pizza's exercising these rights.

17.3. Payment; Security Interest. Franchisee must pay all sums owed under the terms of any agreement with Manhattan Pizza or our Affiliates within fifteen (15) days of termination or expiration of this Agreement, or such later date that any amounts due have been determined by Manhattan Pizza. Said sums will include all interest, damages, costs and expenses, including reasonable attorneys' fees, incurred by Manhattan Pizza, whether or not said sums are incurred prior to or subsequent to the termination or expiration of this Agreement. Said sums will also include lost future profits, costs, and expenses incurred by Manhattan Pizza in obtaining injunctive or other relief to enforce the provisions of this Agreement. Franchisee grants to Manhattan Pizza a security interest (which shall be subordinate to any purchase money security interest) in any equipment, inventory, supplies, furniture and fixtures and goods represented thereby, and other personal property of Franchisee in the Franchised Restaurant to the extent that Manhattan Pizza has not received all funds due and owing from Franchisee. This Agreement shall constitute a security agreement granting unto Manhattan Pizza a security interest in the above mentioned collateral, and Franchisee shall execute any and all financing statements required by Manhattan Pizza to perfect Manhattan Pizza's security interest therein.

17.4. Return of Brand Standards Manual and Other Confidential Information. Franchisee shall immediately deliver to Manhattan Pizza the Brand Standards Manual and all Confidential Information, Intellectual Property, records, files, computer programs, software, Customer Information, records, files, instructions, correspondence, and any and all other materials relating to the operation of the Franchised Restaurant that were provided to the Franchisee, or held by a third party on Franchisee's behalf, and all copies thereof (all of which are acknowledged to be the property of Manhattan Pizza). Franchisee will retain no copy or record of any of the foregoing, with the exception only of the Franchisee's copy of this Agreement, correspondence between the parties and any other documents which the Franchisee reasonably needs for compliance with any provision of law.

17.5. Manhattan Pizza's Right to Purchase Fixtures, and Tangible Assets. Manhattan Pizza shall have the option to purchase Franchisee's interest (if any) in any or all of the Franchised Restaurant's leasehold improvements, furniture, fixtures, equipment, supplies, and interior and exterior signs for a purchase price equal to the lesser of Franchisee's cost or then-current fair market value, to be determined by a qualified independent third party of Manhattan Pizza's choosing, and may set off against the purchase price any amounts that Franchisee owes to Manhattan Pizza. Manhattan Pizza shall exercise its option by written notice to Franchisee delivered before or within 30 days after the date of expiration or termination of this Agreement.

17.6. Termination Without Prejudice. The expiration or termination of this will not relieve Franchisee of any of its obligations to Manhattan Pizza existing at the time of expiration or termination, nor will it terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. The expiration or termination of this Agreement will be without prejudice to the rights of Manhattan Pizza against Franchisee; and in the event of a termination which is the result of Franchisee's material breach or default under this Agreement, Manhattan Pizza will, in addition to its rights set forth above, also be entitled to all rights and remedies available at law or in equity.

17.7. Liquidated Damages. If an early termination of this Agreement occurs (which will mean

any termination of the Agreement before the end of the Term, other than due to a mutual termination or Franchisee's termination under Section 16.5), Franchisee will, within fifteen (15) days of such early termination, pay to Manhattan Pizza liquidated damages ("Liquidated Damages"). Franchisee agrees that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for Manhattan Pizza to calculate the actual amount Franchisee would have been obligated to pay Manhattan Pizza as Royalty Fees and Brand Fund Fees through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of Manhattan Pizza's damages. Liquidated Damages will be equal to the combined monthly average of Royalty Fees and any applicable Brand Fund Fees (without regard to any fee waivers or other reductions) that are owed by Franchisee to Manhattan Pizza, beginning with the Commencement Date through the date of early termination, multiplied by the greater of: (i) twenty-four (24), or (ii) the number of full months remaining in the Term.

17.8. Use of Customer Information and Other Information. Manhattan Pizza has the right, during and after the Term, to access and use: (i) all information Franchisee provides to Manhattan Pizza contained in Franchisee's sales and transaction reports, through the POS System, and in such other operational reports that Manhattan Pizza requests from Franchisee; (ii) Customer Information; and (iii) the contact information of Franchisee or Franchisee's Owners. Manhattan Pizza may use this information for business purposes that may include, without limitation, public relations, advertising, statistical compilations, investigations and resolutions of client complaints, and quality surveys. Manhattan Pizza has the right, after termination, to continue to use the information referred to in this Section 17.8. After termination or expiration of the Agreement, Manhattan Pizza will have the exclusive right to use Customer Information, and to make the Customer Information available to other Cafés for such purposes as Manhattan Pizza deems appropriate.

18. GOVERNING LAW; DISPUTE RESOLUTION

18.1. Governing Law. This Agreement is governed by and will be interpreted in accordance with the laws of the Commonwealth of Virginia, without reference to conflict of laws provisions. By agreeing to the application of Virginia law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the Commonwealth of Virginia to which this Agreement or the parties' relationship would not otherwise be subject. Manhattan Pizza and Franchisee each acknowledge and agree that this choice of applicable state law provides each of the parties with the mutual benefit of uniform interpretation of this Agreement. Franchisee expressly waives any rights or protections Franchisee has or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

18.2. Mediation. Except as provided in Section 18.3, all Claims or disputes between Franchisee and Manhattan Pizza or its Affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Loudon County, Virginia (or at the AAA office closest to Manhattan Pizza's then-current headquarters) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. The parties shall select a mediator according to the procedures specified in those Rules. Franchisee may not commence any action against Manhattan Pizza or Manhattan Pizza's Affiliates with respect to any such Claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation

efforts are not worthwhile; or (ii) as a result of a written declaration by Manhattan Pizza. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. Manhattan Pizza reserves the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against Manhattan Pizza or Manhattan Pizza's Affiliates with respect to any such Claim or dispute, Franchisee must submit a notice to Manhattan Pizza, which specifies in detail, the precise nature and grounds of such Claim or dispute.

18.3. Claims Excluded. Manhattan Pizza shall not be required to first attempt to mediate a controversy, dispute or Claim against Franchisee through mediation as set forth in this Article 18 if such controversy, dispute or Claim concerns unpaid royalties due from Franchisee or an allegation by Manhattan Pizza that Franchisee has violated (or threatened to violate, or poses an imminent risk of violating): (a) any of Manhattan Pizza's intellectual property rights in the Marks, the System, or in any of Manhattan Pizza's trade secrets, Intellectual Property, or Confidential Information; (b) any Claims pertaining to Franchisee's non-monetary post-termination obligations; or (c) any of the restrictive covenants contained in this Agreement. Nothing in this Agreement bars Manhattan Pizza or Franchisee from seeking preliminary injunctive or declaratory relief against a breach or threatened breach of this Agreement pending mediation of the dispute, if applicable.

18.4. Injunctive Relief. Franchisee acknowledges that a breach of this Agreement by Franchisee, which relates to any of the matters set out below, will cause irreparable harm to Manhattan Pizza for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies Manhattan Pizza has under this Agreement, Manhattan Pizza is entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) the obligations of Franchisee upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; and (vii) any act or omission by Franchisee or Franchisee's employees that: (a) constitutes a violation of any Legal Requirement; (b) is dishonest or misleading to customers of the Franchised Restaurant or other Manhattan Pizza Businesses; (c) constitutes a danger to the employees or customers of the Franchised Restaurant or to the public; or (d) may impair the goodwill associated with the Marks or the System. Manhattan Pizza will be entitled to seek such relief in a court of competent jurisdiction, and will not be required to seek any such relief or remedy in arbitration or in any mediation proceeding. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. If Manhattan Pizza secures any such injunction, Franchisee agrees to pay to Manhattan Pizza an amount equal to the aggregate of its costs and expenses, including without limitation reasonable attorneys' fees, costs, and expenses, incurred by Manhattan Pizza in obtaining such relief.

18.5. Waiver of Class or Group Action. ANY DISAGREEMENT BETWEEN FRANCHISEE AND MANHATTAN PIZZA (AND MANHATTAN PIZZA'S AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST MANHATTAN PIZZA (AND MANHATTAN PIZZA'S AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

Franchisee's Initials: _____

18.6. Attorneys' Fees; Collection Costs. If either party commences a legal action against the

other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit. If Manhattan Pizza is required to engage a collection agency or use legal counsel in connection with any failure by Franchisee to pay when due amounts due to Manhattan Pizza, or to submit when due any reports, information, or supporting records, or in connection with any failure by Franchisee to otherwise comply with this Agreement, Franchisee shall reimburse Manhattan Pizza for all costs and expenses of enforcement and collection.

18.7. WAIVER OF PUNITIVE DAMAGES. MANHATTAN PIZZA AND FRANCHISEE HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY: (A) ACTUAL DAMAGES SUSTAINED BY IT; (B) DAMAGES SPECIFICALLY IDENTIFIED IN THIS AGREEMENT; AND (C) TRADEMARK LAW TREBLE DAMAGES.

Franchisee's Initials: _____

18.8. JURY TRIAL WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM MANHATTAN PIZZA OR ITS AFFILIATES OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES OBTAINED FROM MANHATTAN PIZZA OR ITS AFFILIATES.

Franchisee's Initials: _____

18.9. Choice of Forum. Subject to, and without affecting any other provisions of this Agreement, any cause of action, Claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in Loudoun County, Virginia, or, if Manhattan Pizza's headquarters is in a city other than in Loudoun County, Virginia, then the federal or state court for the jurisdiction in which Manhattan Pizza then has its principal place of business. Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts. The provisions of this Section 18.9 will survive the termination of this Agreement. Franchisee is aware of the business purposes and needs underlying the language of this Section 18.9, and with complete understanding, agrees to be bound by this provision.

19. GENERAL PROVISIONS.

19.1. Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions, in whole or in part are not enforceable, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions are superseded and modified by such applicable law.

19.2. Approvals. Whenever this Agreement requires the prior approval or consent of Manhattan Pizza before Franchisee takes any action, Franchisee will make a timely written request to

Manhattan Pizza, and such approval or consent is obtained in writing. Manhattan Pizza will not unreasonably withhold or unreasonably delay its response. By providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request, Manhattan Pizza makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee.

19.3. No Modifications; Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. Manhattan Pizza's waiver of Franchisee's breach of any term of this Agreement applies only to that one breach and that one term, and not to any subsequent breach of any term. Acceptance by Manhattan Pizza of any payments due under this Agreement will not be deemed to be a waiver by Manhattan Pizza of any preceding breach by Franchisee of any term.

19.4. Force Majeure. Except for monetary obligations hereunder, or as otherwise specifically provided in this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of Force Majeure, then performance of such act is excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Agreement. If the Franchised Restaurant is damaged or destroyed due to a Force Majeure event, Franchisee must initiate within thirty (30) days (and continue until completion) all repairs or reconstruction to restore the Franchised Restaurant to its original condition. If, in Manhattan Pizza's reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct the Franchised Restaurant in accordance with the then-standard layout and décor specifications for Manhattan Pizza Businesses, Manhattan Pizza may require Franchisee to repair or reconstruct the Franchised Restaurant in accordance with those specifications.

19.5. Rights are Cumulative. Manhattan Pizza's and Franchisee's rights under this Agreement are cumulative, and no exercise or enforcement by Manhattan Pizza or Franchisee of any right or remedy will preclude Manhattan Pizza's or Franchisee's exercise or enforcement of any other right or remedy which Manhattan Pizza or Franchisee are entitled by law to enforce, except as specifically limited by this Agreement.

19.6. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms shall have the meaning ascribed to them in the Appendix or as defined in this Agreement. All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement. Wherever the word "including" is used, it means "including but not limited to."

19.7. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns.

19.8. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the

meaning that renders it enforceable.

19.9. Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one (1) Business Day after transmission by overnight delivery service; and one (1) Business Day after transmission by facsimile or other electronic system expressly approved in the Brand Standards Manual as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or three (3) Business Days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Information for notices is as follows, and Franchisee will immediately notify Manhattan Pizza of any changes to the information hereunder:

If to Manhattan Pizza:	If to Franchisee:
Manhattan Pizza Company Franchising, LLC c/o The McClure Law Firm, P.C. 307 E. Market Street, Second Floor Leesburg, Virginia 20176	The address set forth in <u>Addendum 1</u>

19.10. Execution/Counterparts. Two copies of this Agreement may be signed, each of which, when signed, is an original, and which, together, constitute one and the same instrument. This Agreement may be executed in two or more counterparts, each of which constitutes an original, and all of which, when taken together, constitutes one Agreement.

19.11. Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

19.12. Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of Manhattan Pizza, Franchisee, and to the extent applicable, Manhattan Pizza's Affiliates.

19.13. Entire Agreement. This Agreement and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Manhattan Pizza made in the Franchise Disclosure Document (including its exhibits and amendments) that Manhattan Pizza delivered to Franchisee in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Manhattan Pizza hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date Manhattan Pizza's Manager signs the Agreement in its signature block below (the "**Effective Date**").

Manhattan Pizza Company Franchising, LLC Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

By: _____

Print Name: _____

Its: _____

Date: _____

APPENDIX
GLOSSARY OF TERMS

AAA: Defined in Section 18.2.

Affiliate: A Person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party, including but not limited to parent, subsidiary or affiliated companies.

Agreement: This Franchise Agreement.

Anti-Terrorism Laws: Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the 15.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the 15.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the 15.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Approved Location: Defined in Section 2.1.

Approved Supplies: Defined in Section 9.2.

Authorized Menu: Defined in Section 9.1.1.

Authorized Products: The specific products and menu items that are specified by Manhattan Pizza from time to time in the Brand Standards Manual, or as otherwise directed by Manhattan Pizza in writing, for sale at the Franchised Restaurant, prepared, sold and/or manufactured in strict accordance with Manhattan Pizza standards and specifications, as part of the Authorized Menu or otherwise.

Authorized Services: The specific services that are specified by Manhattan Pizza from time to time in the Brand Standards Manual, or as otherwise directed by Manhattan Pizza in writing, for sale at the Franchised Restaurant, rendered or provided in strict accordance with Manhattan Pizza standards and specifications.

Brand Fund: The advertising fund that Manhattan Pizza will establish with the contributions that Manhattan Pizza receives from Manhattan Pizza Businesses in accordance with Articles 6 and 8.

Brand Fund Fee: Defined in Section 6.3.

Business Days: Days on which financial markets in the United States are open for trading.

Business Entity: A corporation, a general or limited partnership or a limited liability company.

Capital Modifications: Defined in Section 9.10.1.

Claim: Any legal or other claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, including any and all taxes, of any kind or nature.

Commencement Date: The date of Franchisee's obligation to begin paying Royalty Fees.

Competitive Business: Any business that: (i) is a casual or fast-casual restaurant business selling pizza; or (ii) sells or offers to dispense, through wholesale or retail, products the same as or similar to the type of products sold by Manhattan Pizza Businesses (including but not limited to the Authorized Products), other than a Manhattan Pizza Business.

Confidential Information: The confidential and/or proprietary information of Manhattan Pizza including without limitation: sales and marketing methods and data; information regarding the System; operating and other business data; computer programs; trade secrets; the Intellectual Property; business plans; advertising and promotional methods; financial information and data; product information; information regarding current or prospective customers, other Franchisees, agencies, Vendors/Suppliers, and other related information; Customer Information; and the Brand Standards Manual. Confidential Information shall not include information which: (a) at or prior to the time of receipt was in the public domain; or (b) at or prior to the time of receipt by Franchisee or the signing of this Agreement, whichever occurred first, was known to Franchisee and in actual commercial use by Franchisee or generally within the industry, in the manner and combination disclosed.

Credit Card Vendors: Defined in Section 9.18.

Customer Information: Defined in Section 13.4.

Cooperatives: Defined in Section 8.8.

Default Fee: Defined in Section 16.8.

Effective Date: The date Manhattan Pizza signs the Agreement, as indicated in its signature block.

EFT: Defined in Section 6.4.

Force Majeure: This includes war, riot, strikes, materials shortages, fires, floods, earthquakes, and other acts of God, or governmental action or force of law, but excluding a shortage of funds, which results in the inability of Manhattan Pizza or Franchisee to operate the Franchised Restaurant or otherwise perform an obligation under this Agreement, and which the party responsible for performance could not by the exercise of due diligence have avoided.

Franchised Restaurant: The Manhattan Pizza Business operated by Franchisee, under the Marks and the System, at the Approved Location.

Franchisee: Defined in Recitals to the Agreement.

Gross Sales: All consideration, whether by cash, credit, in kind, checks, gift certificates, scrip, coupons, services, property or other means of exchange, or otherwise, derived directly or indirectly from the operation of the Franchised Restaurant, and includes, but is not limited to, the amounts received from the sale of all products and performance of services of every kind and nature, promotional or otherwise, from, at, upon, or through the Franchised Restaurant, including the credit value given for all merchandise trades, the full retail value of any gift certificate or coupon sold for use at the Franchised Restaurant (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales), and insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" does not include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by Franchisee to the appropriate governmental authority; or
- (ii) all customer refunds, valid discounts and coupons, and credits made by the Franchised Restaurant (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Gross Sales will be deemed received by Franchisee at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Sales consisting of property, products or services shall be valued at the retail prices applicable and in effect at the time that they are received. Any amounts deposited in the Franchised Restaurant's bank accounts are deemed Gross Sales unless proven otherwise.

Improvements: Defined in Section 9.16.

Indemnified Parties: Defined in Section 15.1.

Initial Training Program: Defined in Section 10.1.

Intellectual Property: Inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property includes that which is protectable by statute or legislation, such as proprietary ingredients, sauces and mixes, secret formulas and recipes, methods, procedures, patents, copyrights, trademarks, service marks and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matters, and records of research.

Interim Period: Defined in Section 5.3.

Legal Requirements: Any law, code, ordinance, order, rule or regulation (including Anti-Terrorism Laws), of any governmental entity, and any political or other subdivision of any governmental entity, and any agency, department, commission, board, bureau, court or instrumentality of any of them, which, at any time, has competent jurisdiction over Franchisee, Manhattan Pizza, or any part of the Franchised Restaurant.

Manager: An individual, acceptable to Manhattan Pizza, responsible for overseeing the operation of the Franchised Restaurant.

Manhattan Pizza: Defined in Recitals to the Agreement.

Manhattan Pizza Business: A business operated under the Marks by Manhattan Pizza, its Affiliates, or under a franchise or license agreement with Manhattan Pizza, the terms of which may vary materially from those set forth herein.

Brand Standards Manual: The primary source of information regarding the System and the construction and operation of a Restaurant, which includes Manhattan Pizza's operations and training manuals, Jump Start Manual and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Manhattan Pizza as in effect and amended from time to time.

Marks: Certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, including but not limited to the mark “MANHATTAN PIZZA®” and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a Manhattan Pizza Business), and all other visual identification, as are now designated, and may hereafter be designated by Manhattan Pizza, for use in connection with the System.

Owner: Any Person who owns any stock, units, membership, partnership or other ownership interest in Franchisee, directly or indirectly. Franchisee represents that every Owner, and the percentage of interest held in Franchisee by every Owner, is accurately listed on the Summary Information Concerning Franchisee and the Franchise, attached as Addendum 1.

Person: Any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, limited liability partnership, commercial or non-commercial institution or entity, or any other entity.

POS System: An electronic point of sale system consisting of computer hardware (including computer components); computer software for the management and operation of the Franchised Restaurant and reporting and sharing information with Manhattan Pizza; and communication systems (including digital and analog modems, satellite, cable and other systems).

Protected Area: The buffer around the Approved Location described in Section 4.1 and as set forth in Addendum 1.

Royalty Fee: A weekly fee paid by Franchisee to Manhattan Pizza at the times designated by Manhattan Pizza in the Brand Standards Manual, in accordance with Article 6.

Service Area: Defined in Section 4.3.

Successor Franchise Agreement: Defined in Section 5.2.2.

Supplements to the Brand Standards Manual: Defined in Section 9.9.

System: A uniform system for the establishment and operation of Manhattan Pizza Business, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; Trade Dress; the Marks, management programs, accounting methods, training and ongoing operational assistance; advertising and promotional techniques; personnel training, trade secrets; methods of preparing, serving, merchandising, and selling a limited menu of hot and cold foods, including but not limited to, appetizers, pizza, pasta dishes, soups, salads, and desserts, prepared in accordance with Manhattan Pizza’s methods; and other related benefits for use of Franchisee relating to the operation and promotion of a Manhattan Pizza Business, all of which may be changed, improved, and further developed by Manhattan Pizza from time to time.

Term: Defined in Section 5.1.

Trade Dress: The decorative, non-functional components of a Manhattan Pizza Business that provide the establishment of a distinctive, memorable appearance.

Transfer: Defined in Section 11.2.

Vendors / Suppliers: The various companies with which Manhattan Pizza and / or its Affiliates have authorized to sell products or services to Franchisee (including Authorized Products or Services), or are contracted or may hereafter contract to do business with Manhattan Pizza and / or its Affiliates, and which may provide products to Franchisee through Manhattan Pizza and / or its Affiliates. A Vendor or Supplier may also be an Affiliate of Manhattan Pizza.

ADDENDUM 1

INFORMATION CONCERNING FRANCHISEE AND THE FRANCHISED RESTAURANT

A. IDENTITY AND STRUCTURE OF FRANCHISEE

Franchisee's Name: _____

Entity type and jurisdiction of formation: _____

Date of entity formation: _____

Provide name and address of each person who owns a percentage of the legal entity, and show what percentage of stock, partnership interest, or membership interest is owned by each.

Address for Notices: _____

Attention: _____

Email Address: _____

Manager's Name: _____

By signing below, Franchisee acknowledges that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to Manhattan Pizza in writing.

B. GENERAL DESCRIPTION OF YOUR PROTECTED AREA (Section 4.1.1) The Approved Location and Protected Area for the Franchised Restaurant has NOT yet been identified. Manhattan Pizza and Franchisee agree that the general description of the location for the Franchised Restaurant and its Protected Area will be as listed below, but Franchisee understands and agrees that Franchisee will *not* receive any exclusive rights in the area identified below. Franchisee's exclusive rights will only attach once Franchisee and Manhattan Pizza have agreed on the Approved Location and Protected Area and entered it in Item C of this Addendum, which Franchisee and Manhattan Pizza will do only after Franchisee receives Manhattan Pizza's approval of the Approved Location.

C. YOUR APPROVED LOCATION AND PROTECTED AREA (Section 4.1.2) Manhattan Pizza and Franchisee have mutually agreed upon a Protected Area based on the site for the Franchised Restaurant which is indicated below. Franchisee acknowledges that the Protected Area is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

(1) Approved Location for the Franchised Restaurant: The Approved Location for the Franchised Restaurant, as provided in Sections 3.1 and 4.1.2 of the Agreement, is:

(b) Protected Area: The Protected Area, as provided in Section 4.1.2 of the Agreement, is:

By signing below, Franchisee acknowledges that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to Manhattan Pizza in writing.

MANHATTAN PIZZA COMPANY
FRANCHISING, LLC.

By: _____

Print Name: _____

Its: _____

Date: _____

FRANCHISEE

By: _____

Print Name: _____

Its: _____

Date: _____

ADDENDUM 2

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, _____ a _____ ("Assignor"), hereby assigns, transfers and sets over unto Manhattan Pizza Company Franchising, LLC, a Virginia corporation ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease"), respecting the premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby. Upon a default by Assignor under the Lease or a default or expiration under the Franchise Agreement by and between Assignor and Assignee for a Manhattan Pizza Business (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its Affiliates, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewal thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

Assignee: Manhattan Pizza Company Franchising, Assignor: _____
LLC

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

ADDENDUM 3
FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “**Agreement**”) is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of Manhattan Pizza Company Franchising, LLC, and its successors and assigns (“**us**”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “**you**.”

1. **Acknowledgments.**

- a. **Franchise Agreement.** Franchisee entered, or is entering, into a franchise agreement with us effective as of _____, 20____ (“**Franchise Agreement**”). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.
- b. **Owners’ Role.** Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.
- c. **Your Access to Our Confidential Information.** In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the “**Know-how**”). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “**Owners**” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

2. **System Protection Covenants.** In light of your above acknowledgements, you covenant and agree to the following:

a. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than operating the Manhattan Pizza Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee's Manhattan Pizza Business under the terms of the Franchise Agreement and Brand Standards Manual. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by Franchisee, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are an Owner of Franchisee, or while your spouse is an Owner of Franchisee, as applicable, by engaging in any of the following (collectively, the "**Prohibited Activities**"):

- (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of two percent (2%) or less in a publicly traded company that is a Competitive Business);
- (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or
- (iii) inducing (a) any of our employees or managers (or those of our Affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. **Unfair Competition After Relationship.** You agree that, for a period of two (2) years after the termination of the Franchise Agreement or any successor to it (the "**Restricted Period**") not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within twenty (20) miles of:

- (a) Franchisee's Protected Area; or
- (b) any other Manhattan Pizza Business that is then open or in development (the "**Restricted Territory**").

If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. **Immediate Family Members.** You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult

for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to Franchisee, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Manhattan Pizza® franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you and we agree that the amount of the bond will not exceed \$1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 11 of the Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. **Personal Guarantee.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

- a. **Payment.** Each of Franchisee, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.
- b. **Waiver of Notice.** You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.
- c. **Liability is Joint and Several.** You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.
- d. **Bankruptcy Filing.** This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.
- e. **Indemnification.** You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of

such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreement at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Dispute Resolution. Any dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

6. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

7. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleged breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. Defenses. Any claim, defense or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. **Severability.** Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. **Notice.** You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. No Third-Party Beneficiaries. Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. **Construction.** No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. **Binding Effect.** This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)

By: _____

Address: _____

Name: _____

Telephone:

This instrument was acknowledged before me on _____, _____ by

Notary Public _____
My Commission Expires: _____

By: _____

Address: _____

Name: _____

Telephone: _____

State of _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, _____ by

Notary Public _____
My Commission Expires: _____

ADDENDUM 4
Electronic Funds Transfer Authorization

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

**BY AND BETWEEN MANHATTAN PIZZA COMPANY FRANCHISING, LLC
AND _____ ("DEPOSITOR")
EFT AUTHORIZATION AGREEMENT (DIRECT DEBITS)**

The undersigned depositor ("Depositor") hereby authorizes Manhattan Pizza Company Franchising, LLC ("Company") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

Depository Branch

Address City, State, Zip Code

Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

DEPOSITOR:

By: _____

Print Name: _____

Its: _____

Date: _____
4842-5070-1362, v. 1

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT C

Multi-Unit Agreement



MULTI-UNIT FRANCHISE AGREEMENT BETWEEN

Manhattan Pizza Company Franchising, LLC
307 E. Market Street, Second Floor
Leesburg, Virginia 20176

AND

[Insert Name of Franchisee]
[Insert Address of Franchisee]

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ADDENDUMS

- Addendum 1 Multi-Unit Territory**
- Addendum 2 Development Obligation**
- Addendum 3 Business Entity Information**

MULTI-UNIT FRANCHISE AGREEMENT

THIS MULTI-UNIT FRANCHISE AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, _____ (the "Effective Date"), by and between **Manhattan Pizza Company Franchising, LLC**, a Virginia limited liability company (the "Manhattan Pizza") and _____, a _____ ("Franchisee"). Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the Appendix.

A. Manhattan Pizza owns a System for the establishment and operation of businesses under the Marks used in connection with the development, operation and maintenance of fast casual restaurants selling New York-style pizza, salads, sandwiches, wings, and other menu items (each a "Restaurant" and more than one, the "Restaurants").

B. Manhattan Pizza desires to expand and develop the Restaurants in the Multi-unit Territory, and Franchisee wishes to open and operate Restaurants in the Multi-unit Territory, upon the terms and conditions as set forth in this Agreement.

The parties therefore agree as follows:

ARTICLE 1. **GRANT OF MULTI-UNIT FRANCHISE RIGHT**

1.1 Grant of Multi-Unit Franchise Right

(a) Upon the terms and subject to the conditions of this Agreement, Manhattan Pizza hereby grants to Franchisee, and Franchisee hereby accepts, the right and obligation, during the Term, to open Restaurants solely at Venues in the Multi-unit Territory. Each Restaurant shall be operated according to the terms of an individual Franchise Agreement. An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within the Multi-unit Territory will have no effect on the Multi-unit Territory as it is described in Addendum 1.

(b) No right or license is granted to Franchisee hereunder to use any Marks, trade dress or designs owned by Manhattan Pizza or any Affiliate, such right and license being granted solely pursuant to Franchise Agreements. Nothing in this Agreement will permit Franchisee to own or operate a Restaurant, except pursuant to a valid Franchise Agreement. Franchisee shall not use the Marks in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Manhattan Pizza.

1.2 Exclusivity

(a) During the Term of this Agreement, Manhattan Pizza and its Affiliates will not operate or grant a license or franchise to any other person to operate Restaurants at any Venue within the Multi-unit Territory.

(b) Except as provided in Section 1.1(a), Manhattan Pizza expressly reserves all other rights, including but not limited to the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others:

(i) To use, and to license other persons to use, the Marks and System for the operation of Restaurants at any location other than in the Multi-unit Territory, regardless of proximity to the Multi-unit Territory, and regardless of whether such other businesses

draw customers from the Multi-unit Territory;

(ii) To use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Multi-unit Territory, in association with operations that are different from Restaurants;

(iii) To offer Authorized Products, or grant others the right to offer the Authorized Products, whether using the Marks or other trademarks or service marks, through channels of distribution that are different from Restaurants, including, without limitation, wholesalers, grocery stores, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Multi-unit Territory; and

(iv) To maintain any websites utilizing a domain name incorporating the Marks or derivatives. Manhattan Pizza retains the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

(v) To acquire, merge, or combine with businesses that are the same as or similar to Restaurants and operate such businesses regardless of where such businesses are located, including inside the Multi-unit Territory, and to be acquired by any third party which operates businesses that are the same as, or similar to, Restaurants, regardless of where such businesses are located, including inside the Multi-unit Territory. Notwithstanding the foregoing, Manhattan Pizza will not re-brand any such businesses that are located inside the Multi-unit Territory by allowing them to use the Marks.

ARTICLE 2. **FRANCHISEE'S DEVELOPMENT OBLIGATION**

2.1 Development Obligation

Within each Development Period specified in **Addendum 2**, Franchisee must construct, equip, open and thereafter continue to operate at, and only at, Venues within the Multi-unit Territory, not less than the cumulative number of Restaurants required by the Development Obligation for that Development Period.

2.2 Timing of Execution of Leases and Franchise Agreements

Notwithstanding anything to the contrary contained herein, on or before the date which is ninety (90) days before the end of each Development Period, Franchisee must have executed (in accordance with this Agreement) a Franchise Agreement and paid the required Initial Franchise Fee for each Restaurant which is required to be constructed, equipped, opened and thereafter operated by the end of such Development Period.

2.3 Force Majeure

(a) **Subject to Franchisee's continuing compliance with Section 2.3(b) of this Agreement, should Franchisee be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal inability of Manhattan Pizza to deliver an FDD pursuant to Section 7.1 of this Agreement, which results in the inability of Franchisee to construct or operate Restaurants in all or substantially all of the Multi-unit Territory pursuant to**

the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Manhattan Pizza's inability to deliver a current FDD) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Manhattan Pizza's inability to deliver a current FDD) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or inability to deliver a current FDD) existed shall not be extended. Other than as a result of Force Majeure, any delay in Manhattan Pizza's issuance of acceptance of any site under Article 7 of this Agreement, including Franchisee's failure to satisfy the other conditions set forth in Section 7.2 of this Agreement, shall not extend any Development Period.

(b) In the event of the occurrence of an event constituting Force Majeure, Franchisee shall notify Manhattan Pizza in writing within five (5) days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder.

2.4 Franchisee May Not Exceed The Development Obligation

Unless Manhattan Pizza shall otherwise consent in writing, Franchisee may not construct, equip, open and operate more than the total number of Restaurants comprising the Development Obligation.

ARTICLE 3. MULTI-UNIT TERRITORY

3.1 Manhattan Pizza's Right to Develop

Notwithstanding Section 2.1 of this Agreement, if during the Term of this Agreement, Franchisee is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.3 of this Agreement), to satisfy the Development Obligation, this Agreement shall automatically terminate upon notice by Manhattan Pizza to Franchisee. Upon such termination, Manhattan Pizza may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Restaurants at any site(s) within the Multi-unit Territory, excluding Venues in the Territory granted to Franchisee pursuant to the individual Franchise Agreement for each then-existing Restaurant located in the Multi-unit Territory.

3.2 Protected Area for Each Individual Restaurant

Each Franchise Agreement executed pursuant to this Agreement will provide that Manhattan Pizza and its Affiliates may not open or operate, or franchise or license the operation of, any Restaurant at any Venue located within the individual Protected Area surrounding the Restaurant opened by Franchisee pursuant to such Franchise Agreement.

ARTICLE 4. TERM OF MULTI-UNIT FRANCHISE AGREEMENT

4.1 Term

The term of this Agreement commences on the Effective Date and will continue until the earlier of the following: (a) the fifth (5th) anniversary of the Effective Date; or (b) the date of execution of the Franchise Agreement granting Franchisee the right to open the last Restaurant necessary for Franchisee to fully satisfy the Development Obligation (the "Term").

4.2 Effect of Expiration

Following the expiration of the Term, or the sooner termination of this Agreement: (a) Franchisee will have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then-existing Franchise Agreement between Franchisee and Manhattan Pizza which is then in full force and effect; and (b) Manhattan Pizza or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Restaurants at any location(s) (within or outside of the Multi-unit Territory), without any restriction, subject only to any Protected Area rights granted for any then-existing Restaurant pursuant to a validly subsisting Franchise Agreement executed for such Restaurant.

ARTICLE 5. PAYMENTS BY FRANCHISEE

5.1 Initial Franchise Fees

The initial franchise fee will scale with the number of units Franchisee intends to develop. The Initial Franchise Fee must be paid in full upon execution by Franchisee of this Multi-Unit Franchise Agreement. The minimum number of Manhattan Pizza Businesses that you must open under the Multi-Unit Franchise Agreement is two. The schedule of Multi-unit Rights Fees are set forth in the following table.

Number of Units	Multi-unit Rights Fee
2	\$65,000
3	\$89,500
4	\$110,500
5	\$149,500
6	\$174,500

5.2 Controlling Provisions and Royalty Fee

Each unit developed by Franchisee will be subject to and governed by Franchisor's then-existing Franchise Agreement. Franchisee will execute Franchisor's then-existing Franchise Agreement for each Restaurant developed pursuant to this Agreement and will pay a Royalty Fee of five and one-half percent (5.5%) of Gross Sales (as those terms are defined in the Franchise Agreement) for each of Franchisee's units beginning with the opening of each unit unless otherwise agreed by the parties. Franchisee's payment of the initial Franchise Fee set forth in Section 5.1 will satisfy Franchisee's initial franchise fee obligation for all units developed under this Agreement, and Franchisee will not pay any additional initial franchise fee set forth in the then-existing Franchise Agreement executed for each unit developed by Franchisee.

ARTICLE 6.
ADDITIONAL COVENANTS

Manhattan Pizza will provide initial training for up to two (2) people for Franchisee. If Franchisee is a Business Entity, Manhattan Pizza may require the trainees to include the Franchisee's Operating Principal, Owners, officers or representative selected by Franchisee and acceptable to, and approved by Manhattan Pizza. Manhattan Pizza shall pay no compensation for any services performed by Franchisee or its trainees in connection with the initial training course. The initial training course is more fully described in the Franchise Agreement. Other than the initial training course, there shall be no additional training required for, or offered to, Franchisee under this Agreement. Franchisee shall pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by Franchisee, its Operating Principal, Owners, officers or representative and/or other persons attending the training with Franchisee.

ARTICLE 7.
EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

7.1 Execution of Lease and Franchise Agreement

(a) **Franchisee must not execute any lease or purchase agreement for any Restaurant until Manhattan Pizza has delivered to Franchisee a fully executed Multi-Unit Franchise Agreement. After Manhattan Pizza's delivery to Franchisee of the fully executed Multi-Unit Franchise Agreement, Franchisee's obligations to locate, lease, and construct the Restaurant will be governed by the timelines stated in this Agreement, except that the deadline for opening and commencing operation of the Restaurant will be the last day of the applicable Development Period, and not the one listed in that Franchise Agreement.**

7.2 Condition Precedent to Manhattan Pizza's Obligations

Franchisee's right to open and operate each and every Restaurant, is conditioned upon Franchisee's having satisfied all of the following conditions precedent:

(a) e

ARTICLE 8.
ASSIGNMENT AND SUBFRANCHISING

8.1 Assignment by Manhattan Pizza

Manhattan Pizza may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without limitation.

8.2 No Subfranchising by Franchisee

Franchisee shall not offer, sell, or negotiate the sale of "Manhattan Pizza" franchises to any third party, either in Franchisee's own name or in the name and/or on behalf of Manhattan Pizza, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement.

8.3 Assignment by Franchisee

(a) **This Agreement has been entered into by Manhattan Pizza in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in**

Franchisee. Therefore, subject to Manhattan Pizza's right of first refusal pursuant to Section 8.3(d) of this Agreement, neither Franchisee's interest in this Agreement nor any of its rights or privileges hereunder shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise ("Assignment"), in any manner without Manhattan Pizza's prior written consent, which consent may be withheld for any reason whatsoever.

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

(c) Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Manhattan Pizza, which consent, shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Manhattan Pizza for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Manhattan Pizza for such review prior to their use. No such offering by Franchisee shall imply that Manhattan Pizza is participating in an underwriting, issuance or offering of securities of Franchisee or Manhattan Pizza, and Manhattan Pizza's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Manhattan Pizza and its Affiliates. Manhattan Pizza may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Manhattan Pizza concerning the limitations described in the preceding sentence. Franchisee, its Owners and the other participants in the offering must fully defend and indemnify Manhattan Pizza, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability Manhattan Pizza), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Manhattan Pizza to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Manhattan Pizza a non-refundable fee of Five Thousand Dollars (\$5,000.00), which shall be in addition to any Transfer Fee under any Franchise Agreement or such greater amount as is necessary to reimburse Manhattan Pizza for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Manhattan Pizza written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section, and shall not commence such offering or other transaction until the written consent referred to above is given.

(d) Franchisee's written request for consent to any Assignment must be accompanied by an offer to Manhattan Pizza of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Manhattan Pizza may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Manhattan Pizza reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Manhattan Pizza customary for transactions of the type proposed (the "Purchase Option"). If Manhattan Pizza elects to exercise the Purchase Option, Manhattan Pizza or its nominee, as applicable, shall send written notice of such election to Franchisee within thirty (30) days of receipt of Franchisee's request. If Manhattan Pizza accepts such offer, the

closing of the transaction shall occur within one hundred twenty (120) days following the date of Manhattan Pizza's acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within one hundred twenty (120) days following the written notice provided by Franchisee shall cause it to be deemed a new offer, subject to the same right of first refusal by Manhattan Pizza, or its third-party designee, as in the case of the initial offer. Manhattan Pizza's failure to exercise such option shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer.

(e) If Franchisee is a Business Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of twenty percent (20%) or more in the aggregate, whether in one (1) or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning eighty percent (80%) or less of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the withdrawal, resignation, removal, death or legal incapacity of a general partner or of any limited partner owning twenty percent (20%) or more of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning twenty percent (20%) or more of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

ARTICLE 9. NON-COMPETITION; CONFIDENTIALITY

9.1 Non-Competition

(a) During the Term, no Restricted Person shall in any capacity, either directly or indirectly: (i) engage in any other Competitive Activity, at any location, whether within or outside the Multi-unit Territory; or (ii) divert or attempt to divert any business or any customers of the Restaurants to any other person or Business Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

(b) To the extent permitted by Applicable Law, upon the expiration or termination of this Agreement, or if Franchisee makes an Assignment, or if any Restricted Person's relationship with Franchisee shall cease, then for a period of twelve (12) months thereafter, each person who was a Restricted Person before that event shall not in any capacity, either directly or indirectly, engage in any Competitive Activities within the Multi-unit Territory or within twenty (20) miles of any Restaurant then existing.

(c) The parties have attempted in Sections 9.1(a) and 9.1(b) of this Agreement above to limit the Franchisee's right to compete only to the extent necessary to protect the Manhattan Pizza from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 9.1(a) or 9.1(b) of this Agreement is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Manhattan Pizza reserves the right to reduce the scope of either, or both, of said provisions without

Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. Any period of time specified in this Article 9 will be tolled and suspended for any period of time during which Franchisee is in violation of any restrictive covenant.

9.2 Confidentiality

(a) Manhattan Pizza possesses and continues to develop, and during the course of the relationship established hereunder, Restricted Persons may have access to, proprietary and confidential information of Manhattan Pizza and its Affiliates, including specifications, plans, procedures, concepts and methods and techniques of developing and operating Restaurants (the "Trade Secrets"). Manhattan Pizza may disclose certain of its Trade Secrets through the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through Manhattan Pizza's training program and other guidance and management assistance, and in performing Manhattan Pizza's other obligations and exercising Manhattan Pizza's rights under this Agreement.

(b) Each Restricted Person shall acquire no interest in the Trade Secrets other than the right to use them in developing Restaurants pursuant to this Agreement. A Restricted Person's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not divulge or use any of Manhattan Pizza's Trade Secrets for the benefit of Franchisee, its Owners, any third party (including any person, Business Entity or enterprise of any type or nature); (ii) not use the Trade Secrets in any business or other endeavor other than in connection with the Restaurants developed hereunder; (iii) maintain absolute confidentiality of the Trade Secrets during and after the Term of this Agreement; and (iv) make no unauthorized copy of any portion of the Trade Secrets, including without limitation, the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. Franchisee shall operate and implement all reasonable procedures prescribed from time to time by Manhattan Pizza to prevent unauthorized use and disclosure of the Trade Secrets, including, implementing restrictions and limitations as Manhattan Pizza may prescribe on disclosure to employees and use of non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Trade Secrets (the current approved form is attached to the Franchise Disclosure Document as Exhibit I). Promptly upon Manhattan Pizza's request, Franchisee shall deliver executed copies of such agreements to Manhattan Pizza. If Franchisee has any reason to believe that any employee has violated the provisions of the confidentiality and noncompetition agreement, Franchisee shall promptly notify Manhattan Pizza and shall cooperate with Manhattan Pizza to protect Manhattan Pizza against infringement or other unlawful use including, but not limited to, the prosecution of any lawsuits if, in the judgment of Manhattan Pizza, such action is necessary or advisable. Upon termination of this Agreement, Franchisee shall immediately return to Manhattan Pizza all written materials (including computerized information) Franchisee has received from Manhattan Pizza or that Franchisee has developed during the Term. Franchisee shall not retain any materials that contain Trade Secrets.

(c) In the event any portion of the above covenants violates laws affecting Franchisee or any other Restricted Person, or is held invalid or unenforceable in a final judgment to which Manhattan Pizza and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Manhattan Pizza may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Section 9.2 shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement, or pursuant to Applicable Law.

9.3 Non-Solicitation

Franchisee agrees that, during the term or any successor term(s), and for a period of two (2) years after the termination or expiration of this Agreement or any successor agreement(s), Franchisee will not divert, attempt to divert, or accept business from any customer of any Restaurant, to any other business, or attempt to obtain an unfair advantage over Manhattan Pizza or any Restaurant by employing, or seeking to employ, the employees of Manhattan Pizza or any Restaurant, or induce or seek to induce such employees to leave their employment, or offer assistance, in any way, to any other business.

9.4 Specific Performance

In view of the importance of the Marks and the incalculable and irreparable harm that would result to the parties in the event of a Default under this **Article 9**, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity.

ARTICLE 10. TERMINATION

10.1 Termination Pursuant to a Default of this Agreement

(a) **Subject to Applicable Law to the contrary, this Agreement may be terminated by Manhattan Pizza in the event of any Default by Franchisee of this Agreement, unless such Default is cured by Franchisee within five (5) days following written notice of the Default (in the case of a failure to pay money), or thirty (30) days following written notice of the Default (in the case of any other Default); provided that in the case of a Default by Franchisee under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 10.1(b)(i), (ii) or (v) of this Agreement shall be deemed incurable.**

(b) **The term “Default”, as used herein, includes the following:**

(i) Any Assignment or attempted Assignment in violation of the terms of **Section 8.2 or 8.3** of this Agreement, or without the written consents required pursuant to this Agreement; provided, however, (1) upon prompt written request following the death or legal incapacity of a Franchisee who is an individual, Manhattan Pizza shall allow a period of up to sixty (60) days after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the “**Heirs**”) to seek and obtain Manhattan Pizza’s consent to the Assignment of his or her rights and interests in this Agreement to the Heirs or to another person acceptable to Manhattan Pizza; or (2) upon prompt written request following the death or legal incapacity of an Owner of a Franchisee which is an Business Entity, directly or indirectly, owning twenty percent (20%) or more of the Equity or voting power of Franchisee, Manhattan Pizza shall allow a period of up to sixty (60) days after such death or legal incapacity for his or her Heir(s) to seek and obtain Manhattan Pizza’s consent to the Assignment of such Equity to the Heir(s) or to another person or persons acceptable to Manhattan Pizza. If, within said sixty (60) day period, said Heir(s) fail to receive or attempt to receive Manhattan Pizza’s consent, then this Agreement shall immediately terminate at Manhattan Pizza’s election.

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

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

(iv) Franchisee's opening of any Restaurant in the Multi-unit Territory except in strict accordance with the procedures set forth in **Section 7.2** of this Agreement.

(v) Failure of Franchisee to fully comply with the requirements of **Article 9** of this Agreement.

(vi) Any Default of any other agreement between Franchisee and Manhattan Pizza, including any Franchise Agreement executed pursuant hereto.

ARTICLE 11. **GENERAL CONDITIONS AND PROVISIONS**

11.1 Relationship of Franchisee to Manhattan Pizza

It is expressly agreed that the parties intend by this Agreement to establish between Manhattan Pizza and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Manhattan Pizza's name or on behalf of Manhattan Pizza, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Manhattan Pizza for any purpose whatsoever. Neither Manhattan Pizza nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Manhattan Pizza. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Manhattan Pizza or subject to Manhattan Pizza's control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Manhattan Pizza and Franchisee agree that the relationship created by this Agreement is one of independent contractor and not a fiduciary relationship.

11.2 Indemnity by Franchisee

Franchisee hereby agrees to protect, defend and indemnify Manhattan Pizza, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Franchisee's construction, development or operation of Restaurants pursuant hereto, except to the extent caused by intentional acts of the Manhattan Pizza in breach of this Agreement. The terms of this **Section 11.2** shall survive the termination, expiration or cancellation of this Agreement.

11.3 No Consequential Damages For Legal Incapacity

Manhattan Pizza shall not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee by reason of any delay in the delivery of Manhattan Pizza's FDD, or other conduct not due to the gross negligence or intentional misfeasance of Manhattan Pizza.

11.4 Waiver and Delay

No waiver by Manhattan Pizza of any Default or Defaults, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Manhattan Pizza to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Manhattan Pizza and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to Restaurants), or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or any Franchise Agreement or other agreement between Manhattan Pizza and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Manhattan Pizza of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

11.5 Survival of Covenants

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

11.6 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Manhattan Pizza and shall be binding upon and inure to the benefit of Franchisee and his or their respective heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein.

11.7 Joint and Several Liability

If Franchisee consists of more than one person or Business Entity, or a combination thereof, the obligations and liabilities of each such person or Business Entity to Manhattan Pizza are joint and several, and such person(s) or Entities shall be deemed to be a general partnership.

11.8 Governing Law

This Agreement is governed by and will be interpreted in accordance with the laws of the Commonwealth of Virginia, without reference to conflict of laws provisions. By agreeing to the application of Virginia law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the Commonwealth of Virginia to which this Agreement or the parties' relationship would not otherwise be subject. Manhattan Pizza and Franchisee each acknowledge and agree that this choice of applicable state law provides each of the parties with the mutual benefit of uniform interpretation of this Agreement. Franchisee expressly waives any rights or protections Franchisee has or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable Laws or regulations.

11.9 Titles for Convenience

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

11.10 Gender and Construction

The terms of all Addendums hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Manhattan Pizza which Franchisee may be required to obtain hereunder may be given or withheld by Manhattan Pizza in its sole discretion, and on any occasion where Manhattan Pizza is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Manhattan Pizza's standards or satisfaction, Manhattan Pizza may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Manhattan Pizza and Franchisee intend that if any provision of this Agreement is susceptible to two (2) or more constructions, one (1) of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

11.11 Severability, Modification

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

11.12 Counterparts

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

11.13 Fees and Expenses

Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the Default of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged Default of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees for the services rendered to such prevailing party. In the event of a Default by Franchisee, all of Manhattan Pizza's costs and expenses arising from such Default, including reasonable legal fees and reasonable hourly charges of Manhattan Pizza's administrative employees shall be paid to Manhattan Pizza by Franchisee within five (5) days after cure or upon demand by Manhattan Pizza if such Default is not cured.

11.14 Notices

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one (1) business day after electronically confirmed transmission by facsimile or other electronic system; one (1) business day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Manhattan Pizza:

Manhattan Pizza Company Franchising, LLC
c/o The McClure Law Firm, P.C.
307 E. Market Street, Second Floor
Leesburg, Virginia 20176

If to Franchisee:

Facsimile No.: (____)

or to such other address as such party may designate by ten (10) days' advance written notice to the other party.

11.15 Dispute Resolution

(a) **Manhattan Pizza may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the Commonwealth of Virginia, and Franchisee and each Owner irrevocably submits to the jurisdiction of these courts and waives any objection to the application of Virginia law or to the jurisdiction or venue in these Virginia courts. If Franchisee institutes any action arising out of or relating to this Agreement, that action must be brought in a court of applicable jurisdiction in Loudoun County, Virginia.**

(b) **Before either party may initiate any legal proceedings, the parties pledge to attempt first to resolve the controversy or claim arising out of or relating to this Agreement ("Dispute") pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association ("AAA") unless the parties agree on alternative rules and a mediator within fifteen (15) days after either party first gives notice of mediation. Mediation shall be conducted in Loudon County, Virginia, or in the AAA office closest to where Manhattan Pizza then has its principal place of business. Mediation shall be conducted and completed within forty five (45) days following the date either party first gives notice of mediation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under Virginia and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. The substantive law applied in such mediation shall be the laws of the State of Virginia. This Section 11.16(b) will not apply to any Dispute in which Manhattan Pizza seeks**

injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Manhattan Pizza deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to the Manhattan Pizza and/or to protect the Marks of the Manhattan Pizza. Any claim or Dispute involving or contesting the validity of any of the Marks shall not be subject to mediation.

(c) IN NO EVENT WILL MANHATTAN PIZZA BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR MANHATTAN PIZZA'S RELATIONSHIP WITH FRANCHISEE.

Franchisee Initials: _____

(d) THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

Franchisee Initials: _____

(e) ANY DISAGREEMENT BETWEEN FRANCHISEE AND MANHATTAN PIZZA (AND MANHATTAN PIZZA'S AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST MANHATTAN PIZZA (AND MANHATTAN PIZZA'S AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

Franchisee Initials: _____

(f) The terms of Articles 9 and 11 of this Agreement shall survive termination, expiration or cancellation of this Agreement.

ARTICLE 12. **SUBMISSION OF AGREEMENT**

12.1 General

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Manhattan Pizza and Franchisee.

ARTICLE 13. **FRANCHISEE**

13.1 Business Entity Franchisee Information

If Franchisee is a Business Entity, Franchisee represents and warrants that the information set forth in Addendum 3 which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Manhattan Pizza in writing within ten (10) days of any change in the information set forth in Addendum 3, and shall submit to Manhattan Pizza a revised Addendum 3, which shall be certified by Franchisee as true, correct and complete and upon acceptance thereof by Manhattan Pizza shall be annexed to this Agreement as Addendum 3. Franchisee promptly

shall provide such additional information as Manhattan Pizza may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee, including providing copies of all amendments to Franchisee's "Business Entity Documents" as defined in Addendum 3. Franchisee shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Manhattan Pizza and Franchisee. The Business Entity Documents of Franchisee shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

13.2 Operating Principal

If Franchisee is a Business Entity, Franchisee shall at all times have appointed an Operating Principal acceptable to Manhattan Pizza. The Operating Principal must be an owner of the Business Entity and shall be principally responsible for communicating and coordinating with Manhattan Pizza regarding business, operational and other ongoing matters concerning this Agreement and the Restaurants developed pursuant hereto. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement and all Franchise Agreements executed pursuant hereto. Manhattan Pizza may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Manhattan Pizza's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal, who shall have been accepted by Manhattan Pizza.

13.3 Business Practices

(a) **Franchisee represents and warrants that neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("Patriot Act") and any amendments or successors thereto.**

(b) **Neither Franchisee nor any of its Owners or the employees of either of them is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control (currently, this list is published under the internet website address www.treasury.gov/offices/enforcement/ofac/); and that Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor does Franchisee or any of its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that it will notify Manhattan Pizza in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.**

(c) **Franchisee represents that it understands and has been advised by legal counsel on the requirements of the applicable laws referred to above, including the United States Foreign Corrupt Practices Act, any local foreign corrupt practices laws and the Patriot Act, and hereby acknowledges the importance to Manhattan Pizza, the System and the parties' relationship of their respective compliance with any requirement to report or provide access to information to Manhattan Pizza or any government, that is made part of Applicable Law. Franchisee shall take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.**

ARTICLE 14.
ACKNOWLEDGMENTS

14.1 General

(a) Franchisee acknowledges that it has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that it has had the opportunity to obtain the advice of counsel in connection with entering into this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound hereby. Franchisee has either consulted with counsel or other advisors or has deliberately declined to do so.

(b) Manhattan Pizza expressly disclaims making, and Franchisee acknowledges that it has not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement. Franchisee acknowledges that there have been no representations by Manhattan Pizza's directors, employees or agents, that are not contained in, or inconsistent with, the statements made in the Franchise Disclosure Document or with the provisions of this Agreement.

(c) Franchisee has read and completed the Compliance Questionnaire attached to the Franchise Disclosure Document as Exhibit H.

14.2 Receipt of Documents

Franchisee acknowledges that it has received a copy of this Agreement and the attachments thereto, at least seven (7) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

14.3 True and Accurate Information

Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Manhattan Pizza are true, complete and accurate in all respects, with Franchisee expressly acknowledging that Manhattan Pizza is relying upon the truthfulness, completeness and accuracy of such information.

14.4 Entire Agreement

This Agreement and the Addendums incorporated herein and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement, any Addendums or any other related agreements shall disclaim or require Franchisee to waive reliance on any representation that Manhattan Pizza made in the Franchise Disclosure Document (including its exhibits and amendments) that Manhattan Pizza delivered to Franchisee in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Manhattan Pizza hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

14.5

Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in Restaurants involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Manhattan Pizza does not, in this Agreement or otherwise, make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this _____ day of _____, 20____.

Manhattan Pizza Company Franchising, LLC

By: _____

Title: _____

“Franchisee”

By: _____
Name: _____
Title: _____

By: _____

Name: _____

Title: _____

APPENDIX

GLOSSARY OF TERMS

AAA: Defined in **Section 11.16(b).**

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party, including but not limited to parent, subsidiary or affiliated companies.

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

Assignment: Defined in **Section 8.3(a).**

Authorized Menu: Menu items and other food and beverage products as Manhattan Pizza designates and approves in writing from time to time for sale through Restaurants.

Authorized Products: The specific products and menu items that are specified by Manhattan Pizza from time to time in the Manual, or as otherwise directed by Manhattan Pizza in writing, for sale at Restaurants, prepared, sold and/or manufactured in strict accordance with Manhattan Pizza standards and specifications, as part of the Authorized Menu or otherwise.

Business Entity: A corporation, a general or limited Partnership or a limited liability company.

Competitive Activities: To own, operate, lend to, advise, be employed by, or have any financial interest in any business (other than a Restaurant operated under the Marks) that: (i) is a casual or fast-casual restaurant business; or (ii) sells or offers to dispense, through wholesale or retail, products the same as or similar to the type of products sold by Restaurants (including but not limited to the Authorized Products).

Default: Any breach of, or failure to comply with, any of the terms or conditions of an agreement.

Development Period: Each of the time periods indicated on **Addendum 2** during which Franchisee has the right and obligation to construct, equip, open and thereafter continue to operate Restaurants in accordance with the Development Obligation.

Development Obligation: The Franchisee's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Multi-unit Territory the cumulative number of Restaurants in **Addendum 2** within each Development Period and, if applicable, within the geographic areas specified therein.

Dispute: Defined in **Section 11.15(b).**

Equity: Capital stock, membership interests, Partnership Rights or other equity ownership interests of a Business Entity.

Force Majeure: Acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar outside forces which Franchisee could not by the exercise of

reasonable diligence have avoided. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

Franchise Agreement: The form of agreement prescribed by Manhattan Pizza and used to grant to Franchisee the right to own and operate a single Restaurant in the Multi-unit Territory, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

Franchise Disclosure Document or FDD: Defined in **Section 8.2(c).**

Governmental Authority: All Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

Initial Franchise Fee: Defined in **Section 6.2.**

Manual: The primary source of information regarding the System and the construction and operation of a Restaurant, which included Manhattan Pizza's operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Manhattan Pizza as in effect and amended from time to time.

Marks: Certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark "MANHATTAN PIZZA™" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a Manhattan Pizza Business), and all other visual identification, as are now designated, and may hereafter be designated by Manhattan Pizza, for use in connection with the System.

Multi-unit Territory: The geographic area defined or identified in **Addendum 1**, attached hereto.

Operating Principal: President, manager or authorized representative, who is an Owner of Franchisee, and accepted by Manhattan Pizza (and until subsequently disapproved by Manhattan Pizza), to serve as the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, and shall have the authority to act on behalf of Franchisee during the Term.

Owner: Any direct or indirect shareholder, member, general or limited partner, trustee, or other Equity owner of an Business Entity, except, that if Manhattan Pizza or any Affiliate of Manhattan Pizza has any ownership interest in Franchisee, the term "Owner" shall not include or refer to the Manhattan Pizza or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon Franchisee, or its Owners shall bind Manhattan Pizza, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

Partnership: Any general partnership, limited partnership or limited liability partnership.

Partnership Rights: Voting power, property, profits or losses, or partnership interests of a Partnership.

Purchase Option: Defined in **Section 8.3(d).**

Restricted Persons: The Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

Restaurant or Restaurants: Defined in **Recital A.**

System: A uniform system for the establishment and operation of Manhattan Pizza Business, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; Trade Dress; the Marks, management programs, accounting methods, training and ongoing operational assistance; advertising and promotional techniques; personnel training, trade secrets; methods of preparing, serving, merchandising, and selling a limited menu of hot and cold foods, including but not limited to, appetizers, pizza, pasta dishes, soups, salads, and desserts, prepared in accordance with Manhattan Pizza's methods; and other related benefits for use of Franchisee relating to the operation and promotion of a Manhattan Pizza Business, all of which may be changed, improved, and further developed by Manhattan Pizza from time to time.

Term: Defined in **Section 4.1.**

Territory: The geographic area designated by Manhattan Pizza, described by attaching a map, or by reference to streets, natural boundaries or zip codes.

Then-current: The form of Franchise Disclosure Document, a multi-unit Franchise Agreement, or Franchise Agreement then currently provided by Manhattan Pizza to similarly situated prospective franchisees, or if not then being so provided, then such form selected by the Manhattan Pizza in its discretion which previously has been delivered to and executed by a licensee or franchisee of Manhattan Pizza.

Trade Secrets: Defined in **Section 9.2(a).**

Venue: means any site where a Restaurant is located or proposed to be located.

ADDENDUM 1
MULTI-UNIT TERRITORY

The Multi-unit Territory* is defined as the territory within the boundaries described below:

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

ADDENDUM 2
DEVELOPMENT OBLIGATION

DEVELOPMENT PERIOD ENDING	CUMULATIVE NO. OF RESTAURANTS TO BE IN OPERATION
1	<hr/> ____ Restaurants
2	<hr/> ____ Restaurants
3	<hr/> ____ Restaurants
4	<hr/> ____ Restaurants
5	<hr/> ____ Restaurants

ADDENDUM 3
BUSINESS ENTITY INFORMATION

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

(i) Franchisee is a (check as applicable):

[] corporation
[] limited liability Manhattan Pizza
[] general partnership
[] limited partnership
[] Other (specify): _____

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

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

(iv) The name and address of each of Franchisee’s owners, members, or general and limited partners:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

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

NAME	ADDRESS

(vi) The address where Franchisee’s Financial Records, and Business Entity Documents are maintained is: _____

The “Operating Principal” is: _____

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT D

Financial Statements

Financial Statements

of
Manhattan Pizza Company Franchising LLC
For the Periods Ended December 31, 2023 and 2022

Manhattan Pizza Company Franchising LLC
Comparative Financial Statements
December 31, 2023 and December 31, 2022
(With Independent Auditors Report Thereon)

Independent Auditor's Report

The Board of Directors
Manhattan Pizza Company Franchising, LLC
Leesburg, VA 20175

We have audited the accompanying financial statement of Manhattan Pizza Company Franchising, LLC which comprise of the comparative balance sheet as of December 31, 2023 and December 31, 2022 the related statements of income, changes in members equity, and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Manhattan Pizza Company Franchising, LLC as of December 31, 2023 and December 31, 2022 and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Crow Donahue PLLC". The signature is fluid and cursive, with "Crow" and "Donahue" connected by a single stroke, and "PLLC" written in a smaller, separate cursive style to the right.

Crow Donahue PLLC
Ashburn, Virginia
April 2, 2024

Manhattan Pizza Company Franchising LLC
Balance Sheet
December 31, 2023 and 2022

ASSETS

	As of <u>Dec. 31, 2023</u>	As of <u>Dec. 31, 2022</u>
Current Assets		
Cash	\$ 330,065	\$ 737,233
Virginia Escrow Account	14,343	13,776
Accounts Receivable	110,537	105,586
Due from Related Party	500,654	654
Due from Prototype Productions	30,000	30,000
Total Current Assets	\$ 985,599	\$ 887,249
Fixed Assets		
Furniture & Fixtures	2,000	2,000
Accumulated Depreciation	(1,156)	(957)
Total Fixed Assets	844	1,043
Other Assets	_____	_____
Total Assets	\$ 986,443	\$ 888,292

Manhattan Pizza Company Franchising LLC
Balance Sheet
December 31, 2023 and 2022

LIABILITIES AND EQUITY

	As of Dec. 31, 2023	As of Dec. 31, 2022
Current Liabilities		
Long Term Liabilities		
Equity		
Members Equity	337,508	361,680
Current Income (Loss)	<u>648,935</u>	<u>526,612</u>
Total Equity	<u>986,443</u>	<u>888,292</u>
Total Liabilities & Equity	\$ 986,443	\$ 888,292

Manhattan Pizza Company Franchising LLC
Income Statement
For the Periods Ended December 31, 2023 and 2022

	1 Month Ended <u>Dec. 31, 2023</u>	1 Month Ended <u>Dec. 31, 2022</u>
Revenue		
Revenues from Operations	\$ 654,692	\$ 529,898
Escrow (Gain) Loss	<u>567</u>	<u>(1,072)</u>
 Total Revenue	 655,259	 528,826
 Operating Expenses		
Depreciation Expense	199	0
License & Fees	2,250	1,000
Dues & Subscriptions	0	1,200
Legal & Professional Fees	3,875	0
Office Supplies	<u>0</u>	<u>14</u>
 Total Operating Expenses	 <u>6,324</u>	 <u>2,214</u>
 Net Income (Loss)	 <u>\$ 648,935</u>	 <u>\$ 526,612</u>

Manhattan Pizza Company Franchising LLC
Statement of Cash Flows
For the Period Ended December 31, 2023
INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS

Cash Flow from Operating Activities

Net Income (Loss)	\$ 648,935
Adjustments to Reconcile Cash Flow	
Decrease (Increase) in Current Assets	
Virginia Escrow Account	(567)
Accounts Receivable	(4,951)
Due from Related Party	(500,000)
Increase (Decrease) in Current Liabilities	<hr/>
Total Adjustments	<u>(505,518)</u>

Cash Provided (Used) by Operations

143,417

Cash Flow From Investing Activities

Sales (Purchases) of Assets	
Accumulated Depreciation	<hr/> 199

Cash Provided (Used) by Investing

199

Cash Flow From Financing Activities

Cash (Used) or provided by:	
Members Equity	<u>(550,784)</u>

Cash Provided (Used) by Financing

(550,784)

Net Increase (Decrease) in Cash

(407,168)

Cash at Beginning of Period

737,233

Cash at End of Period

\$ 330,065

Manhattan Pizza Company Franchising, LLC
Notes to Financial Statements
December 31, 2023 and December 31, 2022

(1) Summary of Significant Accounting Policies

Organization and Basis of Presentation:

Manhattan Pizza Company Franchising, LLC (the Company) was established in 2013 for the primary purpose of furnishing franchising opportunities of Manhattan Pizza restaurants to the general public. The accompanying financial statements present the financial position and changes in net assets and cash flows of the Company.

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the financial statements. Actual results could differ materially from those estimates.

Fiscal Year:

The Company's fiscal reporting period is the calendar year end, December 31. All references to "year(s) ended". "years then ended" represent the 52-week period from January 1 through December 31.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

Cash Equivalents:

The Organization considers all highly liquid investments purchased with a original maturity of three months or less to be cash equivalents. Cash equivalents consist of bank savings and overnight financial institution investments. These assets are primarily in Federal Deposit Insurance Corporation insured accounts.

Revenue Recognition:

Franchise revenues, which include contractual obligations on franchise arrangements and include royalties and franchise fees, are based on a percentage of net sales of the franchised restaurant and recognized as earned. Initial franchise fees and development fees are recorded as deferred income when received and are recognized as revenue when a franchised restaurant is opened as all material

services and conditions related to the franchise fee have been substantially performed upon the restaurant opening.

Income Taxes:

The Company is a Limited Liability Company organized under the laws of the Commonwealth of Virginia. The Company is a wholly owned subsidiary of Manhattan Pizza Company, LLC, and as such, the net income or loss of the Company, adjusted for tax purposes, is consolidated into its parent organization. Because the parent organization files its taxes as it is a partnership, which passes through the items of taxable net income or loss to its owners, the Company has determined that no income taxes are due for its activities for the years ending December 31, 2022 and 2023. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

(2) Cash and equivalents:

Cash and equivalents consist of the following on December 31, 2022 and 2023:

	2022	2023
Cash and equivalents	<u>\$737,233</u>	<u>\$330,065</u>

(3) Trade and Other Receivables:

Royalty and other Accounts Receivables consist of the following on December 31, 2022 and 2023:

Receivables, gross	\$ 105,586	\$110,537
Due from Related Entity	654	654
Due from Prototype Production Inc.	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Total	<u>\$136,240</u>	<u>\$136,240</u>

Fixed Assets consists totally of signage. Depreciation has been calculated using accelerated methods.

	2022	2023
Accum Depr Property & Equipment	\$957	\$1,056

(4) Accounts payable and accrued expenses:

Accounts payable and other accrued expenses consist of the following on December 31, 2022 and 2023

Accounts Payable, net	\$0	\$0
Deferred revenues	\$0	\$0

(5) Legal Commitments and Contingencies Litigation:

The organization is involved in a legal dispute with one of the Franchisees that closed in Frederick Maryland. The dispute arises non-payment of royalties which were the obligation of the Franchise and additionally the owner of the franchise was the guarantor. A lawsuit was filed in 2023 and it is the opinion of management and the legal team that the outcome of the lawsuit would be favorable to Manhattan Pizza Franchising Company in recovering the outstanding royalties.

(6) Transactions between Related Entities:

In April of 2016, Manhattan Pizza Company, LLC, the parent of the organization, assigned all the contractual rights and interests in Royalty and Franchise agreements established in the earlier years to the Organization. The agreements established by the parent identify terms under

which the parties are to operate. These terms include the length of the agreement, calculations for amounts due to the Organization, and the operational requirements between the Organization and the licenses.

MPFC has signed a Note Receivable with a Member of MPC in the amount of \$500,000 on April 1, 2024. The Note is interest bearing at the rate of 5.0% and is due monthly. Any missed interest payment is subject to penalty. The note matures March 15, 2027. Full payment is due at that time including any outstanding interest payments and less any prepayment of principal that has been made by the borrowing party.

(7) Franchise Activity

A new franchise store had its grand opening in Stafford, Virginia in 2021 bringing the total number of franchisees to 15 operations. MPFC was heavily involved in assisting the franchisee in the training, preparation, and assistance before, during, and after the grand opening.

MFPC has implemented a quality control program for all locations. The program consists of one of Manhattan Pizza Company's (Parent of Franchise Company) longest tenured staff visiting and assisting all the Franchise locations. This individuals' expenses are reimbursed to MPC.

Additionally, there is \$14,343 on the books being held in escrow under Virginia Law. The training condition of the agreement has been met and currently management is working with Virginia to get those funds released.

Manhattan Pizza originally initiated a one-month waiver of royalty fees for the month of April 2020 in support of our valued franchisees. Since that time Manhattan Pizza through it's initiative to assist locations that are under achieving and under pressure per post Covid loss of business haven been allowed relief from MPC. 3 Franchises were under relief provisions all of 2023 and continue to be. For relief franchisees must be in good standing with the company and in good standing with their relationship to management.

(8) Subsequent Events

Manhattan Pizza has followed the CDC regulations and State regulations to protect its franchisees and their customers. With three

exceptions, our franchisees have reported no significant reduction in sales due to COVID-19 in 2021, and some have reported no reduction. One franchisee reported a material reduction in sales due to its location in a high-rise office community that drew its customers from multiple office buildings, which were impacted initially by mandatory closures and the subsequent shift to remote working arrangements. That franchise ceased operations in 2021.

See Previous Note concerning related parties for Note Receivable signed on April 1, 2024 by a Member of Manhattan Pizza Company for the benefit of one of that individuals unrelated to Manhattan Pizza Companies.

ADDENDUM

Unaudited Financial Statements of Manhattan Pizza Company Franchising LLC For the Period January 1, 2024 through June 2024

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

07/24/24

**Profit & Loss by Class: Re Manhattan Pizza
Company Franchising, LLC**

Accrual Basis	January through June 2024			
	MPC	MPCF	Unclassified	TOTAL
Ordinary Income/Expense				
Income				
Bookkeeping				
CB	3,00000	0.00	0.00	3,000.00
GV	1,500.00	0.00	0.00	1,500.00
LB	3,000.00	0.00	0.00	3,000.00
PV	3,000.00	0.00	0.00	3,000.00
SF	1,500.00	0.00	0.00	1,500.00
SR	3,000.00	0.00	0.00	3,000.00
WR	1,500.00	0.00	0.00	1,500.00
Total Bookkeeping	16,500.00	0.00	0.00	16,500.00
Gift Cards • Costco	40,470.00	0.00	0.00	40,470.00
Rebate • Vendors				
Rebate • Carter's Bread	1,551.63	0.00	0.00	1,551.63
Rebate • Coca Cola	9,912.00	0.00	0.00	9,912.00
Rebate • Hormel Foods	2,307.00	0.00	0.00	2,307.00
Rebate • Ken's Dressing	787.50	0.00	0.00	787.50
Rebate • Tysons	1,511.60	0.00	0.00	1,511.60
Rebate • US Foods, Inc.	43,300.80	0.00	0.00	43,300.80
Total Rebate•Vendors	59,370.53	0.00	0.00	59,370.53
Royalties				
Royalties • Clarksburg	0.00	28,892.21	0.00	28,892.21
Royalties • Gainesville	0.00	33,309.17	0.00	33,309.17
Royalties • GMU	0.00	7,598.57	0.00	7,598.57
Royalties • Holly Sprin...	0.00	40,179.41	0.00	40,179.41
Royalties • Leesburg	0.00	30,280.09	0.00	30,280.09
Royalties • Purcellville	0.00	41,382.24	0.00	41,382.24
Royalties • South Ridi...	0.00	30,327.91	0.00	30,327.91
Royalties • Stafford	0.00	45,234.27	0.00	45,234.27
Royalties • Urbana	0.00	34,413.52	0.00	34,413.52
Royalties • Warrenton	0.00	43,334.94	0.00	43,334.94
Total Royalties	0.00	334,952.33	0.00	334,952.33
Total Income	116,340.53	334,952.33	0.00	451,292.86
Cost of Goods Sold				
Food Purchases	1,911.41	0.00	0.00	1,911.41
Restaurant Supplies	14,709.72	0.00	0.00	14,709.72
Total COGS	16,621.13	0.00	0.00	16,621.13
Gross Profit	99,719.40	334,952.33	0.00	434,671.73
Expense				
Advertising and Promot..	6,857.08	0.00	0.00	6,857.08
Auto Rental	859.60	0.00	0.00	859.60
Automobile Expense	4,182.00	0.00	0.00	4,182.00
Bank Service Charges	36.00	0.00	0.00	36.00
Commissions	1,000.00	0.00	0.00	1,000.00
Consulting Fees	6,512.68	26,000.00	0.00	32,512.68
Credit Card Charges	-708.37	0.00	0.00	-708.37
Donations	7,446.11	0.00	0.00	7,446.11
Due's and Subscriptions	3,217.86	0.00	0.00	3,217.86
Inspections	3,060.00	0.00	0.00	3,060.00
Insurance Expense	4,676.56	0.00	0.00	4,676.56
License and Permits	40000	1,250.00	0.00	1,650.00
Management Distribution	0 00	10,000.00	0.00	10,000.00
Marketing	30,402.67	0.00	0.00	30,402.67
Meals & Entertainment	16,197.09	0.00	0.00	16,197.09
Menus	3,160.44	0.00	0.00	3,160.44
Miscellaneous Expense	0.00	100.00	0.00	10000
Office Expense	6,071.11	39.09	0 00	6,110.20
Online Payment fees	300	1,309.29	0.00	1,312.29

Manhattan Pizza Company, LLC (MPC)
Profit & Loss by Class
Re: Manhattan Pizza Company Franchising, LLC

	<u>MPC</u>	<u>MPCF</u>	<u>Unclassified</u>	<u>TOTAL</u>
Payroll Expenses	46,90717	000	000	46,907 17
Payroll Processing Fees	1,225 49	000	000	1,225 49
Printing & Design	50000	000	000	50000
Profosional Fees	17,353.95	125 00	000	17,478 95
Repairs and Maintenance	5,714 32	000	000	5,714 32
Taxes- Other	13,651 96	0.00	000	13,651 96
Telephone Expense	8,302 81	000	000	8,302 81
Tolls	1,454.10	000	000	1,454 10
Travel	19,923 98	0.00	0.00	19,923 98
 Total Expense	 208,407 61	 38,823.38	 000	 247,230 99
Net Ordinary Income	<u>-108,688.21</u>	<u>296,128.95</u>	<u>000</u>	<u>187,440.74</u>
 Net Income	 -108,688.21	 296,128.95	 0.00	 187,440.74

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT E

State Addenda

**STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT FRANCHISE AGREEMENT**

The following modifications are to the Franchise Disclosure Document between Manhattan Pizza Company Franchising, LLC (“Franchisor,” “we,” “us,” or “our”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement and (if applicable) Multi-unit Franchise Agreement between Franchisor and Franchisee (“Franchisee,” “you,” or “your” dated _____, 201_____.

The provisions of this State Law Addendum to Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement (“**State Addendum**”) apply only to those persons residing or operating Manhattan Pizza Businesses in the following states:

FOR THE STATE OF CALIFORNIA:

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 FRANCHISE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov.

The Franchise Disclosure Document is hereby amended as follows:

Neither we nor any person in item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling these persons from membership in this association or exchange.

California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement and Multi-unit Franchise Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement and Multi-unit Franchise Agreement require application of the laws of the Commonwealth of Virginia. This provision may not be enforceable under California law.

You must sign a general release of claims if you renew or transfer your franchise, or each time you open an additional Manhattan Pizza Business under the Multi-unit Franchise Agreement. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a

waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement and Multi-Unit Franchise Agreement are hereby amended as follows:

Despite anything to the contrary in the Franchise Agreement and Multi-unit Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement or Multi-unit Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.
2. To the extent that the Franchise Agreement or Multi-unit Franchise Agreement would otherwise violate California law, such sections are amended by providing that all litigation by or between you and us, involving a Business in the State of California, which arises directly or indirectly from the Agreement will be commenced and maintained in the state courts of California or the United States District court for California, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee's inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us "clear title and possession" to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee's landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Marketing Fund Contributions; c) Webpage fees; d) Liquidated Damages; e) Transfer Fees; and f) any other type of fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

"Fair market value of the franchise assets" means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

"Fair market value of the franchised business" means the "fair market value of the franchise assets" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

FOR THE STATE OF CONNECTICUT

The following statement is added to the cover page of the Franchise Disclosure Document:

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

The following statement is added to Item 3 of the Franchise Disclosure Document:

There are no pending or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

The Franchise Disclosure Document is amended as follows:

1. ITEM 4 is amended to read as follows:

Other than as we disclose in this Item 4, During the 7 year period immediately before of the Disclosure Document neither Company or affiliate or current officer or general partner of Company has: (A) Filed in bankruptcy; (B) been adjudged bankrupt; (C) been reorganized due to insolvency; or (D) been a principal, director, executive officer or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position with such other person. If so, the seller shall set forth the name and location of the person having so filed or having been so adjudged or reorganized, the date and any other material facts.

Other than as we disclose in this Item 4, During the 7 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company

FOR THE STATE OF HAWAII:

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

FOR THE STATE OF ILLINOIS:

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement and Multi-unit Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.”

To the extent that the Franchise Agreement and Multi-unit Franchise Agreement would otherwise violate Illinois law, the agreements are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

17(v), Choice of Forum, of the Franchise Disclosure Document is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

17(w), Choice of Law, of the Franchise Disclosure Document is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement, Multi-unit Franchise Agreement and Franchise Disclosure Document may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that Section 18.1 of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede those provisions.

FOR THE STATE OF INDIANA:

Item 8 of the Franchise Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

17(e) is amended subject to Indiana Code 23-2-2.7-1(7), which makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

17(m) is amended subject to Indiana Code 23-2-2.7-1(5), which prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant will have a geographical limitation of the Protected Territory granted to you.

17(v) is amended to provide that you will be permitted to begin litigation in Indiana for a cause of action under Indiana law.

17 (w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or Indiana Deceptive Franchise Practices Act.

Despite anything to the contrary in the Franchise Agreement and Multi-unit Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise Agreement, or Virginia law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement or Multi-unit Franchise Agreement, will supersede the provisions of Article 16 of the Agreement to the extent Article 16 may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement or Multi-unit Franchise Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The Franchise Agreement and Multi-unit Franchise Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement and Multi-unit Franchise Agreement:

No Limitation on Litigation. Any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

FOR THE STATE OF IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to David McClure, Manhattan Pizza Company Franchising, LLC, 307 E. Market Street, Second Floor, Leesburg, Virginia 20176, email: dmclure@mblawfirm.net, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

FOR THE STATE OF MARYLAND

Due to our financial condition, the Maryland Attorney General has required us to place all initial fees in an escrow account until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be held in this account until our initial obligations to you are complete and your business is open and operating.

Pursuant to COMAR 02.02.0.8.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law. 17(c) and 17(m) of the Franchise Disclosure Document and sections of the Franchise Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law and those documents are hereby amended consistent with Maryland law.

The Compliance Questionnaire (Exhibit H to the Franchise Disclosure Document) is hereby amended by stating that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of any 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.

17(v) of the Franchise Disclosure Document, the Franchise Agreement, and Multi-unit Franchise Agreement are amended to state that you may bring a lawsuit 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 three years after the grant of the franchise.

Section 17(w) of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 *et seq.*).

The Franchise Agreement and Multi-unit Franchise Agreement provide that disputes are resolved through arbitration. 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 Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

FOR THE STATE OF MICHIGAN

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

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

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

A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act.

This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

- (i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.*
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.*
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.*
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.*

A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise

on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA:

Despite anything to the contrary in the Franchise Agreement or Multi-unit Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement or Multi-unit Franchise Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.
4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal

of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and Our System standards. Notwithstanding anything to the contrary in the Franchise Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, Sections 5.2.3 and 11.3.7 of the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your franchise, are hereby deleted from the Franchise Agreement.

7. The following language will be added to the Franchise Agreement and Multi-unit Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement or Multi-unit Franchise Agreement conflict with Minnesota law, Minnesota law will prevail.

FOR THE STATE OF NEW YORK:

The following is added to the Risk Factors on the cover page:

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

Item 3 of the Franchise Disclosure Document is modified to read as follows:

Neither Manhattan Pizza Company Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Manhattan Pizza Company Franchising, LLC's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. Neither Manhattan Pizza Company Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under 's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Manhattan Pizza Company Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under 's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including without limitation, an action affecting a license as a real estate broker or sales agent.

Item 4 of the Franchise Disclosure Document is modified to read as follows:

Neither Manhattan Pizza Company Franchising, LLC, its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of Item 5 of the Franchise Disclosure Document:

We may use the proceeds from your payment of the initial franchise fee to defray our costs and expenses for providing training and assistance to you; for commission payments to brokers involved in the sale of a franchise to you; for general working capital purposes; and for other expenses.

The first paragraph of Item 17 of the Franchise Disclosure Document is modified to read as follows:

THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Item 17(w) of the Franchise Disclosure Document is revised to read as follows:

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the General Business Law (GBL) of the State of New York, Article 33. This language has been included in this Franchise Disclosure Document as a condition of registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

The following provisions shall be added to the Franchise Agreement and Multi-unit Franchise Agreement:

All rights enjoyed by the Franchisee and any causes of action arising in the Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued

thereunder shall remain in force; it being the intent of this provision that the non-waiver provision of GBL 687.4 and 687.5 be satisfied.

Notwithstanding the indemnification provisions in this Agreement, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor.

The choice of law in this Agreement shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Disclosure Document as a condition of registration. Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

FOR THE STATE OF NORTH DAKOTA:

Sections of the Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement, Multi-unit Franchise Agreement and Confidentiality / Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under

Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

FOR THE STATE OF OHIO:

The following language will be added to the Franchise Agreement and Multi-Unit Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to David McClure, Manhattan Pizza Company Franchising, LLC, 307 E. Market Street, Second Floor, Leesburg, Virginia 20176, email: dmclure@mblawfirm.net, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

you: _____

By: _____

Print Name: _____

Its: _____

Date: _____

FOR THE STATE OF RHODE ISLAND:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

FOR THE STATE OF VIRGINIA:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17(h) of the Disclosure Document. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Any securities offered or sold by an Investor Franchisee as a part of the Manhattan Pizza Company Franchising, LLC Multi-Unit Franchises must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$405,800 and \$763,000 for a single unit and between \$798,600 and \$1,503,000 for the minimum two units pursuant to a Multi-Unit franchise agreement. The minimum number of units that must be opened under a Multi-Unit Agreement is two. The initial franchise fee increases with the number of units permitted under the Multi-Unit agreement. See Item 5 for the scaling initial franchise fees corresponding to the number of units.

FOR THE STATE OF WASHINGTON:

Arbitration shall take place in the state of Washington, but only if “in-state” arbitration is a valid requirement of the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

FOR THE STATE OF WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, Franchise Agreement, and Multi-unit Franchise Agreement are amended accordingly.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 201____, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise Agreement / Multi-unit Franchise Agreement (if applicable) between the parties.

Manhattan Pizza Company Franchising, LLC Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT F

Brand Standards Manual Table of Contents

MANHATTAN PIZZA OPERATIONS MANUAL

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MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT G

Form of General Release

GENERAL RELEASE

As a condition to Manhattan Pizza Company Franchising, LLC's ("Franchisor") consent to [grant a Successor Franchise Agreement to] [the proposed transfer of the Franchise Agreement] [permit the development of an additional Manhattan Pizza Business] by [name of franchisee] ("Franchisee") under the [Franchise Agreement] [Multi-Unit Franchise Agreement] dated [date of Franchise or Multi-Unit Franchise Agreement], the undersigned, and each of their respective corporate parents, subsidiaries, Affiliates, successors in interest, heirs and assigns, and each of their respective owners, Managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries, Affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, Claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor's, or Franchisor's Affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: 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.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if Necessary).

By: _____

Name: _____

State of _____)
County of _____) ss.

This instrument was acknowledged before me on _____, _____ by _____

Notary Public _____
My Commission Expires: _____

By: _____

Name: _____

State of _____)
County of _____) ss.

This instrument was acknowledged before me on _____, _____ by _____

Notary Public _____
My Commission Expires: _____

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT H

Compliance Questionnaire

COMPLIANCE QUESTIONNAIRE

NOTE: 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.

As you know, Manhattan Pizza Company Franchising, LLC and you are preparing to enter into a Franchise Agreement and, if applicable, Multi-unit Agreement (the “Agreement” or, if applicable, “Agreements”). In this questionnaire, Manhattan Pizza Company Franchising, LLC will be referred to as “we” or “us.” The purpose of this questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be inaccurate. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received, studied and reviewed carefully the Franchise Disclosure Document and Agreement(s)? Check one: Yes No
2. Do you understand all of the information contained in the Agreement(s) and each Addendum and schedule attached to it or them? Check one: Yes No

If your answer is “No,” what parts of the Agreements do you not understand? (Attach additional pages, if necessary).

3. Do you understand all of the information contained in the Franchise Disclosure Document and each addendum attached to it? Check one: Yes No

If your answer is “No,” what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary).

4. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a Manhattan Pizza® franchise, or have you made the decision not to consult with one? Check one: Yes No
5. Has any employee or other person speaking on our behalf made any statement or promise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one: Yes No.

If your answer to question 5 is “Yes,” please describe the statement or promise: (Attach additional pages, if necessary).

6. Was any oral, written or visual claim or representation made to you that stated, suggested, predicted or projected your sales, expenses, income or profit levels or that of any actual or hypothetical franchise business, other than as set forth in Item 19 of the Franchise Disclosure Document? Check one: Yes No.

If your answer is "Yes," please describe the oral, written or visual claim or representation made to you: (Attach additional pages, if necessary).

7. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you will work, your location, the local market for Manhattan Pizza® products and services, interest rates, the economy, inflation, the prevailing wage rate, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? Check one: Yes No.

If your answer is "No," please describe your understanding of what the success or failure of your business will depend upon: (Attach additional pages, if necessary).

8. Have any of our employees or any other persons speaking on our behalf made any statement, promise or agreement concerning the likelihood of success that you should or might expect to achieve from operating a Manhattan Pizza® Restaurant? Check one: Yes No.

If your answer is "Yes," please describe the statement, promise, or agreement: (Attach additional pages, if necessary).

9. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD? Check one: Yes No

If your answer is "Yes," please describe the statement, promise, or agreement: (Attach additional pages, if necessary).

10. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the costs you may incur in operating a Manhattan Pizza® Restaurant that is contrary to, or different from, the information contained in the FDD? Check one: Yes No.

If your answer is "Yes," please describe the statement, promise, or agreement: (Attach additional pages, if necessary).

11. Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of a Manhattan Pizza® Restaurant (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws? Check one: Yes No

If your answer is "No," please describe your understanding regarding legal compliance: (Attach additional pages, if necessary).

12. Have we or any of our employees or any other persons speaking on our behalf made any oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise that expand upon or are inconsistent with FDD or the Agreement(s), or any attached written addendum signed by you and an officer of ours? Check one: Yes No

If your answer is "Yes," please describe the promises, agreements, commitments, representation, understandings, "side agreements" or other expansion: (Attach additional pages, if necessary).

13. Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of our parent company or any of our affiliated companies? Check one: Yes No

If your answer is "Yes," have you relied on the statement(s) regarding the financial condition of any of our affiliated companies in deciding whether to purchase a franchise from us? Check one: Yes No.

If your answer to either of the above questions is "Yes," please describe the statements you received or heard regarding the financial condition of our parent or any of our affiliated companies: (Attach additional pages, if necessary).

14. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Manhattan Pizza® brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check One: Yes No. If no, please comment:

15. Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws? Check one: Yes No

16. Which of our representatives have you met with?

By signing below, you are acknowledging that you understand that your answers are important and that we will rely on them, and that you have responded truthfully to the above questions.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT (Make Additional Copies if Necessary).

By: _____ Address: _____

Name: _____ Telephone: _____

This instrument was acknowledged before me on _____, ___ by _____

Notary Public _____
My Commission Expires: _____

By: _____ Address: _____

Name: _____ Telephone: _____

State of _____)
County of _____) ss.
)

This instrument was acknowledged before me on _____, ___ by _____

Notary Public _____
My Commission Expires:

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT I

Form of Confidentiality and Non-Compete Agreement

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE (“**Agreement**”) is made and entered into this _____ day of _____, 201____, between (“**Franchisee**”); and _____ (“**You**”).

WHEREAS, Franchisee has entered into a Franchise Agreement with Manhattan Pizza Company Franchising, LLC (“**Manhattan Pizza**”); and

WHEREAS, You are an Owner, Manager, principal, independent contractor, officer, director, or an entity affiliated with, or providing products or services to Franchisee; and

WHEREAS, as a result of Your relationship with Franchisee, You will have access to certain confidential and proprietary information of Manhattan Pizza;

NOW, THEREFORE, in consideration of the foregoing and in order to induce Manhattan Pizza to enter into, or to continue, a relationship with Franchisee, the parties hereby agree as follows:

1. Manhattan Pizza Is Third Party Beneficiary. Franchisee and You acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of Manhattan Pizza, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. Confidential Information. It is understood that as a result of Your position or relationship with Franchisee, You will be afforded access to confidential and/or proprietary information of Manhattan Pizza. In consideration of Manhattan Pizza’s agreement to enter into and continue its business relationship with Franchisee and to continue to make available to Franchisee and You information, including confidential and/or proprietary information, relating to Manhattan Pizza and its business and operations, You agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of Manhattan Pizza (including without limitation sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective Customers, other Franchisees, agencies, Vendors/Suppliers, and other related information) (hereinafter, “**Confidential Information**”), other than strictly incidental to, and solely in furtherance and within the scope of, Franchisee’s relationship with Manhattan Pizza and Your employment or business relationship with Franchisee, which obligation applies at all times during and following Your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason therefore. “Confidential Information” shall not include information which (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by Franchisee or the signing of the Franchise Agreement, whichever occurred first, was known to Franchisee and in actual commercial use by Franchisee or generally within the insurance Industry, in the manner and combination disclosed; or (c) is subsequently received by Franchisee or You from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of Manhattan Pizza except strictly incidental to, and solely in furtherance and within the scope of, Franchisee’s relationship with Manhattan Pizza and Your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Your relationship with Franchisee, as the case may be), for any reason, You must return all lists, printouts, memoranda, reports, surveys, studies, notes, letters and all

other documents then in Your possession or under Your control containing or relating to any Confidential Information, whether in paper, digital, or other form or medium, without retaining any copies or reproductions thereof in any form.

If You receive a subpoena or any other form of legal process seeking to compel the production of any Confidential Information, You will immediately provide Franchisee and Manhattan Pizza with written notice of the receipt of such subpoena or process and a copy thereof, and will cooperate with Franchisee and Manhattan Pizza in any action they take to oppose the production of Confidential Information or to obtain a protective order. Written notice to Manhattan Pizza shall be given to its President.

3. Covenant Not to Compete. While the Franchise Agreement is in effect and while You maintain a relationship with Franchisee, You shall not, engage in any activity which competes directly or indirectly with Manhattan Pizza in any state in which Manhattan Pizza is doing business or in which it has current plans to begin business, except with the written permission of Manhattan Pizza. If the Franchise Agreement is terminated or if Your relationship with Franchisee is terminated for any reason, You shall be prohibited for a period of one (1) year from the date of such termination, in the Protected Area where the Franchisee is located, from:

- (a) Directly or indirectly soliciting Manhattan Pizza's Franchisees;
- (b) Inducing, advising, suggesting or attempting to influence directly or indirectly anyone affiliated with Manhattan Pizza's Franchisees to terminate employment or establish a professional relationship with another person or entity; and
- (c) Directly or indirectly participating in or being connected in any manner with the ownership, management or operation of any business or entity that competes with Manhattan Pizza, in offering or selling personal care products.

4. Non-solicitation. While the Franchise Agreement is in effect, and for two years after its expiration or termination, You shall not, without prior written permission of Manhattan Pizza, directly or indirectly:

- (a) Employ or attempt to employ any Person who at that time is employed, or within the prior six months has been employed by Manhattan Pizza, Franchisee, or any Affiliate of either, or any other Franchisee of Manhattan Pizza.
- (b) Induce or attempt to induce any Person to leave employment with Manhattan Pizza, Franchisee, or any Affiliate of either, or any other Franchisee of Manhattan Pizza.

5. Breach of Agreement. You acknowledge and agree that Your violation or breach of the "Covenant Not to Compete," disclosure of "Confidential Information," or the "Non-solicitation" provisions, as provided herein by this Agreement will cause irreparable injury to Manhattan Pizza for which there is no adequate remedy at law. Accordingly, You agree that in the event of any breach or violation of this Agreement, Manhattan Pizza shall be entitled to enforce this Agreement by injunctive and any other equitable relief in any court of competent jurisdiction. Such relief shall be in addition to other remedies available at law, including without limitation, recovery of damages. You agree to comply with a judgment forbidding You from violating these provisions in the event there is a finding of breach. In addition, Manhattan Pizza shall be entitled to recover all costs including, without limitation, reasonable attorney's fees associated with any legal action arising out of Your breach of any of the provisions of this Agreement.

If any phrase, clause or provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Agreement, but

will not affect any other provisions of this Agreement, all of which shall otherwise remain in full force and effect.

You acknowledge and agree that the restrictions set forth herein are reasonable, in terms of scope, duration, geographic area, and otherwise that the protections afforded to Manhattan Pizza hereunder are necessary to protect its legitimate business interests.

6. Choice of Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without respect to its conflict of laws principles.

Manhattan Pizza Company Franchising, LLC Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT J

State Effective Dates

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
Florida	Pending
Maryland	Pending
North Carolina	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

MANHATTAN PIZZA COMPANY FRANCHISING, LLC

EXHIBIT K

Franchise Disclosure Document Receipt

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Manhattan Pizza Company Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa, New York, or Rhode Island law, if applicable, Manhattan Pizza Company Franchising, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Manhattan Pizza Company Franchising, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Manhattan Pizza Company Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise (**franchisor**: check all that apply):

Andrew Murphy David McClure Jack Azar, Manhattan Pizza Company Franchising, LLC, 307 E. Market Street, Second Floor, Leesburg, Virginia 20176 Phone: 703-777-9563. Insert name and address of other franchise seller below (attach additional pages if necessary):

Issuance Date: July 1, 2024

See Exhibit A for Manhattan Pizza Company Franchising, LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated April 30, 2022 that included the following Exhibits:

A. List of State Agencies/Agents for Service of Process	F. Brand Standards Manual Table of Contents
B. Franchise Agreement	G. Form of General Release
C. Multi-Unit Franchise Agreement	H. Compliance Questionnaire
D. Financial Statements	I. Confidentiality and Non-Compete Agreement
E. State Addenda	J. Receipt

Date	Signature	Printed Name
------	-----------	--------------

Date	Signature	Printed Name
------	-----------	--------------

Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to David McClure, Manhattan Pizza Company Franchising, LLC, 307 E. Market Street, Second Floor, Leesburg, Virginia 20176 Phone: 703-777-9563.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Andrew Murphy David McClure Jack Azar, Manhattan Pizza Company Franchising, LLC, 307 E. Market Street, Second Floor, Leesburg, Virginia 20176 Phone: 703-777-9563. Insert name and address of other franchise seller below (attach additional pages if necessary):

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Date	Signature	Printed Name
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