CAIOLA & ROSE
ATTORNEYS AT LAW

Setarah Jahid
Associate

Direct: 470.648.1112
setarah@caiolarose.com

April 28, 2023

VIA ELECTRONIC FILING
Wisconsin Department of Financial Institutions
https://www.wdfi.org/apps/franchiseefiling/

RE: Margaritaville Hotels & Resorts, LLC ("MV Hotels and Resorts")
Registration: 631809
Application for Renewal of Franchise Registration

Dear Sir or Madam:

Uploaded with this letter please find one clean copy of MV Hotel and Resort's Franchise Disclosure Document submitted on behalf of MV Hotel and Resort to offer and sell its franchises in the State of Wisconsin.

A renewal fee of $400.00 has been submitted on behalf of MV Hotel and Resort through the online securities portal with this renewal application.

Please contact me at 470-648-1112 or setarah@caiolarose.com if you have any questions or comments on the enclosed application.

Sincerely,

Setarah Jahid
Counsel for Margaritaville Hotels & Resorts, LLC

Enclosures

FRANCHISE DISCLOSURE DOCUMENT

Margaritaville Hotels & Resorts, LLC
a Delaware limited liability company
6900 Turkey Lake Road
Suite 200
Orlando, Florida 32819
407-930-7236
development@margaritaville.com
www.margaritaville.com

Margaritaville Hotels & Resorts, LLC offers franchises for the development and operation of upscale, full-service hotel or resort establishments that provide lodging and food and beverage of a distinctive character and quality under the names Margaritaville Hotel, Margaritaville Resort, Margaritaville Beach Resort and Margaritaville Lake Resort (collectively referred to as "**Hotels**").

The total investment necessary to begin operation of a Margaritaville Hotel or Resort with 210 guest rooms ranges from $21,966,100 to $195,780,100. This includes an amount ranging from $211,100 to $415,100 that must be paid to the franchisor or affiliate.

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 Amy Corser, Paralegal, (470) 698-2275, legal@margaritaville.com.

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

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

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

Issuance date of this Franchise Disclosure Document: April 28, 2023

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 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G 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 Margaritaville Hotel or Resort in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Margaritaville Hotels & Resorts franchisee?	Item 20 or Exhibit F 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 requires you to resolve disputes with the franchisor by mediation and/or litigation only in Georgia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Georgia than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **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 you franchise fails.

4. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

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

b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.

e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

i. The failure of the proposed transferee to meet the franchisor’s then current reasonable qualifications or standards.

ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

Despite paragraph (f) above, we intend, and you agree, to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing the arbitration provisions.

TABLE OF CONTENTS

Page

EXHIBITS

EXHIBIT A	State Agencies and Administrators/Agents for Service of Process
EXHIBIT B	Franchise Agreement and Exhibits
EXHIBIT C	Other Agreements
EXHIBIT C-1	FBR Rider
EXHIBIT C-2	Amenities Rider
EXHIBIT C-3	Dwellings Rider
EXHIBIT C-4	Management Rider
EXHIBIT C-5	Confidentiality Agreement
EXHIBIT D	Operating Manual Table of Contents
EXHIBIT E	State Specific Addenda and Riders
EXHIBIT F	Roster of Current and Former Franchisees
EXHIBIT G	Financial Statements
EXHIBIT H	General Release
EXHIBIT I	State Effective Dates

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

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

To simplify the language in this disclosure document, "**we**", or "**us**" or "our" means Margaritaville Hotels & Resorts, LLC, the franchisor. "**You**" means the entity acquiring a franchise. The direct and indirect owners of a Controlling Ownership Interest (defined in Item 15) in you which we periodically specify must sign the Guaranty, which means that all provisions of the Franchise Agreement (Exhibit B) also will apply to them. We expect that only entities, and not individuals, will acquire our franchises.

Our Company, History and Parents

We are a limited liability company formed in Delaware. Our principal business address is 6900 Turkey Lake Road, Suite 200, Orlando, Florida 32819, and our telephone number is (407) 203-2626. If we have an agent for service of process in your state, we disclose that agent in Exhibit A. We do business only under our company name and the Margaritaville Intellectual Property (defined below). We have never operated Margaritaville Hotels & Resorts. As of December 31, 2022, there were approximately 15 franchised Margaritaville Hotels & Resorts operating in the United States and 2 operating outside the United States.

We have no predecessors and no business activities that are not described here. One of our parent companies is Margaritaville Enterprises, LLC, whose principal business address is 6900 Turkey Lake Road, Suite 200 Orlando, Florida 32819. Another one of our parent companies is Margaritaville Holdings LLC, whose principal business address is 256 Worth Ave, Suite Q Palm Beach, Florida 33480. We have offered franchises for Margaritaville Hotels & Resorts since 2019 and have never offered franchises in any other line of business. Prior to offering franchises, we, through affiliated entities, entered into trademark license agreements for Margaritaville Hotels & Resorts in some locations.

Franchise Rights for Margaritaville Hotels & Resorts

We grant franchises for upscale, full-service hotels or resorts that use the Hotel System (defined below) and are identified by the Margaritaville Intellectual Property (each, a "**Margaritaville Hotel**", and collectively, "**Margaritaville Hotels & Resorts**"). Margaritaville Hotels & Resorts offer attractively designed rooms with upscale amenities and exceptional service standards incorporating state-of-the-art technology, design, recreation, entertainment and food and beverage offerings. They are typically located in primary and secondary cities and vacation destinations and offer specialized amenities which vary by hotel, including spas, Margaritaville-branded food and beverage offerings, entertainment offerings, vacation rentals, high-speed Internet access, fitness centers, swimming pools and meeting spaces. We call the Margaritaville Hotel that you will operate under the Franchise Agreement your "**Hotel**". You operate the Hotel only from the location we accept before signing the Franchise Agreement.

Pursuant to the FBR Rider to the Franchise Agreement, you may be granted the opportunity to operate one or more Margaritaville branded restaurants and/or bars and/or a Margaritaville-branded retail store in your Hotel (each, an "**FBR Unit**"). A copy of the form of FBR Rider is attached as Exhibit C-1 to this Franchise Disclosure Document ("**FBR Rider**"). Any FBR Unit will be licensed to use the proprietary trademarks and copyrighted materials applicable to that FBR Unit under the FBR Rider. Any such authorized FBR Unit shall be deemed part of your Hotel. You must make space available in your Hotel for all FBR Units meeting our specifications for size, design, and layout. For FBR Units that are restaurants/bars, you will be required to utilize our specified menu items ("**Core Menu**") for a certain percentage of the food offerings, along with certain alcoholic and non-alcoholic beverage choices. Currently, the Core Menu makes up approximately 80% of food offerings. For FBR Units that are retail stores, you will be required to sell Margaritaville branded or themed merchandise, in addition to other relevant retail items ("**Merchandise**"). The Franchise Agreement does not grant you the right or option to own and operate any other Margaritaville branded or themed restaurant, bar, or retail store within your Hotel other than as mutually agreed. Our ability to grant FBR Units may be limited by our pre-existing restaurant license and franchise agreements which contain areas of protection. If you are not granted the opportunity to operate an FBR Unit, you shall be required to operate one or more food and beverage concepts approved by us in our sole discretion.

Pursuant to the Franchise Agreement, you also may be granted the right to operate other branded amenities such as a spa, water park, marina, family entertainment center, and/or golf course within or adjacent to the Hotel (each, an "**Amenity**" and collectively, "**Amenities**") under our form Amenities Rider which is attached to this disclosure document as Exhibit C-2 ("**Amenities Rider**"). If you are granted a right to operate any Amenities, you will be licensed to use the brand and other related proprietary trademarks and copyrighted materials applicable to each such Amenity at the Hotel pursuant to the Amenities Rider. Any such authorized Amenity shall be deemed part of your Hotel. You must make space available in your Hotel for the Amenities meeting our specifications for size, design, and layout. You must also provide services we may require and purchase products and services only from our approved suppliers. Any Amenity operated pursuant to the Amenities Rider must comply with our then-current System Standards (as defined below) for such Amenity in the United States.

Subject to our approval in our sole discretion, we also offer the right to develop, operate, own, manage and promote Margaritaville Hotels & Resorts that include vacation dwellings, such as single-family housing, condominium units, town homes, or other dwellings ("**Dwellings**"), under our form Dwellings Rider attached to this disclosure document as Exhibit C-3 ("**Dwellings Rider**"). Unless otherwise specified, the term "Franchise Agreement" includes both the Franchise Agreement and the Dwellings Rider, and the term "Hotel" includes both Margaritaville Hotels & Resorts and Dwellings. If we grant you a license to develop Dwellings in our sole discretion, you will offer and sell the Dwellings using the Licensed Marks (as defined below) and offer all Dwelling owners the option to participate in a rental program that we approve for you to rent the Dwelling.

The "**Hotel System**" means the concept and system associated with the establishment and operation of Margaritaville Hotels & Resorts, as we periodically modify it. The Hotel System now includes: (a) the trade names, trademarks, and service marks "**MARGARITAVILLE**" and "**MARGARITAVILLE HOTELS & RESORT**S" and other trade names, trademarks, service marks, logos, slogans, trade dress, domain names, and other source and origin designations (including all derivatives) that we or our affiliates periodically develop and we periodically designate for use with the Hotel System (collectively, "**Licensed Marks**"); (b) all copyrightable materials that we or our affiliates periodically develop and we periodically designate for use with the Hotel System, including the Manual (defined below); (c) all current and future photographic works, books, articles, films videos and other audio-visual works, artwork, drawings, recipes and other works of authorship 100% owned by Jimmy Buffett, Coral Reefer Music, and any other entities majority- owned and controlled by Jimmy Buffett; (d) the personality rights of Jimmy Buffett, including, but not limited to, his name, likeness, signature, photograph, gestures, distinctive appearances and mannerisms, including all such future personality rights as may be created; (e) marketing materials (including advertising, marketing, promotional, and public relations materials), architectural drawings (including the Design Standards (defined below) and all architectural plans, designs, and layouts, such as site, floor, plumbing, lobby, electrical, and landscape plans), building designs, and business and marketing plans, whether or not registered with the U.S. Copyright Office that utilize any of the items mentioned in (a)-(d) (collectively, "**Copyrighted Materials**") (items (a) – (e) collectively referred to as "**Margaritaville Intellectual Property**"); (f) all Confidential Information (defined in Item 14); (g) the standards we periodically specify detailing certain design criteria that we require you to incorporate into the layout of your Hotel, as we determine them ("**Design Standards**"); (h) the central reservations system and related services for Margaritaville Hotels & Resorts, as we may periodically modify it ("**CRS**"); (i) the content management system and related services for Margaritaville Hotels & Resorts as we may periodically modify it ("**CMS**"); (j) the Property Management System ("**PMS**") as we may periodically modify it; (k) other technology systems, including the customer relationship management system ("**CRM**"), point of sale ("**POS**") system, employee performance platform ("**EPP**"), enterprise reporting platform ("**ERP**"), financial reporting software and music and video distribution systems as we may periodically modify them; (l) management, personnel, and operational training programs, materials, and procedures; (m) standards (including Design Standards), specifications, procedures, and rules for operations, marketing, construction, equipment, furnishings, and quality assurance that we implement and may periodically modify for Margaritaville Hotels & Resorts (collectively, "**System Standards**") we describe in our confidential manuals and all other written, electronic, video, and audio recorded policies, procedures, techniques, memos, bulletins, newsletters, forms, guidelines, and other materials prepared by us in connection with the Hotel System or to assist you in the operation of your Hotel, as we periodically amend them (collectively, "**Manual**"),; and (n) marketing, advertising, and promotional programs.

Before signing the Franchise Agreement, and while you apply for franchise rights, you must complete our Franchise Application and pay the Application Fee (defined in Item 5). During your evaluation process, and before receiving any Confidential Information, you must sign the Confidentiality and Non-Disclosure Agreement (Exhibit C-5) ("**Confidentiality Agreement**"). Because we may engage in negotiations with you and other franchisees, you may sign a Franchise Agreement with us that differs significantly from the agreements that other franchisees sign for Margaritaville Hotels & Resorts.

<u>Competition and the Market</u>

The hotel and resort market is well-established and highly competitive. Margaritaville Hotels & Resorts compete with other national full-service hotel and resort systems and with regional and local hotels and resorts that offer comparable services and lodging products. Margaritaville Hotels & Resorts will target both leisure travelers and, in some instances, corporate business travelers. Some competitors of Margaritaville Hotels & Resorts may be larger, may operate more hotels and may have greater resources than we do. Other competitive factors include room rates, quality of accommodations, name recognition, service levels, availability of Amenities, geographic area, site location, general economic conditions, and your management capabilities.

<u>Our Affiliates Who Supply the Franchise Network or Offer Franchises</u>

None of our affiliates currently provide products or services to Margaritaville Hotels & Resorts franchisees.

The following companies are our affiliates who currently offer franchises or licenses in the United States and around the world. The branded hotels that some of these affiliates operate or franchise might use the same CRS and other systems and processes as Margaritaville Hotels & Resorts.

1. Margaritaville Enterprises, LLC ("**Margaritaville Enterprises**") is the owner and licensor of the intellectual property rights used by Margaritaville Hotels & Resorts, in addition to other intellectual property rights that it licenses to related companies. Margaritaville Enterprises has the exclusive right to use and sublicense, in connection with hospitality and other businesses, all intellectual property, including, but not limited to, music, lyrics, photographic works, books, films, articles, and other works of authorship that are 100% owned and controlled by Jimmy Buffett, Coral Reefer Music, and any other entities which are majority-owned and controlled by Jimmy Buffett. In 2014, Margaritaville Enterprises offered a franchise for a Margaritaville restaurant located in Chicago, Illinois. Margaritaville Enterprises, through entities it 100% owns and controls, has also entered into trademark license agreements for Margaritaville Hotels & Resorts prior to our establishment as a franchisor. Margaritaville Enterprises has also licensed certain intellectual property rights used by Margaritaville Hotels & Resorts for other lines of business, including but not limited to, other lodging products, restaurants, casinos, food and beverage products, clothing, and consumer products. Margaritaville Enterprises has never operated hotels or offered franchises

in any other line of business. Margaritaville Enterprises' principal business address is the same as our address.

2. Compass Margaritaville, LLC ("**Compass**"), which is wholly owned by Margaritaville Enterprises, has offered franchises for boutique, select-service hotels operating in the United States under the COMPASS by Margaritaville trademarks since December 2018. Compass has never offered franchises in any other line of business. Compass's principal business address is the same as our address. As of December 31, 2022, there were 2 licensed/franchised COMPASS by Margaritaville locations operating in the United States.

3. Margaritaville Restaurants, LLC ("**MR**"), which is wholly owned by Margaritaville Enterprises, began offering franchises for bars and restaurants operating in the United States and internationally under the trademark Air Margaritaville® in April 2019 and under the trademark LandShark Bar & Grill® in November 2019. Prior to offering franchises, other entities wholly owned and controlled by Margaritaville Enterprises, entered into trademark license agreements for Air Margaritaville®, LandShark Bar & Grill®, and other branded restaurants. Margaritaville Restaurants has never offered franchises in any other line of business. Margaritaville Restaurants' principal business address is the same as our address. As of December 31, 2022, there were 15 licensed LandShark Bar & Grill® Restaurants (along with one LandShark Pool Bar and one LandShark Bar & Grill/Sportsbook) operating in the United States.

4. Margaritaville RV Resorts, LLC ("**MRVR**"), which is wholly owned by Margaritaville Enterprises, began offering franchises for RV resorts operating in the United States under the trademark Camp Margaritaville® in July 2021. Prior to offering franchises, other entities wholly owned and controlled by Margaritaville Enterprises, entered into trademark license agreements for Camp Margaritaville® RV resorts. MRVR has never offered franchises in any other line of business. MRVR's principal business address is the same as our address. As of December 31, 2022, there were 4 licensed/franchised Camp Margaritaville RV resorts operating in the United States.

Industry-Specific Regulations

You must comply with a number of federal, state, and local laws that apply generally to establishing and operating hotel businesses. The laws involve, among other things, zoning and construction, public accommodations, accessibility by persons with disabilities, health and safety, and labor. Many laws vary from jurisdiction to jurisdiction. You must learn about and comply with all applicable laws ("**Applicable Law**"). Examples of Applicable Law include, but are not limited to:

Health & Sanitation. Most states have regulations or statutes governing the lodging business and related services. Many state and local authorities require lodging businesses to obtain licenses to assure compliance with health and sanitation codes. Health-related laws may affect the use of linens, towels, and glassware, among other things.

Alcoholic Beverages. Alcoholic beverage service in a Margaritaville Hotel is subject to extensive regulations and licensing governing virtually all aspects of the beverage service.

Facility Operations. Lodging facilities must comply with innkeepers' laws that, among other things, might allow innkeepers under certain circumstances to impose liens against the possessions of guests who do not pay their bills; (ii) limit the liability of innkeepers regarding guests' valuables; (iii) require posting of house rules and room rates in each room or near the registration area; (iv) require registration of guests and proof of identity at check-in, and retention of records for a specified period of time; (v) limit the rights of innkeepers to refuse lodging to certain guests; and (vi) limit innkeepers' rights to evict guests under certain circumstances. Applicable Law prohibits discrimination in hotels on the basis of race, creed, color or national origin. Some states prohibit "overbooking" and require innkeepers to find other accommodations if the guest has paid a deposit. Some states and municipalities also have enacted laws and regulations governing non-smoking areas and guest rooms.

Persons with Disabilities. The Americans with Disabilities Act ("**ADA**") requires (among other things) that public accommodations, including hotels: (i) offer facilities without discriminating against persons with disabilities; (ii) offer auxiliary aids and services to enable a person with a disability to use and enjoy the establishment's goods or services if doing so is not unduly burdensome or disruptive to business; and (iii) remove barriers to mobility or communication to the extent readily achievable. The U.S. Department of Justice has published "accessibility guidelines" ("**ADAAG**") that specify, among other things, a minimum number of handicapped-accessible rooms, assistance devices for hearing, speech, and visually impaired persons, and general design standards that apply to all areas of facilities. Under the ADA, all new public accommodations and commercial facilities must be "readily accessible to and useable by individuals with disabilities," unless it would be structurally impractical to do so. Alterations of existing facilities also might need to comply with the ADA and ADAAG. In addition, many states and municipalities have their own laws and regulations addressing disability discrimination, access requirements, building modifications and alterations and building code requirements.

Fire Safety. The Hotel and Motel Safety Act of 1990 ("**Safety Act**") encourages public accommodations to install hard wired single-station smoke detectors. Certain travel directories include only those facilities that comply with the Safety Act. Other state and local fire and life safety codes might require maps, lighting systems and other safety measures unique to lodging facilities.

OSHA Regulations. Like many other businesses, lodging facilities are subject to Occupational Safety and Health Administration standards. State occupational safety laws and rules may also apply.

Telephone Charges. Federal, state, and local laws and regulations affect the re-offering of local, intrastate, and long-distance telephone service in hotel guest rooms and at coin box telephones. Some states regulate or prohibit surcharges on local and intrastate calls.

Data Protection. Federal, state, and local laws and regulations regulate the requirements for protection and use of customer data, including personal and payment related information.

You must also comply with real estate laws and securities laws if you are selling condominium units or other vacation homes. In addition to these laws, you must comply with laws that apply generally to all businesses. Consult your attorney for more information on these and other laws.

ITEM 2.
BUSINESS EXPERIENCE

The individuals listed below are formally employed as described but provide services to us in their capacities and through the roles listed below.

Chief Executive Officer: John Cohlan

John Cohlan has been the Chief Executive Officer and President of our parent, Margaritaville Enterprises, and its parent Margaritaville Holdings LLC since 1997 in Orlando, Florida.

President, Hospitality: Dan Leonard

Dan Leonard has been the President of Margaritaville Hospitality, a division of Margaritaville Enterprises since 1998 in Orlando, Florida.

Chief Operating Officer, Hospitality: Brad Schwaeble

Brad Schwaeble has been the Chief Operating Officer of Margaritaville Hospitality since 2014 in Orlando, Florida.

Senior Vice President, Hospitality: Mark Rogers

Mark Rogers has been the Senior Vice President of Hospitality and International Operations for Margaritaville Hospitality since 2016 in Orlando, Florida.

Chief Financial Officer: Laura McConnell

Laura McConnell has been the Chief Financial Officer of our parent, Margaritaville Enterprises, and its parent Margaritaville Holdings LLC since 2015 in Orlando, Florida.

Chief Marketing Officer: Tamara Baldanza-Dekker

Tamara Baldanza-Dekker has been the Chief Marketing Officer for Margaritaville Enterprises since 2015 in Orlando, Florida.

President, Development: Jim Wiseman

Jim Wiseman has been the President of Development for Margaritaville Enterprises since 2011 in Orlando, Florida.

Senior Vice President, Development: Rick Cunningham

Rick Cunningham has been the Senior Vice President of Development for Margaritaville Enterprises since February 2019 in Atlanta, Georgia. From February 2017 to January 2019, he served as Vice President of Hotel Development for Margaritaville Enterprises in Atlanta, Georgia.

Director of Hotel Development: Shamim Lodin

Shamim Lodin has been the Director of Hotel Development for Margaritaville Enterprises since February 2019 in Atlanta, Georgia. From January 2017 to December 2018, he served as Team Leader, New Business Development Global Sales for InterContinental Hotels Group in Atlanta, Georgia.

Chief Investment Officer: Evan Laskin

Evan Laskin has been Chief Investment Officer for Margaritaville Enterprises since November 2018 in Orlando, Florida. From June 2010 to November 2018, Evan served as Vice President for Starwood Capital Group in Miami, Florida.

Senior Vice President, Hotels and Resorts: Cate Farmer

Cate Farmer has been Senior Vice President, Hotels and Resorts for Margaritaville Hospitality since November 2021 in Orlando, Florida. From August 2014 to November 2021, Cate served as General Manager for the Margaritaville Hollywood Beach Resort.

Chief Legal Officer and General Counsel: Kristen L. Fancher

Kristen Fancher has been the Chief Legal Officer and General Counsel for Margaritaville Enterprises since 2014 in Atlanta, Georgia.

Senior Vice President of Revenue Strategy: Claudia Infante

Claudia Infante has been Senior Vice President of Revenue Strategy for Margaritaville Hospitality since January 2022 in Orlando, Florida. From May 2019 to December 2021, Claudia served as Vice President of Revenue Strategy. From October 2017 to April 2019, Claudia served as Director of Revenue Strategy.

Vice President of Hospitality Marketing: Elyse Curtis

Elyse Curtis has been Vice President of Hospitality Marketing for Margaritaville Hospitality since March 2019 in Orlando, Florida. From February 2016 to March 2019, she served as Director of Sales, Southeast for TravelClick in Orlando, Florida.

Regional Director Hotel Performance and Opening Services: Marta Bergstrom

Marta Bergstrom has been the Regional Director of Hotel Performance and Opening Services for Margaritaville Hospitality since July 2019 in Orlando, Florida. From July 2014 to June 2019, she served as Regional Director of Opening Hotel Performance for InterContinental Hotels Group in Atlanta, Georgia.

Vice President of Hospitality Operations: Meaghan Walsh

Meaghan Walsh has been the Vice President of Hospitality Operations for Margaritaville Hospitality since January 2023 in Orlando, Florida. From March 2021 to December 2022, she served as General Manager for the Hotel Viking in Newport, Rhode Island. From May 2018 to March 2021, she served as Assistant General Manager for the Margaritaville Hollywood Beach Resort in Hollywood, Florida.

Vice President of Training and Development: Adam Bocken

Adam Bocken has been the Vice President of Training and Development for Margaritaville Hospitality since January 2023 in Orlando, Florida. From January 2022 to January 2023, he served as Senior Director of Training and Development for Margaritaville Hospitality in Orlando, Florida. From December 2007 to January 2022, he served as Director of Training and Development for Margaritaville Hospitality in Orlando, Florida.

ITEM 3.
LITIGATION

Other than the actions described below, there is no litigation that must be disclosed in this Item.

Boss Investments Limited a/k/a Boss Investments Ltd. v. Margaritaville of Bahamas, LLC, Margaritaville Enterprises, LLC, Margaritaville Holdings LLC, and James Wiseman (Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida, Case No. 2018-Ca-013658).

On October 26, 2018, Boss Investments Ltd. ("**Boss**") filed a complaint against Margaritaville of Bahamas, LLC, Margaritaville Enterprises, LLC, Margaritaville Holdings LLC, and James Wiseman, seeking a declaratory judgment, permanent injunctive relief, and damages. The complaint arose out of a Trademark Sub-License Agreement, dated as of June 4, 2014, by and between Margaritaville of Bahamas, LLC and Boss ("**Boss Agreement**"). Boss alleged that another trademark license agreement signed by the defendants in connection with a resort development in the Bahamas that includes a hotel and condominiums ("**Bahamian Hotel**"), violated the Boss Agreement.

This matter was settled pursuant to the Amended Confidential Mediated Settlement Agreement (the "**Settlement Agreement**") and Third Amendment to Trademark Sub-License Agreement, dated as of December 30, 2020. Pursuant to the Settlement Agreement, the case was voluntarily dismissed with prejudice as of January 8, 2021. Without admitting any liability for the claims, under the Settlement Agreement, the corporate defendants agreed to pay to Boss 50 percent of future royalties from food and beverage, and certain merchandise, from the Bahamian Hotel. As part of the Settlement Agreement, prior restrictions under the Boss Agreement in the Bahamas were released except for certain restrictions in Paradise Island and Nassau.

Stephen W. and Catherine C. Shultz, as Co-Trustees of the Stephen and Catherine Shultz Trust Dated January 9, 2006; Alesandra D. Shultz, as Trustee of the Alesandra D. Shultz Living Trust U/A/D April 12, 2018; and John D. Koptieff, and Wife, Susan C. Koptieff v. Margaritaville Enterprises, LLC; John Cohlan; and James Wiseman (Circuit Court of the Ninth Judicial Circuit in and for Osceola County, Florida, Case No. 2020 CA 00051 OC).

On April 12, 2021, the above-named plaintiffs (collectively, "**Plaintiffs**") filed a Third Amended Complaint against the above-named defendants (collectively, "**Schultz Defendants**"), after its Second Amended Complaint ("**SAC**") was dismissed by the Court on February 25, 2021. Plaintiffs allegedly own cottages at the Margaritaville Resort in Osceola County, which they rent to vacationers. Plaintiffs filed a First Amended Complaint ("**FAC**") on March 13, 2020 against nearly every individual and entity remotely connected with the resort. The FAC consisted of 5 different Plaintiffs suing 44 different defendants (including the 9 Margaritaville Defendants) for numerous purported torts, including fraud; negligent misrepresentation; tortious interference; violation of Florida's Deceptive and Unfair Trade Practices Act and civil conspiracy. On August 7, 2020, the Margaritaville Defendants filed a Motion to Dismiss the FAC, for failing to comply with fundamental rules of pleading, and failure to state a claim as a matter of law. Following a hearing, a Second Amended Complaint was filed on November 12, 2020. The Defendants filed a Motion to Dismiss the Second Amended Complaint on December 2, 2020, which the Court granted on February 25, 2021. A Third Amended Complaint was filed on April 12, 2021. The allegations remain substantially the same as in the FAC. At a hearing on November 1, 2021, the Margaritaville Defendants' Motion to Dismiss Third Amended Complaint was denied. Margaritaville Defendants filed their Answer to Third Amended Complaint on December 8, 2021. The parties engaged in discovery. On December 8, 2022, the Court reassigned the case to the Osceala County Business Court. On January 3, 2023, the Osceala County Business Court issued an order setting a case management conference on April 21, 2023.

The Commissioner of Financial Protection and Innovation v. Margaritaville Hotels & Resorts, LLC (Administrative Proceeding Before the Department of Financial Protection and Innovation, State of California).

In responding to an inquiry from the Department of Financial Protection and Innovation in relation to the above-named defendant's ("**Defendant**") pending franchise registration application in California, Defendant voluntarily acknowledged that, in connection with the sale of three Margaritaville Hotels & Resorts in California between July 2019 and February 2020, it had neglected to file a notice of exemption with and pay a fee to the Commissioner of Financial Protection and Innovation (the "**Commissioner**") no later than 15 days after each sale. On March 7, 2020, the Commissioner and Defendant agreed to enter into a consent order whereby Defendant agreed to: desist and refrain from activity in violation of applicable California franchise law; pay an administrative penalty in the amount of $7,500 to the Department of Financial Protection & Innovation within 15 days; and amend its pending franchise registration application to include disclosure of the consent order or withdraw its pending franchise registration application within 15 days.

ITEM 4.
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5.
INITIAL FEES

The estimates below are based on a 210-room Hotel. Before your Hotel opens, you will pay us or our affiliates fees ranging from $211,100 - $415,100.

Application Fee

You must complete our Franchise Application to help us evaluate your qualifications to become a franchisee. The Application Fee is $500 multiplied by the total number of guest rooms at the Hotel. For a 210-room Hotel, the Application Fee is $105,000. The Application Fee is due upon execution of the Franchise Agreement. The Application Fee is not refundable under any circumstances.

Property Improvement Plan

If you want to convert an existing hotel or resort to a Margaritaville Hotel or adapt another type of existing structure (e.g., an office building) for use as a Margaritaville Hotel, we charge an additional non-refundable fee of ranging from $0-$20,000 to prepare the property improvement plan ("**PIP**") for your Hotel. If we prepare a PIP for your Hotel, you must pay the PIP fee before we schedule the PIP inspection. In some circumstances, we may waive the PIP fee or apply the PIP fee towards the payment of your Application Fee, but we are not obligated to do so. Factors that may influence our decision to waive the PIP fee, include, whether the adaptation or change is one that we have previously experienced limiting our administrative costs and the number of PIPs you have previously submitted. If you pay us a PIP fee, it will not be refundable.

Technology Improvement Plan

If you want to convert an existing hotel or resort to a Margaritaville Hotel or adapt another type of existing structure (e.g., an office building) for use as a Margaritaville Hotel, we charge an additional non-refundable fee ranging from $0-$10,000 to prepare a technology improvement plan ("**TIP**") for your Hotel. You must pay the TIP fee before we schedule the TIP inspection. In some circumstances, we may waive the TIP fee or apply the TIP fee towards the payment of your Application Fee, but we are not obligated to do so. Factors that may influence our decision to waive the TIP fee, include, whether the adaptation or change is one that we have previously experienced limiting our administrative costs and the number of TIPs you have previously submitted. If you pay us a TIP fee, it will not be refundable.

Extension Fee

You must start and complete construction and open the Hotel according to the timetables referenced in Section 2.06 and 2.08 of the Franchise Agreement. We may terminate the Franchise Agreement if you fail to meet the required timetable. You may request one or more extensions of time by giving us written notice and paying a $10,000 fee (the "**Extension Fee**"). We will inform you of the length of the extension if and when we grant it. We will refund the Extension Fee only if we deny the extension. If we grant the extension, then the Extension Fee will not be refundable.

Fees for Initial Training and Related Expenses

You must pay us the expenses for certain training programs that we conduct before you open the Hotel. There is no fee for the training programs, but you will cover the expenses for our personnel to provide the training. Further, with respect to the Task Force, if you are not able to demonstrate compliance with our System Standards, as determined in our sole discretion, after 14 days of training at your Hotel, then our trainers may stay longer until you are able to demonstrate compliance with our System Standards, as determined in our sole discretion. In such event, you will be required to pay $500 per day per trainer for each additional day they remain until you become compliant with System Standards, in addition to the Task Force's additional expenses associated with their extended stay. We will provide training at a Margaritaville Hotel or other Margaritaville-branded venue we select. Your General Manager, food and beverage manager, sales director, and any other salaried employee in a director or higher-level position ("**Key Personnel**") must complete the training, which lasts approximately one week. You will be responsible for all costs associated with the trainees, including, but not limited to, wages, salaries, housing, travel-related expenses and per diem charges incurred by trainees, subject to a mutually agreed upon budget for those costs. You will not, however, be responsible for costs or expenses related to the training venue or the venue's employees. Further, we will provide to you a task force to assist in on-site pre-opening training for the Hotel. That task force may include personnel employed directly by us or personnel from existing licensed or franchised Margaritaville Hotels & Resorts or other Margaritaville-branded venues. We will be responsible for any costs associated with our personnel, while you will be responsible for any other costs relating to the task force, including costs related to personnel from existing licensed or franchised Margaritaville Hotels & Resorts or other Margaritaville-branded venues. Based on a 210 guest room Hotel, we estimate that the total costs for expenses payable to us for initial training and related expenses, including any optional initial training costs, will range from $50,000 to $200,000. These payments are not refundable.

Website Set-up Fee

Prior to opening your Hotel, you must pay us a $22,000 - $30,000 one-time fee to set up your Hotel's individual webpage within the Margaritaville system website. The fee is $22,000 if your Hotel does not contain Dwellings and $30,000 if it does. This fee is not refundable.

Central Reservations System Set-up Fee

You must use our CRS for the reservation system at your Hotel. You must pay us a $5,000 one-time flat fee to set up your Hotel on the CRS. You will also sign a CRS Agreement with us in the form attached as Exhibit F to the Franchise Agreement. This fee is not refundable.

Customer Relationship Management System Set-up Fee

You must participate in our CRM System. To set up a 210-room Hotel on our CRM System, we charge a one-time fee of $12,600. To calculate the CRM set up fee, we multiply $60 by the total number of guest rooms at the Hotel. You will also sign a CRM System Agreement with us in the form attached as Exhibit G to the Franchise Agreement. This fee is not refundable.

Loyalty Program Set-up Fee

We have established Margaritaville Perks, a loyalty program to allow members to redeem awards for stays at Margaritaville Hotels & Resorts or otherwise enjoy Margaritaville-branded products and services ("**Loyalty Program**"). You must participate in such Loyalty Program on such costs and terms and conditions as we deem commercially reasonable. You must pay us a $5,000 one-time flat fee to set up your Hotel on the Loyalty Program. You will also sign a Loyalty Program Agreement with us in the form attached as Exhibit H to the Franchise Agreement. This fee is not refundable.

Medallia Set-up Fee

We use Medallia, a best-in-class reputation platform, to measure guest satisfaction using various tools including guest post-stay surveys, social listening, and online reputation scraping. You must participate in the Medallia program on a basis consistent with other Margaritaville Hotels & Resorts. The set-up fee for Medallia is $1,500.

Financial Reporting System Set-up Fee

We use the Infor d/EPM system to provide us with our franchisees' financial reports in a consistent manner. You must use this system. We use Professional Accounting Solutions, Inc. ("**PAS**") to help set up the system for our franchisees. The set-up fee (including both the system and PAS assistance) is $10,000 - $16,000, based on hours of implementation required.

Range of Initial Fees

During our 2022 fiscal year, we and/or our affiliates received initial fees from franchisees ranging from $66,500 to $99,750.

ITEM 6.
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (2)	5% of Gross Revenue (1)	Within 30 days following the end of each calendar month	See Explanatory Notes
System Fee (3)	Currently 1.5% of Gross Rooms Revenue (4)	Within 30 days following the end of each calendar month	See Explanatory Notes
Fees for advertising and marketing materials and training guides	Costs of Materials	As incurred	Due for materials you buy, including brand standard training guides (currently approximately $10/guide) that you must buy during the term for newly hired Hotel employees in certain positions. This may be

Type of Fee	Amount	Due Date	Remarks
			payable to us or to the vendor directly.
CRS Fees (5)	Reservation fees are charged on a per-transaction basis and vary by type of transaction. The CRS also incurs additional administrative fees as described.	Monthly	See Explanatory Notes
CRM Fees (6)	$12 per room; $3 per 1,000 "super messages" sent; User license fee is $100.00 per user; Read Only license fee $50.00 per user; One Marketing Cloud license is included in monthly fee, with an additional Marketing Cloud license fee of $50 per user.	Monthly	See Explanatory Notes
Loyalty Program Fees	$10 per room	Monthly	You must participate in the Loyalty Program on such terms and conditions as we deem commercially reasonable. These fees shall be updated from time-to-time based on increases in the underlying charges that we pay for the Loyalty Program. Loyalty Program Fees exclude reservation costs and the costs associated with the rewards provided under the Loyalty Program.
Comfort Letter Fee (7)	No current fee, but we reserve the right to charge up to $5,000 for each comfort letter you are required to obtain.	Due for each comfort letter required	See Explanatory Notes
Quality assurance, compliance, and guest satisfaction programs (8)	All costs of stay for any examiner, including room and board for any examination; plus, escalating fee of up to $5,000 per visit for quality review	As incurred	See Explanatory Notes

Type of Fee	Amount	Due Date	Remarks
	following a finding of noncompliance.		
Ongoing training and assistance	Typically, $1,000 to $5,000 per instance, but could be more depending on the support that you require.	As incurred	Due if you request, or we require, additional or supplemental training programs, including replacement training for any new Key Personnel hired after the Hotel opens. You also pay for the incurred travel, lodging, and other expenses for your attendees. Currently we charge a flat fee of approximately $1,000 per day for our training services. The time period of such ongoing training assistance will vary based on the purpose of the training.
Fee for testing alternate supplier	$2,500 - $5,000	As incurred	Due only if you propose using an alternative supplier
Fee for annual GM meeting	Currently there is no fee, but we reserve the right to charge a fee in the future.	As incurred (typically annually before the convention)	You also pay for the incurred travel, lodging, and other expenses for your attendees
Franchise Fee for new guest rooms to an existing hotel	$500 times number of new guest rooms.	$5,000 when you request approval, remainder when we approve plans.	Due only if you propose adding new guest rooms to the Hotel
PIP Fee for sale or transfer of ownership of an existing Margaritaville Hotel & Resort	Then current PIP fee. Currently $10,000 - $20,000, but we reserve the right to increase in the future.	Upon submission of application by prospective purchaser	Due only if you want to sell or otherwise transfer the ownership of an existing Margaritaville Hotel & Resort
TIP Fee for sale or transfer of ownership of an existing Margaritaville Hotel & Resort	Then current TIP fee. Currently $10,000, but we reserve the right to increase in the future.	Upon submission of application by prospective purchaser	Due only if you want to sell or otherwise transfer the ownership of an existing Margaritaville Hotel & Resort with existing technology systems.
Fee for website hosting and maintenance	$1,100	Monthly	Due for administration of the Hotel System Website (as defined in Item 11). This may be payable to us or to the vendor directly.
Medallia Fee	$7,500	Annually	These fees shall be updated from time-to-time based on

Type of Fee	Amount	Due Date	Remarks
			increases in the underlying charges that we pay for the Medallia services.
Employee Satisfaction Survey (MSAT) Fee	$600 - $2,000	Annually	Costs vary depending on size and location. Costs are for labor to take the survey and souvenir pins. We pay the administrative costs of the survey.
Late Deidentification Fee	$5,000 per day plus our costs and expenses	As incurred	Due only if, and while, you fail to properly de-identify the Hotel after expiration or termination of your Franchise Agreement.
Liquidated damages (9)	Varies under circumstances	As incurred	See Explanatory Notes
Audit Expenses	Cost of audit	As incurred	Due only if any accounting statement you provide to us requires such an audit.
Interest on Overdue Payments	Interest Rate equivalent to interest per annum as publicly announced from time to time by JPMorgan Chase Bank at its prime rate in effect of its principal office in New York City in connection with extensions of credit in U.S. dollars to U.S. customers, plus an additional 2% per annum, calculated from the date the payment was due.	As incurred	If late payment is the result of an underpayment of the Royalty fees, and there was a good faith dispute as to the amount owed, we may waive the interest charges.
Indemnification (Franchise Agreement)	Will vary under circumstances.	As incurred	You must indemnify us for certain losses and expenses under the Franchise Agreement.
Backup Insurance	Our costs plus a 10% fee.	As incurred	If you fail to obtain and maintain insurance, we may (if we choose) obtain it on your behalf and charge you our premiums and costs, plus a fee.
Taxes and Other Payments (10)	Our costs	As incurred	See Explanatory Notes.

Type of Fee	Amount	Due Date	Remarks
Dwelling Royalty [11]	3% of Gross Dwelling Revenue	Within 30 days after the close of the calendar month in which the Dwelling sale occurred.	
Bonus [12]	3-4.5% of the Gross Dwelling Revenue for Dwellings sold to individuals referred by us.	Within 30 days after the close of the calendar month in which the Dwelling sale occurred.	Applies only if we provide approval for Dwellings and if you sign a Dwellings Rider (Section 5.4 of the Dwellings Rider).
Rental Royalty [13]	5% of the gross revenue from rentals of Dwellings	Within 30 days of the end of each calendar month following the opening of the Dwellings as vacation rentals	Applies only if we provide our approval for Dwellings and if you sign a Dwellings Rider. (Section 5.2 of the Dwellings Rider).
Indemnification (Dwelling Rider)	Will vary with the circumstances	As incurred	You must indemnify us for certain losses and expenses under the Dwellings Rider. Applies only if we provide our approval for Dwellings and if you sign a Dwellings Rider.
FBR Royalty (FBR Rider)	5% of Gross Revenue	Within 30 days following the end of each calendar month.	All sales from an FBR Unit (including all Merchandise sales) shall be included in the calculation of Gross Revenue as provided in the Agreement. Applies only if we provide our approval for an FBR Unit and if you sign an FBR Rider.
Amenities Royalty (Amenities Rider)	5% of Gross Revenue	Within 30 days following the end of each calendar month.	All sales and money gained from any services provided from the Amenities shall be included in the calculation of Gross Revenue as provided in the Agreement. Applies only if we provide our approval for Amenities and if you sign an Amenities Rider.
Financial Reporting System	$4,500 fixed fee, plus $2,000 per user in Year 1, $600 per user thereafter	Annually	These fees shall be updated from time-to-time based on increases in the underlying charges that we pay for the financial reporting system.

Except as described above, all fees are imposed and collected by and payable to us. All fees are non-refundable. All estimates above are based on a 210-room Hotel. In some cases, we might negotiate some of the fees that some franchisees will pay, such as franchisees agreeing to develop multiple Margaritaville Hotels & Resorts or acquiring existing Margaritaville Hotels & Resorts. Otherwise, except as described in this Item 6, all fees are uniform. There currently are no franchisee advertising cooperatives in the Margaritaville Hotels & Resorts network.

Explanatory Notes

1. Gross Revenue. "**Gross Revenue**" means, for each calendar month following the opening date of the Hotel (or any component thereof or prorated portion thereof), all revenue, income and proceeds derived from the operation and management of the Hotel. These amounts include: (a) "**Gross Rooms Revenue**" which is defined in Note 4, below; (b) "**Gross Food and Beverage Revenue**" which includes all revenue from any Margaritaville-branded restaurants and any other food and beverage services at the Hotel, and any and all room service, banquet and catering revenues; (c) revenue from all Merchandise sales; (d) resort fees, destination fees, and mandatory surcharges for facilities; (e) revenue from any Amenities; and (f) any other revenue arising from use of the Margaritaville Intellectual Property pursuant to this Agreement. Gross Revenue shall exclude only: (a) free or discounted rooms and upgrades or other "comps" for which the Hotel collects no revenue or in-kind value for; (b) federal, state, or municipal excise, room, sales, or use taxes, or similar taxes collected from guests and paid to an applicable governmental authority; (c) gratuities, service charges, or similar receipts collected and then paid directly to staff; (d) any sale of fixtures, machinery, or other equipment that is not in the ordinary course of your business; (e) any gift card, coupons, or the like at the time of purchase, but which shall be included in gross revenue upon redemption; (f) any complimentary breakfast service; and (g) any other adjustments to revenue in conformance with accounting principles generally accepted in the United States ("**GAAP**") and the Uniform System of Accounts for the Lodging Industry, 11th Edition (Educational Institute of the American Hotel and Motel Association, publisher), or a later edition we approve ("**Uniform System**") (excluding any adjustment that excludes resort fees and the like). We and you will account for Gross Revenue according to the Uniform System.

2. Royalty Fee. You are also required to provide an informal, non-binding estimate of your Gross Revenue within 10 days after the end of each calendar month. You must also provide a quarterly projection, in a format acceptable to us, within 30 days of the end of each quarter during the term, including an estimate of Gross Revenue, Gross Rooms Revenue, and all other revenue derived from services, FBR Units, and Amenities at the Hotel for the remainder of the calendar year. The Royalty Fee is a uniform non-refundable fee, although in rare circumstances we may reduce the Royalty Fee for certain franchisees. In 2022, we allowed certain franchisees to retain, for a limited period, an advertising assistance allowance for their hotels, consisting of a portion of the Gross Revenue that would otherwise have been payable as part of the Royalty Fee. No such reduction or advertising assistance is guaranteed or required. When determining whether to reduce the Royalty Fee, we might consider things like the Hotel's location and market, its size and amenities, the economic and financial environment generally and in the Hotel's market, your experience and willingness to develop multiple Margaritaville-affiliated hotels, and other relevant factors.

3. System Fee. The system fee (the "**System Fee**") provides for our marketing services and support. Marketing services will be used to promote public awareness and usage of Margaritaville Hotels & Resorts facilities by implementing advertising, promotion, publicity, market research, and other marketing programs, training programs and related activities, and the production and distribution of Margaritaville Hotels & Resorts-related publications and directories ("**Marketing Program**").

4. Gross Rooms Revenue. "**Gross Rooms Revenue**" means, for each calendar month following the opening date of the Hotel (or pro-rated portion thereof), all revenue, income and proceeds derived from the rental of guest rooms at the Hotel, excluding: (a) free or discounted rooms and upgrades or other "comps" that the Hotel collects no revenue or in-kind value for; (b) federal, state, or municipal

excise, room, sales, or use taxes, or similar taxes collected from guests and paid to an applicable governmental authority; (c) gratuities, service charges, or similar receipts collected and then paid directly to staff; (d) any sale of fixtures, machinery, or other equipment that is not in the ordinary course of your business; (e) any gift card, coupons, or the like at the time of purchase, but which shall be included in gross revenue upon redemption; and (f) any other adjustments to revenue in conformance with GAAP and the Uniform System, but excluding any adjustment that excludes resort fees and the like.

5. CRS Fees. We have implemented a CRS through which guests may make reservations at Hotel System, which you are required to use. Ongoing fees for the CRS are calculated generally on a "Per Transaction" basis, as follows:

Channel	Description	Per Transaction	Addtl. Notes
Call Center Reservation	Reservations made via a reservation agent calling a toll free number based in one of our contracted call centers.	7% of booked revenue	Additional languages will be priced separately based on property needs.
Voice agent Application	For reservations created using the call center software application only	$1.75	Cost per generated reservation regardless of completion of booking. Additional addendum to agreement is required.
Booking engine reservations	Reservations made directly on the hotel's booking page on Desktop or Mobile devices or Margaritaville.com	$4.90	Cost per actualized reservation.
GDS Reservations	Reservations made via Global Distribution System used by travel agents worldwide, such as Sabre, Galileo, Apollo, Amadeus or Worldspan.	$12.90	Cost per actualized reservation.
IDS Reservations	Reservations made via Opaque online travel agencies that require a GDS switch connection to access rates and inventory (like Priceline, Hotwire, etc.)	$11.35	Cost per actualized reservation.
Channel Connect	Cost per reservations made via Online Travel Agencies like Expedia.com, Booking.com, Hotels.com, etc. This fee is	$2.60	Cost per actualized reservation.

Channel	Description	Per Transaction	Addtl. Notes
	for connectivity only and exclusive of net rates/mark ups.		
System Maintenance	Monthly system maintenance and account management fee	$500.00	Charged once a month
Annual call center agent training	Mandatory training, required at least one day per year.	$2,000.00	Per day.

We also make available certain optional services under the CRS, as follows:

Channel	Description	Per Transaction	When Payable
Travel agent commission payment automated system	This is an optional platform provided by our CRS provider. It's a settlement solution that needs to be contracted separately. Please reach out to Margaritaville Revenue Strategy team for information.	$0.75	Per transaction (optional) + set up fee
Confirmations sent to guest via txt message	This is only when used via SynXis.	$0.25	per text (optional)

These fees shall be updated from time-to-time based on increases in the underlying charges that we pay for the CR System. We reserve the right to modify or change, in our sole discretion, the CR System at any time upon sixty (60) days' notice to you.

6. CRM Fees. In connection with the CRS, you shall also implement and activate our CRM System, which shall include payment by you of CRM fees, calculated generally on a "Per Room" basis, as follows:

Item	Description	Fee per Room
CRM Solution	Customer Data Platform that gathers, cleanses, and assigns data to each guest profile recorded via the PMS. This data includes, but is not limited to: Profile information, preferences, reservation data, revenue, transactions, purchases, social profiles and more.	$12.00 per room/ per month

Super-messages	All guest communications generated from a transaction (reservation confirmation, cancelation, change, pre-stay letter/offers and post stay letter/survey) and Marketing emails are programmed from the CRM tool and send based on business rules established by the Margaritaville Brand.	$3.00 per 1,000 super-messages sent
CRM Admin User	This is the standard profile that has the maximum permissions and access to the platform. A system administrator can configure and customize the CRM application according to specific needs and preferences.	User license fee is $100.00 per user/ per month
CRM Read Only User	This profile allows a user to view the CRM org setup, run CRM reports, export them, and view other records without being able to edit them.	Read Only license fee $50.00 per user/ per month
Marketing Cloud Users	Access to all content, shared folders, and tracking in Email Studio. Includes ability to creates and execute interactive marketing campaigns. The role permits a user to create, send, and monitor Marketing Cloud journeys and messages and run reports.	One Marketing Cloud license included in monthly fee. Additional license fee $50.00 per user/ per month

These fees shall be updated from time-to-time based on increases in the underlying charges that we pay for the CRM System.

7. Comfort Letter. You must obtain a comfort letter or similar agreement that we reasonably specify from each lender, each ground lessor (if applicable), the owner of fee simple title to the Hotel's real property or building and improvements (if you are not that owner), and each other entity with an interest (or any power or right, conditional or otherwise, to acquire an interest) in the Hotel's real property or building and improvements (each a "**Comfort Letter Party**"). Under this comfort letter or similar agreement, the Comfort Letter Party agrees (among other things) to assume your obligations under the Franchise Agreement (subject to our rights under the Franchise Agreement) if the Comfort Letter Party or any of its affiliates acquires title or otherwise assumes possession, or the right to sell or direct the disposition of, the Hotel's real property or building and improvements. Currently there is no fee, but we reserve the right to charge up to $5,000 for each comfort letter that we negotiate relating to the Hotel. If you pay us a comfort letter fee, it will not be refundable.

8. Quality Assurance. The Hotel must participate in quality assurance, compliance (including for data security), and guest satisfaction programs that we periodically develop and modify (collectively, the "**Quality Assurance Program**"). Our representatives may inspect or audit the Hotel at any time, with or without notice to you, at least once a year, to determine whether you and the Hotel are complying with

the Hotel System, System Standards, and the terms of the Franchise Agreement, and you will give them free lodging, food, and beverages (subject to availability) during the inspection period. If we determine that the Hotel is not complying with the Hotel System or System Standards, or any other Franchise Agreement provisions, and we instruct you to correct the failures, then you will pay or bear the cost of the Hotel's allocable share of all fees and other costs associated with the Quality Assurance Program to correct the failures to comply. This includes: (a) reimbursing our costs related to your non-compliance, such as fees, travel and living expenses and other costs for administering any necessary actions, follow-up inspections, audits or re-evaluation visits until you have fully corrected the failures to comply; and (b) paying for meetings and additional System Standards training programs that we specify and require your personnel to attend relating to your non-compliance. These amounts will vary depending on the extent of your non-compliance and may increase if our costs increase. Currently, if you are not compliant with the Hotel System or the System Standards and we choose to require additional inspections or audits to ensure your compliance, then you must pay an escalating fee of up to $5,000 per visit.

9. Liquidated Damages. The amount of liquidated damages varies depending on when the Franchise Agreement terminates. In the situation that we terminate the Franchise Agreement for cause, the following liquidated damages provisions apply:

If the Hotel had not yet opened for business as of the effective date of termination or does not open within one year of the required milestone dates, then the liquidated damages are $500,000. If the Hotel had opened for business before the effective date of termination, then the liquidated damages are equal to the product of either 36 or the number of months then remaining in the term of the Franchise Agreement as of the effective date of termination, whichever is lower, multiplied by $50,000.

If a governmental agency or other authority condemns or takes by eminent domain a substantial enough portion of the Hotel that, in either your or our commercially reasonable judgement, renders it impractical to continue the development or operation of the Hotel, then either party may terminate the Franchise Agreement upon notice. In such event, you will not owe any liquidated damages. Notwithstanding that fact, if, within 3 years from the effective date of the termination, you, one of your affiliates, or any of your members has an interest in or operates a hotel at the location of the damaged Hotel, and the new hotel is not operated pursuant to a Franchise Agreement with us or one of our affiliates, or managed by us, then you must pay us liquidated damages of $4,000 multiplied by the number of guest rooms in the Hotel. If the taking is not substantial, then we will agree on a plan for repair, and you shall promptly make whatever changes, restorations, or repairs necessary to ensure the operation or development of the Hotel is not unreasonably delayed.

If you terminate the Franchise Agreement after a fire or other casualty damages the Hotel as provided for in the Franchise Agreement, you will not owe any liquidated damages. If, within 3 years from the date that the termination is effective, you, one of your affiliates, or any of your members has an interest in or operates a hotel at the location of the damaged Hotel, and the new hotel is not operated pursuant to a Franchise Agreement with us or one of our affiliates, or managed by us, then you must pay us liquidated damages of $4,000 multiplied by the number of guest rooms in the Hotel.

10. Taxes and Other Payments. In addition to any sales, use, excise, privilege or other transaction taxes that Applicable Law requires or permits us to collect from you for providing goods or services under the Franchise Agreement, you must pay us or our affiliates all federal, state, local or foreign sales, use, excise, privilege, occupation or any other transactional taxes, and other taxes or similar exactions, no matter how designated, that are imposed on us that we are required to withhold relating to the receipt or accrual of Royalty Fees or any other amounts you pay us under the Franchise Agreement, excluding only taxes imposed on us for the privilege of conducting business and calculated based on our net income, capital, net worth, gross receipts, or some other basis or combination of those factors, but not excluding any

gross receipts taxes imposed on us or our affiliates for your payments intended to reimburse us or our affiliates for expenditures incurred for your benefit and on your behalf. You must make these additional required payments in an amount necessary to provide us with after-tax receipts (considering any additional required payments) equal to the same amounts that we would have received if the additional tax liability or withholding had not been imposed or required.

11. Dwelling Royalty. All Margaritaville Hotels & Resorts offering Dwellings must pay the dwelling royalty fee equal to 3% of the gross proceeds received by you for the sale of each Dwelling to be paid at the closing of the sale of the Dwelling from the third-party buyer, as such gross proceeds are listed on the HUD 1 statement or as reflected as the "**Due to Seller at Closing**" on Line 01, "**Sales Price of Property**" of a Closing Disclosure ("**Gross Dwelling Revenue**"). The Dwelling Royalty is in addition to the other amounts listed in Item 6. Any agreement with any third-party purchasers of Dwellings shall include terms providing that we may be entitled to receive a royalty based on the revenues received by such purchaser from any re-sale of the Dwellings. We and you shall use good faith efforts to agree on such royalty rate. For avoidance of doubt, the obligation to pay any such re-sale royalty shall be the obligation of the owner and not your obligation.

12. Bonus. In certain instances, we may provide you with names of individuals who have opted in to receive, or otherwise requested, information regarding our branded products and services. If you generate sales of Dwellings to such individuals, then, in addition to the Gross Dwelling Revenue, you must pay us a bonus royalty equal to 3% of the Gross Dwelling Revenue for the first 300 such Dwellings sold, and an additional 4.5% of the Gross Dwelling Revenue for any such Dwellings in excess of the first 300 (in either event, the "**Bonus**"). The Bonus shall be paid to us, or any party we designated that is legally permitted to receive the Bonus. We reserve the right to restructure the definition of the Bonus, including without limitation, to conform to Applicable Law. You must cooperate with such restructuring so as not to frustrate the purpose and intent of this Bonus. The Bonus is in addition to the other amounts listed in Item 6.

13. Gross Rental Revenue. All Margaritaville Hotels & Resorts offering vacation rentals of dwellings on the property, whether rented by owner or by you (excluding time shares and hotel rooms) shall pay us a royalty fee of 5% of the "**Gross Rental Revenue**", which means all revenue generated through such rentals, excluding: (a) federal, state, or municipal excise, room, sales, or use taxes, or similar taxes collected from guests and paid to an applicable governmental authority; (b) gratuities, service charges, or similar receipts collected and then paid directly to staff; (c) any royalties, residuals, license fees, sublicense fees, or other related amounts paid to you connected to use of any intellectual property not owned by us or our affiliates; (d) fees paid to third party agents for bookings at the Hotel including dwelling rental bookings, group and event sales; (e) any sale of fixtures, machinery, or other equipment that is not in the ordinary course of your business; (f) any gift card, coupons, or the like at the time of purchase, but which shall be included Gross Rental Revenue upon redemption; (g) any sale or transfer of all or a substantial part of your assets unless otherwise provided for in the Franchise Agreement; (h) charges paid by you to credit card companies as fees for processing; and (i) any other adjustments to revenue in conformance with the Uniform System.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of Payment	When due	To whom payment is to be made
Application Fee [1]	$105,000	Lump sum	Upon executing Franchise Agreement	Us
PIP fee [2]	$0 - $20,000	As agreed	When designing Hotel	Us
TIP fee [3]	$0 - $10,000	As agreed	When designing Hotel	Us
Professional services fees (architect, design, market study, engineering, etc.) [4]	$600,000 - $3,000,000	As agreed	When designing Hotel	Us, architects, engineers, designers, and other professionals
Insurance and Permits, licenses, deposits and related fees [5]	$50,000 - $150,000	Lump Sum	Before construction begins and before hotel begins operation	Government authorities and utility companies
Training expenses; vendor and brand training [6]	$50,000 - $200,000	As agreed	Before and during training	Us and third parties
Construction, improvements, remodeling, and decorating costs [7]	$15,000,000 - $175,000,000	Installments	Before and during construction	General contractor, suppliers, and us
Technology [8]	$1,100,000 - $1,500,000	As agreed	Before and during construction	Suppliers and us
Website Set-Up	$22,000 - $30,000	As agreed	Before opening	Us
CRS Set-Up [9]	$5,000	As agreed	Before opening	Us
CRM Set-Up [10]	$12,600	As agreed	Before opening	Us
Loyalty Program Set-Up [11]	$5,000	As agreed	Before opening	Suppliers
Furniture, fixtures, other fixed assets, and equipment (FF&E) [12]	$2,000,000 - $10,000,000	As agreed	Before and during construction	Suppliers
Operational Supplies and Equipment (OSE) [13]	$1,000,000 - $2,500,000	As agreed	Before opening	Suppliers

Type of expenditure	Amount	Method of Payment	When due	To whom payment is to be made
Exterior signs	$500,000 - $600,000	As agreed	As incurred	Suppliers
Financial, tax and legal costs (14)	$600,000 - $750,000	As agreed	As incurred	Suppliers
Pre-opening Sales and Marketing (15)	$200,000 - $350,000	As agreed	As incurred	Suppliers and us
Photography and Videography	$55,000 - $125,000	As agreed	As incurred	Suppliers and us
Medallia Set-Up (16)	$1,500	As agreed	Before opening	Us
Financial Reporting System Set-Up (17)	$10,000 - $16,000	As agreed	As incurred	Suppliers and us
Contingency (18)	$350,000 - $900,000	As agreed	As incurred	See Explanatory Note
Additional Funds – 3 Months (19)	$300,000 - $500,000	As needed	As incurred	See Explanatory Notes
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) (20)	**21,966,100 - 195,780,100**			

Explanatory Notes

None of the fees listed in this Item 7 are refundable. The costs in this chart describe the estimated initial investment for a Hotel with 210 Guest Rooms, including lobby, FBR Units, meeting space, and pool/spa amenities. The estimate applies to Margaritaville Hotels & Resorts with and without Dwellings.

1. Application Fee. We describe the Application Fee in Item 5.

2. Property Improvement Plan Fee. We describe the PIP fee in Item 5. This fee will only be due if the Hotel is a remodel of an existing hotel property or adaptive reuse of another building type.

3. Technology Improvement Plan Fee. We describe the TIP fee in Item 5. This fee will only be due if the Hotel is a remodel of an existing hotel property or adaptive reuse of another building type with existing technology systems.

4. Professional Services Fees. These costs include architectural and engineering fees; civil, interior and landscape design costs; survey and environmental costs; fees for other consultants involved in the Hotel's design and construction; and other design costs. The amount varies with the complexity, location and design of the Hotel and the premises on which the Hotel is located. We assume that you will manage the Hotel's development yourself, so this chart does not include estimates for third party development or management fees. We require that you use a licensed, locally qualified project manager, purchasing agent,

and general contractor. We also require that you use our designer, currently designated as McBride Designs, or another designer approved by us.

5. Permits, licenses, deposits, and related fees. These costs include fees for all licensing and permits required to comply with federal, state, and local laws, including, without limitation, those laws set forth in Item 1 as applicable to the Hotel. Such costs, include, but are not limited to, permit fees, liquor license, utility deposits and startup requirements, impact fees (one-time charges that the government levies to offset service costs relating to the new development), tap fees (charges for connecting to existing water or sewer lines), and various business licenses. Landlords sometimes pay some of the tap or impact fees, and the amount depends on municipal requirements and the final Hotel configuration. Any liquor license obtained must include beer, wine and full spirits, as allowable under Applicable Law in the Hotel's jurisdiction. Additionally, you are required to obtain (i) a Sirius XM Radio commercial rights license to play Radio Margaritaville and other theme-appropriate channels and/or a subscription to our audiovisual vendor; (ii) for other music, such other licenses as required by applicable music publishers, record companies, unions, guilds, collecting societies and performing rights organizations (e.g., ASCAP, BMI and SESAC); and (iii) pay all applicable third-party license fees, royalties and other costs due related to those licenses. You must also purchase various licenses for software necessary to comply with our technological requirements, including, without limitation, licenses for certain applications for use in the entire Hotel System.

6. Training expenses for vendor and brand training. This includes all training as described in Items 5 and 11.

7. Construction, improvements, remodeling, and decorating costs. Hotels generally will be located in urban markets in the center of metropolitan sites and in high volume resort areas. We do not estimate the cost of real estate or site work premiums because of wide variations among geographic areas and at different sites. Hotel program and square feet requirements vary greatly with each market. The Hotel should be designed to compete effectively in the given market. If we approve your Hotel to include Dwellings, then you must pay us the Dwelling Royalties as described in Item 6. We do not estimate the amount of these fees because of the wide variations among geographic areas and sites. The cost of construction varies from site to site depending on the size and nature of the land on which the Hotel is built, the type of construction and materials used, union involvement, regional cost variations, competitive conditions, and other factors. The cost also varies depending on whether the Hotel is a new construction, remodel of an existing hotel, or an adaptive reuse of another type of structure, such as an office building. Generally, remodels and adaptive reuses will be on the lower end of the scale, while we estimate a newly constructed 210-room Hotel from our prototype would cost between $63,000,000 to $157,500,000 (i.e., $300,000-$750,000 per key) depending on factors such as size and location (and excluding land). We must approve the final plans, design, and specifications for your Hotel. You must construct the Hotel in accordance with our System Standards. The estimate includes FBR Units, meeting and banquet facilities, public areas, site lighting, swimming pool, exercise room, landscaping, and exterior signs.

8. Technology. Costs for all informational technology in the Hotel, excluding cost of low voltage cabling, TVs in guest rooms, fitness center, conference or meeting spaces, restaurants and public areas, which is included in equipment costs below. These costs include audio visual equipment in any common spaces of the Hotel, High Speed Internet Access ("**HSIA**"), CRS, PMS, CRM, financial reporting software, music distribution system, electronic door lock system, POS installation fees, and professional services fees for our technology consultants. Costs vary based on the location and size of the Hotel.

9. CRS. We describe the CRS set-up fee in Item 5.

10. CRM. We describe the CRM set-up fee in Item 5.

11. Loyalty Program. We describe the Loyalty Program set-up fee in Item 5.

12. Furniture, fixtures, other fixed assets, and equipment. Costs for fixtures, equipment, furnishings, furniture, telephone systems, communications systems, facsimile machines, copiers, signs, PMS, revenue management, in-room entertainment, computer and technology systems, and other similar items we periodically specify for the Hotel (collectively, "**FF&E**") depend mostly on the Hotel's size and configuration, the number and type of guestrooms, the scope and number of FBR Units, the design scheme that is selected, the number and size of meeting and banquet facilities planned, the addition of other amenities, such as a spa, as well as other possible factors. This item covers costs for the FF&E in public areas and corridors, guest rooms, kitchen/bar, meeting rooms, restaurants, spa, if applicable, and service areas (such as laundry). It also includes amounts for telephone and computer equipment, the PMS, POS systems, interior signage, business center equipment, guest room televisions, laundry room equipment, and exercise room equipment. It also covers fees payable to us for technology-related services and shipping fees, taxes, and freight costs. If we have a designated or approved list of suppliers for FF&E items, then you must purchase from those suppliers as we designated from time to time or through an approved purchasing agent.

13. Operational Supplies and Equipment. Costs for items needed to operate the Hotel, including, but not limited to: 2.5 pairs of bed linens per room (bottom and top sheet, duvet, decorative cover, pillow cases and shams, 2 blankets), bath towels and related supplies, mattress pads/protector, pillows, china, glassware and kitchen utensils for front of house guest use, disposable food and beverage paper goods, office staff supplies, name tags and uniforms for employees, building maintenance equipment and tools, housekeeping carts, small wares, including amenity trays, garbage cans and ice buckets, irons and ironing boards, closet hangers, guest room coffee machines, hair dryers, tissue boxes, alarm clocks, bath amenities, and branded printed materials including key card, key card packets, coupons, door signs, compendium and menus (collectively, "**Operational Supplies and Equipment**" or "**OS&E**") depend mostly on the Hotel's size and configuration. This item covers all costs for items that will need to be purchased to begin operation of the Hotel. If we have a designated or approved list of suppliers of OS&E items, then you must purchase from those suppliers as we designate from time to time or through an approved purchasing agent, and in all events, you must use our approved OS&E items.

14. Financial, tax and legal costs. This item includes costs for feasibility studies and appraisals, legal and accounting fees, and initial and ongoing financing costs.

15. Pre-Opening Sales and Marketing. This item includes costs for local and regional public relations, costs of opening event, membership fees in local associations, PR agency fees, and other miscellaneous marketing costs that may be incurred in connection with the opening of the Hotel, excluding the cost of video and photography shoots.

16. Medallia. We describe the Medallia set-up fee in Item 5.

17. Financial Reporting System. We describe the Financial Reporting System set-up fee in Item 5.

18. Contingency. This item includes miscellaneous additional opening costs that may arise.

19. Additional Funds – 3 Months. This item estimates your initial start-up expenses for a period of 3 months after opening (other than the items identified separately in the table) and is based on general experience in the hotel industry and consulting with hospitality experts. These expenses include payroll costs for the Hotel's personnel prior to opening, funds for marketing and advertising to launch the Hotel, project management costs, general and administrative expense, food and beverage inventory, and cleaning

supplies. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business.

Food and beverage inventory includes all sources of food and beverages, including but not limited to catering, grab and go, room service, and food and beverage supplies required to run any hotel restaurants and/or bars. If you are granted the right to develop an FBR Unit embodied in the FBR Rider attached here as Exhibit C-1, you will be required to utilize our Core Menu. The food for this Core Menu will be required to be purchased from SYSCO, or another supplier as we designate from time to time and which we estimate will constitute approximately 80% of all food items sold. Food items for remaining menu items must be purchased from other suppliers we approve (which include Wolverine, Halperns, Farmer Brothers and Produce Alliance for different menu items and restaurant concepts). You must use Tri-Mark for restaurant and bar layouts and equipment. Regardless of whether the Hotel includes an FBR Unit, we shall always have approval rights over the menu and the option to designate suppliers for that restaurant at our sole discretion. All Hotels will be required to purchase non-alcoholic beverages from a designated Coca-Cola products distributor, or another beverage distributor as designated by us from time to time.

20. Total estimated initial investment (excluding real estate costs). We have relied on the detailed work and expertise of consultants, affiliates, and employees in developing and operating hotels to compile the estimate for working capital and other figures. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. The estimate does not include any finance charge, interest, or debt service obligations. No amounts in the chart are refundable.

Except as expressly indicated otherwise, these estimates cover your initial investment up to the opening of your Hotel, but do not include real property costs, financing and related costs, or Dwelling Royalties (applicable only if your Hotel includes Dwellings). You should not plan to draw income from the operation during the start-up and development stage of your Hotel. The actual duration of the start-up and development stage for Margaritaville Hotels & Resorts vary materially from hotel to hotel, and we cannot predict the duration for your Hotel. You must have additional sums available (e.g., cash, bank lines of credit, liquid assets, or other assets against which you may borrow) to cover other expenses and any operating losses you may sustain during and/or after your start-up and development stage. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including: the rate of growth and success of your business (which will in turn depend upon factors such as the demographic and economic conditions in the area in which your Hotel is located, the presence of other "Margaritaville Hotels & Resorts" lodging establishments or other public awareness of our business and Licensed Marks within the general vicinity of your proposed Hotel); (b) your ability to operate efficiently and in conformance with our recommended methods of doing business; and (c) competition. Therefore, we urge you to retain the services of an experienced accountant or financial advisor (preferably with substantial experience in the lodging industry) to develop a business plan and financial projections for your particular Hotel.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Hotel according to our System Standards, which may regulate, among other things, the types, models, and brands of products and services your Hotel uses; required and authorized products and services that the Hotel must offer to customers and quality standards for those products and services; and designated and approved suppliers of these products and services, which may include or be limited to us and/or our affiliates that we may designate, in which case you must acquire certain items and services for your Hotel only from us and/or our affiliates at the prices we and they decide to charge. We will provide you with written or electronic copies of all applicable System Standards, which we may update from time to time. In providing these and other products and services to you, we and our affiliates have the right to charge prices that exceed our and their costs and include a profit margin. Other than as listed in this Item 8, there currently are no other products or services for the Hotel that you must buy or lease from us or our affiliates or for which we or one of our affiliates is an approved supplier or the only approved supplier. None of our officers currently owns an interest in any supplier to Margaritaville Hotels & Resorts franchisees.

You must purchase the insurance coverage that we require from time to time, as described in more detail in the Franchise Agreement and the Manual, from insurance companies that meet our minimum standards. We also specify the minimum amounts of insurance coverage that you must maintain. All insurance policies must name us and others we designate as additional insureds. You must provide us with evidence of your insurance coverage.

Currently, we require the following types and amounts of insurance coverage:

Insurance Coverages Required During Construction:

Type of Insurance	Coverage Required
Worker's Compensation	Minimum required by state law
Employer's Liability	$1,000,000
General Liability	$15,000,000
Automobile Liability	$2,000,000
Worker's Compensation	Minimum required by state law
Builder's Risk	100% of the completed value of the property
Flood	100% of the completed value of the property (where required)
Earthquake	Not less than 75% of the project's hard cost value (where required)
Pollution Liability	$1,000,000 (if pollution exposure exists)
Professional Errors and Omissions	An amount commensurate with the risks of the project

Insurance Coverages Required While in Operation:

Type of Insurance	Coverage Required
Comprehensive General Liability	At least $5,000,000 per occurrence, and $5,000,000 in the annual aggregate
Business Interruption	An amount covering potential losses under the Franchise Agreement
Automobile Liability	$5,000,000 (where applicable)
Worker's Compensation	Minimum required by state law
Commercial Property	Covering 100% of the insurable replacement value of the building, its contents and recovery of the net profits and continuing expenses for 12 months
Flood	100% of the completed value of the property (where required)
Earthquake	Not less than 75% of the project's hard cost value (where required)
Boiler and Machinery/Equipment Breakdown	Not less than 100% of the replacement cost of those items
Crime Insurance	$250,000 for employee dishonestly
Terrorism	Based on assessment of risks for the property
Cyber Liability	$3,500,000
Employment Practices Liability	$1,000,000
Water Park	Based on assessment of risks for the property
Other	As determined on a property by property basis

You must also:

1. Use our approved designer, McBride Designs, or another designer we approve to implement the brand design for your Hotel;

2. Purchase all furniture for the hotel, including guest rooms and common areas from a supplier we approve;

3. Purchase all Hotel OS&E from T-Y Group and all OSE for branded restaurants from SOTF or other suppliers we approve;

4. Purchase all non-alcoholic beverages from a local Coca-Cola Bottling Company distributor;

5. Obtain and maintain a Sirius XM Radio commercial rights license to play Radio Margaritaville and other theme-appropriate channels and/or a subscription to an approved audiovisual vendor;

6. Use our approved reputation platform provider, Medallia, to measure guest satisfaction using various tools including guest post-stay surveys, social listening, and online reputation scraping;

7. Use our approved quality assurance audit platform, RizePoint, to facilitate quality management and compliance;

8. Use our annual employee survey (MSAT) to measure employee satisfaction;

9. Use Cintas for employee uniforms;

10. Use G-III Apparel Group, Ltd. for all Merchandise (if applicable pursuant to an FBR Rider); and

11. Use TAPS, p.s.c. or other approved technology consultant to set up and implement technology systems.

In connection with any FBR Unit, you must purchase all food items for the Core Menu of such restaurant (approximately 80% of the menu) from SYSCO. Food items for remaining menu items must be purchased from other suppliers we approve (which include Wolverine, Halperns, Farmer Brothers and Produce Alliance for different menu items and restaurant concepts). You must use Tri-Mark for restaurant and bar layouts and equipment.

We estimate that before operation and during operation of your Hotel, you will purchase 90% of the required goods and services from suppliers we approve or designate. Except as we describe above, there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Hotel that you must buy from us, our affiliates, or designated or approved suppliers. However, you must buy or lease most other products and services for your Hotel according to our System Standards. In 2022, the total revenue for our affiliate, Margaritaville Holdings LLC was $75,290,628.00. Our affiliate, Margaritaville Holdings LLC, received the revenue from franchisee required purchases and leases. In 2022, the total revenue from franchisee required purchases and leases was $741,227.00. In 2022, the percentage of Margaritaville Holdings LLC's revenue received from franchisee required purchases and leases was 0.98%.

You currently must acquire the PMS, CMS, HSIA, POS System, CRS, CRM, EPP, ERP, financial reporting software, music distribution system, video distribution systems, website marketing technology, and electronic door lock system, RFID chipped wristbands, payment gateway and gift card solution only from suppliers that we designate. You also must acquire the in-room interactive speaker system, in-room TV/video solutions system, and the services and hardware for your telecommunications system from suppliers we approve.

You must purchase or lease, install, and maintain at the Hotel all FF&E and other products that we periodically specify for the Hotel, consistent with the Hotel System. You may not install at the Hotel, without our prior written consent, any FF&E or other products we have not previously approved. We issue and modify our System Standards based on our, our affiliates' and our franchisees' experience in operating Margaritaville Hotels & Resorts. Our System Standards may impose minimum requirements for delivery, performance, reputation, prices, quality, design, and appearance, among other factors. You must ensure that the Hotel strictly complies with all Applicable Law and maintains adequate insurance policy coverage in the amounts that we periodically specify. Our Manual (described in Item 11) or other communications will identify our System Standards and/or names of approved suppliers.

We do not currently negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees, but we reserve the right to do so in the future. We do not provide material benefits (including, but not limited to, renewal or granting additional franchises) to a franchisee based on franchisee's purchase of particular products or services or use of designated or approved suppliers.

If you wish to obtain any FF&E, supplies, or other goods and services from a source that we have not previously approved, you must send us a written request with any information and samples we consider necessary to determine whether the product, service and source meet our then current criteria. We will review your request and respond to your request within a reasonable time period (typically 30 days) after receiving all information we need to evaluate the request. We may charge you our costs to review your request and evaluate the proposed product, service and/or source. We may condition our approval on standards and requirements relating to quality, quantity, warranties, prices, volume capability, frequency of delivery, distribution methods and locations, standards of service (including prompt attention to complaints), consistency, reliability, financial capability, labor and customer relations, the willingness and ability to comply with our vendor compliance guide and other criteria. You may not purchase any FF&E, supplies or other goods or services for the Hotel unless we have approved the supplier or, for those goods and services that we do not require you to buy only from designated or approved sources, unless we have confirmed that the goods, services, or supplies meet our System Standards. We may modify our System Standards with respect to our Computing Environment, in our sole discretion. We may, at our option, revoke our approval of certain goods, services, or sources if they fail to continue to meet our System Standards. We may refuse any of your requests if we already have designated a particular source for, or model or brand of, FF&E, supplies or other goods or services that we (in our sole judgment) determine to be critical to the Hotel System and we do not desire to expand the list of approved sources, models, or brands. We may make this decision as we deem best.

We do not currently have any purchasing or distribution cooperatives.

We and our affiliates may receive rebates, commissions, payments, benefits and other material consideration from suppliers on account of their actual or prospective dealings with you and other franchisees and owners of Margaritaville Hotels & Resorts, but neither we nor our affiliates currently receive, or have negotiated to receive, similar payments or other material consideration from suppliers based on our franchisees' purchases or leases for the benefit of all Margaritaville Hotels & Resorts. In 2022, we received no such rebates, commissions, payments, benefits, or other material consideration. Food and beverage purchases are handled by our licensee, IMCMV Holdings, Inc. ("**IMC**"). This has made volume discounts available and resulted in lower prices to all parties. Certain rebates based on volume have been available from the suppliers. Those rebates have been retained by IMC. If a franchisee wishes to purchase food and beverage products without IMC, the prices for such purchases may be higher, as a volume discount may not apply. Margaritaville Enterprises (or its affiliates) may receive certain royalties in connection with the use of trademarks and other intellectual property owned by Margaritaville Enterprises in connection with certain products sold or otherwise used at the Hotel, through license agreements with third parties.

You also must participate in and comply with the terms of all of our mandatory marketing, reservation service, rate and room inventory management, advertising, cooperative advertising, guest frequency, social responsibility, discount or promotional, customer award, customer loyalty, gift card, Internet, computer, training, website/CMS platform and analytics, social media platforms and structure, photography and videography programs, financial reporting and operating programs, including (i) a PMS that interfaces with the CRS or any other central reservation system we periodically adopt; and (ii) a financial reporting software or service of our choosing to interface with the Hotel's POS System and PMS and transmit to us real-time data related to revenue and overall hotel performance. You must also have a dedicated public relations resource approved by us. We reserve the right to collect any and all data and information that relates to the overall performance of the Hotel. We may periodically establish and/or coordinate these programs with third parties we designate. These third parties might (but need not) be our affiliates. You must sign and comply with any license, participation, and other agreements we periodically specify relating to these programs.

You may not make any material changes to the Hotel's construction, including any changes to any structural or life safety equipment or systems, the number and/or type of guest rooms or common areas, or any architectural features, without our prior written consent and complying with our conditions and procedures. We may periodically require you to upgrade or renovate the Hotel, including by altering the Hotel's appearance and/or replacing a material portion of improvements and/or FF&E, to comply with then current building décor, appearance, trade dress standards and other aspects of the Hotel System that we have established and then require for new similarly situated Margaritaville Hotels & Resorts. This upgrading or renovation might require you to invest additional capital in the Hotel and/or incur higher operating costs. You must implement the upgrading and renovation within the time period we request, regardless of their cost or the point during the Franchise Agreement's term when we require you to do so, as if they were part of the Franchise Agreement when you signed it. However, all these upgrades and renovations will apply to similarly situated Margaritaville Hotels & Resorts. Notwithstanding this requirement, we may use our business judgment to determine that a reasonable deviation from such standards should be allowed for a particular Margaritaville Hotel due to the market area or circumstances of that particular hotel.

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.

* For purposes of the table below: "FA" refers to the Franchise Agreement, "DR" refers to the Dwellings Rider, "FBR" refers to the FBR Rider, and "AR" refers to the Amenities Rider.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Preliminary Statement	Item 11
b. Pre-opening purchases/leases	Sections 2.03-2.07, 2.09, 4.07 (FA)	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Article II (FA)	Items 7, 8
d. Initial and ongoing training	Article III (FA)	Item 8
e. Fees	Article VI (FA); Section 3.3 (FBR); Section 3.2 (AR); Article 5 (DR)	Items 5, 6, and 7
f. Compliance with standards and policies/operating manual	Section 3.02, Article IV (FA); Article 4 (FBR); Article 4 (AR); Article 4 (DR)	Items 8, 11, 15, and 16
g. Trademarks and proprietary information	Article VIII (FA); Article 3 (FBR); Article 3 (AR); Article 3 (DR)	Items 13, and 14
h. Restrictions on products/services offered	Section 4.07 (FA); Section 3.2 (FBR), Section 3.2 (DR)	Item 8
i. Warranty and customer service requirements	Section 4.12 (FA)	Item 6, 8, 11, and 15
j. Territorial development and sales quotas	Article II (FA)	Item 12
k. Ongoing product/service purchases	Section 4.07 (FA); Section 3.2 (FBR)	Item 8
l. Maintenance, appearance, and remodeling requirements	Sections 2.02-2.0, 4.06, 4.16, Article V (FA)	Items 7, 8, and 11
m. Insurance	Section 10.04 (FA); Section 6.5 (DR)	Item 8
n. Advertising	Article V (FA); Section 4.1 (DR)	Items 6 and 11
o. Indemnification	Article X (FA); Section 6.4 (DR)	Item 6
p. Owner’s participation/ management/staffing	Sections 4.03-4.04 (FA)	Items 11 and 15
q. Records and reports	Articles VI-VII (FA)	Item 11
r. Inspections and audits	Sections 4.12, 7.02 (FA)	Items 6 and 11
s. Transfer	Article XII (FA)	Item 17
t. Renewal	Sections 1.03-1.05 (FA)	Item 17

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Preliminary Statement	Item 11
b. Pre-opening purchases/leases	Sections 2.03-2.07, 2.09, 4.07 (FA)	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Article II (FA)	Items 7, 8
d. Initial and ongoing training	Article III (FA)	Item 8
e. Fees	Article VI (FA); Section 3.3 (FBR); Section 3.2 (AR); Article 5 (DR)	Items 5, 6, and 7
f. Compliance with standards and policies/operating manual	Section 3.02, Article IV (FA); Article 4 (FBR); Article 4 (AR); Article 4 (DR)	Items 8, 11, 15, and 16
g. Trademarks and proprietary information	Article VIII (FA); Article 3 (FBR); Article 3 (AR); Article 3 (DR)	Items 13, and 14
h. Restrictions on products/services offered	Section 4.07 (FA); Section 3.2 (FBR), Section 3.2 (DR)	Item 8
i. Warranty and customer service requirements	Section 4.12 (FA)	Item 6, 8, 11, and 15
u. Post-termination obligations	Article XVI (FA)	Not Applicable
v. Non-competition covenants	Article IX (FA)	Item 17
w. Dispute resolution	Article XVII (FA)	Item 17
x. Honoring guest room rates	Section 4.06(xii) (FA)	Item 16
y. Guarantor net worth threshold	Section 2.12 (FA)	Item 15
z. Right of first offer	Section 12.03(FA)	Not Applicable

ITEM 10.
FINANCING

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

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

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

Before the Hotel opens for business, we or an affiliate will:

1. Review and accept or reject the site for your Hotel. We do not select the site for your Hotel. It is your responsibility to select a potential site, but we must accept the site. We generally do not own or lease the premises for you. We strongly urge you to hire independent consultants to analyze and investigate your proposed site. In accepting or rejecting a site, we will consider the potential site's location, visibility, accessibility, and proximity to commercial, residential and tourist centers. Additional factors include size and layout of the facility, tenant mix of surrounding properties, market trends and lease terms, and our other criteria. (Franchise Agreement, Preliminary Statement)

   You must start and complete construction and open the Hotel according to the timetables referenced in Sections 2.06 and 2.08 of the Franchise Agreement. You may request one or more extensions of time by giving us written notice and paying an Extension Fee. We will inform you of the length of the extension if and when we grant it. We will refund the Extension Fee only if we deny the extension. If we grant the extension, then the Extension Fee will not be refundable.

2. Review and approve the overall scope and scale of the project, including all proposed uses of the Margaritaville Intellectual Property for the Hotel. We will approve the scope and scale of the project before you sign the Franchise Agreement and will approve proposed uses of the Margaritaville Intellectual Property as they arise. (Franchise Agreement, Sections 2.02-2.06, 2.10, Article V, and Article VIII)

3. Review and approve the type, concept, and the design elements of any FBR Unit located at the Hotel, including, but not limited to any Margaritaville-branded restaurant, bar and/or retail concept you are granted the right to operate pursuant to an FBR Rider. We will also approve the menus and concepts associated with any other FBR Unit and all tenants of commercial spaces in the Hotel (including those tenants or third-party operators providing amenity services to the Hotel) and the leases associated with these tenants. (Franchise Agreement, Sections 2.03 and 4.11; FBR Rider, Articles 3 and 4)

4. Review and approve: (a) all preliminary and final plans and specifications for the Hotel and all furniture, fixtures and equipment; (b) the identity and qualifications of all contractors, designers, architects and consultants you propose for preparation of preliminary and final plans and specifications for the Hotel and the construction of the Hotel; (c) all menus; (d) a sample guest room containing all finishes, furniture, fixtures and equipment, decorative items and other furnishings; (e) technology plans, systems and designs; and (f) all such other information regarding the Hotel as we may reasonably request. You must obtain our approval of these items before construction begins. For the items listed in subsection (d) above, we will provide you with written specifications for these items, including a list of approved suppliers. We do not deliver or install any of the items listed in subsection (d) above. (Franchise Agreement, Sections 2.02-2.06, and 2.09-2:10)

5. Provide branded marketing and advertising materials and toolkits for your purchase and use. (Franchise Agreement, Sections 5.10 and 5.11)

6. Approve all proposed uses of Margaritaville Intellectual Property. (Franchise Agreement, Sections 5.01-5.09, and Article VIII)

7. Provide initial training to your management personnel before the opening date for your Hotel that we consider necessary for the proper operation of your Hotel. (Franchise Agreement, Section 3.01) See Section below entitled "Training" for additional information.

8. Provide specifications and/or all required application software to you for your property systems. (Franchise Agreement, Sections 4.05, and 4.07- 4.10)

9. Make available to you the Manual in computerized form via a secure internet website. The current table of contents for our Manual that include tables of contents is included as Exhibit D. The Manual is currently 112 pages. In the event of any dispute related to the contents of the Manual the master copy of the Manual we maintain at our principal office shall control. We may modify the Manual from time to time. You must comply with the Manual, including all modifications we make to the Manual. (Franchise Agreement, Sections 3.02 and 4.01; FBR Rider, Section 4.2)

10. Provide you with the specifications for the computer software and hardware required for the CRS, CRM software and Loyalty Program. (Franchise Agreement, Section 4.08-4.10, 4.14). See Section below entitled "Computing Environment" for additional information about the CRS.

11. Provide you with pricing guidance such as our "best price guarantee" and related policies regarding room rates. See Item 16 for additional information on room rates. You are solely responsible for room rates (See Franchise Agreement, Section 4.08).

<u>During the operation of your Hotel, we or an affiliate will</u>:

1. Periodically, and at our option, provide additional training programs to the Hotel's management personnel. (Franchise Agreement, Section 3.01)

2. Conduct periodic inspections of the Hotel and otherwise maintain the Quality Assurance Program for the Margaritaville Hotels & Resorts franchise network. (Franchise Agreement, Section 4.12)

3. Advise you periodically regarding the Hotel's operation based on your reports or our evaluations and inspections. (Franchise Agreement, Section 4.12)

4. Maintain and administer the marketing program. (Franchise Agreement, Section 3.03) See Section below entitled "Marketing Program" for additional information.

5. Provide you access to the Manual and inform you of periodic updates as they occur. (Franchise Agreement, Sections 3.02 and 4.01)

6. Let you use the Margaritaville Intellectual Property in accordance with the Franchise Agreement and the Manual. (Franchise Agreement, Article VIII)

7. Let you use our Confidential Information and Copyrighted Materials in accordance with the Franchise Agreement and the Manual. (Franchise Agreement, Article XI)

8. Take all actions we deem reasonably necessary to protect and promote the trademarks, the Hotel System and the operations and goodwill of the Hotel. (Franchise Agreement, Section 8.10-8.11)

9. At our option, hold an annual convention for all or a certain group of Margaritaville Hotels & Resorts and/or all or certain other Margaritaville-affiliated hotels at a location we periodically designate. (Franchise Agreement, Section 3.01)

In providing the pre-opening and post-opening assistance and the other services described in this Item 11, we act only in an advisory capacity. We are not responsible for: (i) the adequacy or coordination of any plans or specifications; (ii) the structural integrity of any structures or the systems thereof; (iii) compliance with Applicable Law such as the ADA and any building code of any governmental authority; (iv) compliance with any insurance requirement; or (v) obtaining any necessary permits. All of these items are your responsibility, and you must pay all associated costs. (Franchise Agreement, Section 2.10)

Marketing Program

In consideration of your System Fee, we will provide the Marketing Program. We will use the System Fee for any of the following Marketing Program expenditures, in our sole discretion: (i) conducting local, regional or national advertising, promotional or brand building programs of any kind; (ii) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (iii) public awareness of any of the Margaritaville Intellectual Property; (iv) public and consumer relations and publicity; (v) brand development; (vi) research and development of technology, products and services; (vii) website and application development and search engine optimization; (viii) development and implementation of quality control programs; (ix) changes and improvements to the Hotel System; (x) the fees and expenses of any advertising agency we engage, in our discretion, to assist in producing or conducting advertising or marketing efforts; (xi) any other programs or activities that we deem necessary or appropriate to promote or improve the Hotel System; and (xii) our or our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in connection with promotional, marketing or advertising efforts or any of the foregoing activities, including working with public relations firms, advertising agencies, advertising placement services, and creative talent. We retain sole authority to direct the Marketing Program, with sole control over the creative concepts, materials, and media used in the program, and the placement and allocation of advertising. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We do not use any marketing funds from your contributions principally for the solicitation of new franchisees.

The Marketing Program will also include the ongoing development and maintenance of a website for Margaritaville Hotels & Resorts (and, at our option, other Margaritaville-affiliated hotels) (the "**Hotel System Website**"). We will provide each Margaritaville Hotel & Resort a separate webpage on the Hotel System Website which shall be converted to a "Hotel Website" upon your purchase of a Property Website Package. In such event, the Hotel Website shall be deemed part of the Hotel System Website. You must periodically provide us (or our designee) all information and other materials concerning the Hotel that we periodically request relating to the Hotel Website and promptly notify us whenever any information concerning the Hotel on the Hotel Website is no longer accurate. By providing Hotel-related information and materials, you are representing to us that they are accurate and not misleading and do not infringe any third party's intellectual property or other rights. We have the final decision about all information or materials appearing on the Hotel System Website, including the Hotel Website. We own all intellectual property rights and other rights in and to the Hotel System Website, including all information and materials on the Hotel Website, the log of "hits" by visitors, and any personal or business data that visitors supply (except as otherwise provided in Item 14), or the Hotel System Website obtains. Upon purchase of the Property Website Package and after development and launch, you will be given access to maintain and control your Hotel Website on the Hotel System Website, under our guidelines and restrictions. We may implement and periodically modify System Standards for the Hotel System Website, use the System Fee to develop or maintain the Hotel System Website and/or its content, and discontinue the Hotel System Website and/or any of its content (including separate webpages for participating Margaritaville Hotels & Resorts) at any time.

Unless and until you obtain our prior approval, you may not develop, maintain or authorize any website or other electronic medium, including any apps (other than the Hotel System Website) that has the word "Margaritaville," any similar word, or any of the Margaritaville Intellectual Property, as part of its domain name or URL or that accepts reservations for the Hotel (other than through an approved link to a Hotel

System Website) or otherwise sells any products or services associated with the Hotel or any of the Margaritaville Intellectual Property. You may not develop, maintain, or authorize any other website, app, distribution platform, other online presence or other electronic medium that describes or in any other way promotes the Hotel or displays any of the Margaritaville Intellectual Property. You may not purchase any web domains or claim any social media handles for your Hotel, including owning or controlling any DNS records. We will claim and purchase all related domains and retain ownership of them while granting you access as per our policies and guidelines. Subject to our approval, you may use social media (which includes Facebook, Twitter, Instagram, Snapchat, YouTube, and similar online social media platforms) in conjunction with advertising or marketing your Hotel, in compliance with our social media policy as set forth in the Manual or otherwise in writing. With our approval in our sole discretion you may authorize any Travel Services Website to list and promote the Hotel together with other hotels. A "**Travel Services Website**" is a website that a third party (which is not your affiliate) operates that promotes and sells travel-related products and services for a number of hotel brands, including other Margaritaville-affiliated hotels. You must submit to us for our approval all proposed uses of the Margaritaville Intellectual Property, references to the Hotel, links to a Hotel System Website, and other information concerning a Travel Services Website. We will not unreasonably withhold our approval of your use of a Travel Services Website. We may implement and periodically modify, and you must comply with, System Standards relating to any Travel Services Websites and other electronic uses of the Margaritaville Intellectual Property, and may withdraw our approval of any website, other online presence or other electronic medium that no longer meets our System Standards. (Franchise Agreement, Sections 3.03, 5.11, and 8.07)

We currently do not, and are not required to, maintain the System Fee in a separate account from our other money. We are not required to expend any specific funds from the System Fee on the area or territory for your Hotel. Other franchisees may not be required to pay the System Fee, may be required to pay a different System Fee, or may be required to contribute to a different advertising fund. We have no obligation to make expenditures from the Marketing Program that are equivalent or proportionate to your System Fee, ensure that you benefit directly or proportionately or in any amount from the placement of advertising, or ensure that any advertising impacts or penetrates your area. In the calendar year ended December 31, 2022, 41.35% of the System Fees went for digital media promotion, including websites, social, email marketing, and digital ads; 2.90% for creative services and content development, including graphic design, video production and podcast; 37.93% for events, including sweepstakes and contests, charitable events, and pickleball tournaments; 10.25% for public relations, 3.66% for hotel performance support, including photoshoots, customer service email support, 1.09% for media support from Radio Margaritaville, and 2.82% for administration. If we do not spend all of the System Fees in the calendar year which they accrue, then those funds will roll over to be expended in the following year. We may have the collections and expenditures audited, with the expenses of the audit being paid for out of the System Fee, by an independent certified public accountant we select. We will provide you with an unaudited statement of the operations of the System Fee expenditures within 30 days of your written request. Any amounts that we or our affiliates contribute to the Marketing Program will be considered a loan and we and/or our affiliates will have the right to be reimbursed from the System Fee in any amounts that we advance to the Marketing Program.

There are no advertising councils composed of franchisees. However, we may form these advertising councils. You are not required to participate in an advertising cooperative.

We currently do not require you to expend a certain amount on local advertising. Before you use them, you must obtain our approval of all advertising, marketing, promotional, and public relations plans, programs, and materials that you desire to use or in which you or the Hotel desire to participate and which reference any of the Margaritaville Intellectual Property. This includes any materials or use of the Margaritaville Intellectual Property in digital, electronic, computerized, or other form, such as on a Travel Services Website. If you do not receive written disapproval within 15 business days after we receive the materials, they are approved. You may not use any advertising, marketing, promotional, or public relations materials or engage in any plans or programs which reference any of the Margaritaville Intellectual Property that we have not approved or have disapproved. You must discontinue using any previously approved materials and engaging in any previously approved plans or programs within the timeframe we specify after you receive written notice from us. (Sections 5.06 and 5.09 of Franchise Agreement)

Loyalty Program

You must participate in the Loyalty Program and contribute fees set forth in Items 5, 6, and 7. You must provide at least 8 rewards ("**Perks**") for members to choose from. These fees and costs are in addition to the System Fee you are required to pay us.

Computing Environment

You must use the computer hardware, software, cabling, and related equipment ("**Computing Environment**") that we periodically designate to operate the Hotel. The Hotel will use the Computing Environment to administer the CRS and PMS; automate front desk registration/cashiering, telephone switchboard, housekeeping, and accounting functions; record and track sales and labor data; run the POS System, electronic door lock system, RFID chipped wristbands, payment gateway, gift card solution, in-room entertainment, sound, and related systems; and perform a variety of other management and reporting functions. To meet our current System Standards, you must install the following systems: PMS, HSIA, POS System, CRS, CRM, CMS, EPP, ERP, music distribution, video distribution, revenue management system, electronic door locks, in-room interactive speaker, in-room television/video solutions, telecommunications, human resources systems, food and beverage systems, back office financial systems, and website marketing technology systems. The Computing Environment will generate and store revenue, cash, payment, labor, and all other operational data relating to the Hotel and its operations. Based on our current requirements for a 210-room Margaritaville Hotel, we estimate that it will cost approximately $1,100,000 - $1,500,000 for you to acquire and install the Computing Environment at the Hotel, which includes fees for our required technology consulting firm. We may modify our System Standards in this area as we deem best. You must obtain our prior approval for installation of any technology platform or system not included in our System Standards.

You currently must acquire the PMS, POS system, CRM, CRS, EPP, ERP, HSIA, Music/Video Distribution systems, financial reporting systems, electronic door lock systems, and certain other components of the Computing Environment only from our designated vendors. Currently, the PMS is provided by Infor and has a current ongoing operational cost of $11.70 per room per month after installation. Currently, the HSIA Portal and Network system is provided by Allbridge and has a current ongoing operational cost of $2.25 per room per month after installation. Currently, the POS System is provided by InfoGenesis and has an annual operational expense of $1,800 per terminal after installation. All fees for the PMS, HSIA, and POS system are payable directly to the suppliers. Currently, the CRM is powered by Salesforce and has monthly subscription fees of approximately $12 per room after installation. That vendor will also provide upgrades and updates to its licensed software if we approve them. Upon implementation of the CRM, you will be given access to maintain and control your Hotel CRM and to compose email marketing messages on the CRM system, under our guidelines and restrictions. Currently, the financial reporting system is provided by Infor d/EPM and has a fixed annual fee of $4,500. There is also an annual fee of $2,000 per user in Year 1, and $600 per user thereafter. You also must acquire maintenance from other required vendors. These annual estimates are based on a 210-room Margaritaville Hotel. No other party, including us, has an obligation to provide ongoing maintenance, repairs, upgrades, or updates to the Computing Environment.

You may choose vendors for the in-room interactive speaker, in-room TV/video solutions, and telecommunication system from a list of approved vendors that we will provide to you.

We may periodically require changes, upgrades, or updates to the Computing Environment. No contract limits the frequency or cost of changes, upgrades, or updates. We or our affiliates may charge you reasonable fees for software or other technology that we license to the Hotel and for other Computing Environment maintenance and support services that we or they periodically provide to the Hotel, for example, revenue management system and PMS enhancements. You will provide us with independent access to the information that the Computing Environment generates and tracks upon or request. Notwithstanding the foregoing, however, we shall own and have access to all information generated by the PMS, POS, CRS, HSIA portal, the Loyalty Program, and CRM. (Franchise Agreement, Sections 4.05, 4.08, and 4.09)

Any personally identifiable data and financial (credit card) data that you might collect through the use of these systems must be collected, stored, and utilized in compliance with all state and federal data privacy and protection laws, including PCI standards. Additionally, you must comply with the data protection and collection policies that we may establish from time to time, which shall be reflected in the Manual. As between us and you, we own all data that you may collect through the use of the Computing Environment. You also agree to provide us with access to all such data in your possession or control on a regular basis, and we will have the right to access your Computing Environment upon request to review and retrieve all such data.

Hotel Opening

If you are developing a new 210-room Hotel, including by adapting an existing building to a new use as a hotel, we estimate that you will open the Hotel approximately 18 to 24 months after executing the Franchise Agreement. If you are converting an existing 210-room hotel from another brand to a Margaritaville Hotel, we estimate that you will open the Hotel approximately 6 to 18 months after executing the Franchise Agreement. The interval depends on the time it takes for you to finalize acquisition of the Hotel's premises (if applicable), the lengthiness of the permitting and licensing process in the locality, the suitability of the site, weather, the location, and condition of the premises (including the premises' former use) and the construction schedule for the Hotel. You must open and begin operating the Hotel within 24 months after signing the Franchise Agreement for a new Hotel and 18 months after signing the Franchise Agreement for converted hotels (unless we agree to a longer period before we and you sign the Franchise Agreement). You also must meet various interim deadlines for the Hotel's development. If you do not meet these requirements, then you must pay the $10,000 extension fee to us and request an extension, which we may grant or deny at our option. If we approve the extension, we will set a new opening deadline, the extension fee is non-refundable, and we may (at our option) require you to modify any previously-approved detailed plans, or renovation plans or the PIP or TIP (as applicable), to comply with the then current design, equipment, and other aspects of the Hotel System. If you do not open the Hotel by the required completion date, we may terminate the Franchise Agreement.

You may not open or begin operating the Hotel under the Margaritaville Intellectual Property until: (1) you have provided us with, and we have approved, your operating guide; (2) you have properly developed and equipped the Hotel in compliance with the Franchise Agreement and all Applicable Law; (3) Hotel personnel have completed all pre-opening training to our satisfaction; (4) you have paid all amounts then due to us and our affiliates; (5) you have obtained all required certificates of occupancy, licenses and permits to operate the Hotel; (6) you have given us copies of all required insurance policies or other evidence of insurance coverage and payment of premiums we request; (7) you have given us certifications concerning the Hotel's construction; and (8) we have conducted a pre-opening inspection and approved the Hotel for opening under the Margaritaville Intellectual Property. You must open and begin operating the Hotel under the Margaritaville Intellectual Property within 10 days after receiving our authorization, which we will not unreasonably withhold or delay. We may terminate the Franchise Agreement if you do not meet these deadlines. You must indemnify us for costs and expenses we incur because of your failure to open on time, including amounts we pay to customers whose reservations are canceled. (Franchise Agreement, Article II).

Training

Our current required initial training program includes both off-site training for the Key Personnel and on-site training for all personnel. Except for the optional training we describe below, all initial training is mandatory, occurs on an individual, as-needed basis according to the development and construction schedule of your Hotel, and must be completed to our satisfaction. Our Hospitality Department administers and directs all of our initial training in coordination with our corporate operations team. Dan Leonard, our President, Hospitality, leads the Hospitality Department. He has over 30 years of experience in the hospitality industry and 24 years of experience with us and our affiliates in operations and learning roles. Brad Schwaeble, our Chief Operating Officer, Hospitality, is responsible for the opening, brand operations and brand compliance of our hospitality business. He has 25 years of experience in the hospitality industry and 24 years of experience with us and our affiliates in operations and learning roles. Adam Bocken, our Vice President of Training and Development, is responsible for administering our training programs. He has over 15 years of experience with us and our affiliates in training and HR roles. We also have a staff of training professionals who conduct various training programs. These staff members typically have at least 10 years of experience in the hospitality industry and at least 5 years of experience with us or our affiliates. The Manual, videos, charts, pamphlets, and other training aids serve as the instructional materials for the training programs. You must pay us the expenses described in Item 5 and 6 and all travel and living expenses (including travel, lodging, food and beverage, and miscellaneous charges) for your personnel. We estimate that the total costs for initial training and related expenses, including any optional initial training costs, will range from $50,000 to $200,000. These payments are not refundable.

Offsite Training

This initial training will be provided by us at a mutually agreed upon Margaritaville Hotel or other Margaritaville-branded venue. This training is required for Key Personnel. The training lasts approximately one week and should be completed no later than 30 days prior to opening. You will be responsible for all costs associated with the trainees, including, but not limited to, wages, salaries, housing, travel-related expenses and per diem charges incurred by trainees, subject to a mutually agreed upon budget for those costs. You will not, however, be responsible for costs or expenses related to the training venue or the venue's employees.

TRAINING PROGRAM

Management Training - Offsite

Subject	Hours of Classroom Training	Hours of On-The- Job Training	Location
Margaritaville Culture/History	2	1	Franchisor-selected Margaritaville- branded venue
Margaritaville Procedures FOH	1	16	Franchisor-selected Margaritaville- branded venue
Margaritaville Procedures BOH	1	8	Franchisor-selected Margaritaville- branded venue
Margaritaville Procedures Management	3	8	Franchisor-selected Margaritaville- branded venue

Total	7	33	

Task Force Training

For the final part of our required initial training program, we will provide to you a task force to assist in on-site pre-opening training for the Hotel to occur approximately 30 days prior to opening. That task force may include personnel employed directly by us or personnel from existing Margaritaville Hotels & Resorts or other Margaritaville-branded venues. We will be responsible for any costs associated with our personnel, while you will be responsible for any other costs relating to the task force, including costs related to personnel from existing Margaritaville Hotels & Resorts or other Margaritaville-branded venues. The task force takes place on dates and times mutually agreed upon by you and us. The task force training typically lasts between 10 to 14 days, although we may (at our option) conduct this training on more than one visit. There is no fee for the training by the task force, but you will cover the expenses for our personnel to provide the training. Further, if you are not able to demonstrate compliance with our System Standards, as determined in our sole discretion, after 14 days of training at your Hotel, then our trainers may stay longer until you are able to demonstrate compliance with our System Standards, as determined in our sole discretion. In such event, you will be required to pay $500 per day per trainer for each additional day they remain until you become compliant with System Standards, in addition to the task force's additional expenses associated with their extended stay. There is no set outline for this on-the-job training. The task force will generally focus on training personnel on the System Standards and service consistent with the Hotel System.

Other Initial Training Programs

We also currently offer additional initial training for various members of your Hotel's staff after the Hotel opens. These additional training opportunities may include personnel employed directly by us or personnel from existing Margaritaville Hotels & Resorts or other Margaritaville-branded venues providing training to your personnel onsite. You will be responsible for all costs related to this additional training, including lodging and per diem for the training personnel. We estimate that these costs will typically be between $1,000 to $5,000 per instance but could be more depending on breadth of support that you require.

If any member of the Hotel's Key Personnel ceases to hold that position, you (or the approved management company) must have his or her replacement attend and successfully complete the applicable brand standard training programs that we reasonably specify, some of which we describe above, within 90 days (or a longer period we periodically designate) after assuming his or her position. We may charge fees for this training, and you must pay all travel and living expenses. If we determine that any Hotel personnel have failed to satisfactorily complete any training program, you (or the approved management company) must immediately hire a substitute and promptly arrange for that person to complete training to our satisfaction.

We may, at the times and places we deem best, require the Hotel's Key Personnel and other personnel to participate in regional and national meetings and other brand standard training programs that we periodically specify. These individuals must attend any supplemental training within the time period we reasonably specify (currently 180 days) after you receive notice from us. We also may, at our option, periodically offer various optional training programs. You must pay our fees for these programs. We do not currently charge a fee for the regional and national meetings, but reserve the right to do so in the future. You must pay all your personnel's travel, living and other expenses (including local transportation expenses), and compensation relating to these training programs and conventions. (Franchise Agreement, Section 3.01)

ITEM 12.
TERRITORY

Location of your Hotel

You will be granted the right and license to develop, operate, own, and manage your Hotel, and possibly one or more FBR Units, Dwellings and/or other Amenities (collectively "**Selected Amenities**") using the Margaritaville Intellectual Property at the location that you select, and we accept. Your rights to use the Margaritaville Intellectual Property are limited to the establishment, operation, and promotion of one Hotel (and, if applicable, the Selected Amenities) at and from the site that you select, and we accept as specifically provided in your Franchise Agreement. You may not relocate your Hotel without our approval. We would consider allowing you to relocate your Hotel if it is damaged or destroyed by fire or other casualty or rendered inoperable due to condemnation or other zoning or legal impediments. Factors that will go into this decision include the cost of rebuilding in the current location, the location of other Margaritaville-branded hotels and venues, and the appropriateness of any potential new location for a Margaritaville Hotel.

Territory and Competition

You may operate your Hotel only from the site that you select, and we accept. In special circumstances, when in our sole judgment, special considerations warrant, we may grant exclusive or protected areas where another Hotel may not be franchised. These special circumstances shall only apply to a specific site and for the franchising of only a single Hotel.

Unless such special circumstances exist, as determined by us, and we explicitly agree, 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 or our affiliates control.

There are no other circumstances under which the franchisor will modify your territorial rights.

Alternative Channels of Distribution

We reserve all rights not specifically granted to you under the Franchise Agreement. We reserve the right to sell, or license others to sell, competitive or identical goods or services (whether under the Licensed Marks or under different trademarks) through alternative channels of distribution in any location, including to persons who may be your customers. Examples of alternative channels of distribution include sales of Merchandise containing the Margaritaville Intellectual Property ("**Branded Merchandise**") and other items over the Internet, through sales catalogs, through department stores, through other Margaritaville facilities, or through any other facility or method of distribution other than your Hotel. Currently, we sell Branded Merchandise over the Internet. You are not entitled to any compensation for sales that take place through alternative channels of distribution.

Restrictions on Sales and Marketing

Subject to all Applicable Law, you may advertise and promote your Hotel anywhere in the world in compliance with the Manual. You may not purchase or sell data lists or make third-party data sharing agreements without our express consent.

You may not sell Branded Merchandise from any location other than the retail store in the Hotel if you are granted that right pursuant to an FBR Rider. The rights granted to you do not include any rights to brand and operate other facilities at or from the Hotel using the Margaritaville Intellectual Property, except as expressly approved in advance by us.

You are not permitted to sell through alternative channels of distribution. While you may promote and advertise your Hotel through the Hotel System Website, you may not sell Branded Merchandise through the Hotel System Website or otherwise through the internet.

Additional Franchises

You are not granted any options, rights of first refusal or similar rights to acquire additional franchises or territories.

Competitive Businesses Under Different Marks

As discussed in Item 1, our affiliates currently operate other franchise systems that use the Margaritaville marks, including, but not limited to, Compass, MR and MRVR. These facilities are operated by third party licensees or franchisees. These facilities may directly compete with you, and they may sell goods and services to your customers, including Branded Merchandise. We do not anticipate any conflicts between the various franchise systems regarding territory, customers, or franchise support. Some of our affiliates that offer franchises in these other lines of business share our principal business address. However, we do not maintain separate offices or training facilities for the different franchised concepts.

In addition, as discussed in Item 1, our affiliate Compass began offering franchises for Compass by Margaritaville hotels in December 2018. Compass by Margaritaville hotels are upscale, select-service hotels. As also discussed in Item 1, our affiliate MRVR began offering franchises for Camp Margaritaville Resorts in July 2021. Camp Margaritaville Resorts offer RV camping sites, cabin rentals, upscale amenities and exceptional service standards incorporating state-of-the-art technology, design, and food and beverage offerings.

While Compass hotels, Camp Margaritaville Resorts and Margaritaville Hotels & Resorts may compete for customers, Compass hotels will operate under the name "Compass Hotel", "Compass by Margaritaville" or "Compass by Margaritaville Hotels & Resorts" and Camp Margaritaville Resorts will operate under the name "Camp Margaritaville Resorts" and "Camp Margaritaville RV Resorts."

Compass Hotels and Camp Margaritaville Resorts may be located at any location, including next to your Hotel. We will resolve any conflicts between Margaritaville Hotels & Resorts franchisees, Camp Margaritaville franchisees and Compass hotel franchisees regarding territory, customers, and franchise support on a case-by-case basis. The principal business address for Compass and MRVR is the same as our principal business address for Margaritaville Hotels & Resorts and we do not intend to maintain physically separate offices and training facilities for Margaritaville Hotels & Resorts, Camp Margaritaville Resorts and Compass hotels.

ITEM 13.
TRADEMARKS

You may use the Margaritaville Intellectual Property in operating the Hotel. Margaritaville Enterprises has registered the following principal Licensed Marks on the Principal Register of the United States Patent and Trademark Office ("**PTO**"):

Mark	Serial No.	Registration No.	Registration Date
MARGARITAVILLE	77/569,980	4,135,785	05/01/2012
MARGARITAVILLE	77/980,011	3,855,017	09/28/2010

Mark	Serial No.	Registration No.	Registration Date
MARGARITAVILLE BEACH HOTEL (AND DESIGN)	85/054,790	3,912,454	01/25/2011
MARGARITAVILLE BEACH HOTEL	85/054,788	3,912,453	01/25/2011
MARGARITAVILLE Hotels & Resorts	90/172,314	6,321,945	04/13/2021

Margaritaville Enterprises has made all required renewal and affidavit filings for these registrations. Margaritaville Enterprises granted us the rights to use and sublicense the Margaritaville Intellectual Property under a trademark license agreement dated April 4, 2019 ("**Trademark License Agreement**"). That Trademark License Agreement has a term concurrent with the termination or expiration of the last sub-license agreement (or franchise agreement) to a developer/operator of a Margaritaville Hotel & Resort. So long as the term of any such sub-license agreement is in effect, the Trademark License Agreement may not be terminated and a party's remedy for breach shall be limited to monetary damages and equitable remedies (excluding termination). Margaritaville Enterprises has the exclusive right to use and sublicense to others, such as us, in connection with hospitality and other businesses, the intellectual property rights related to any works authored by Jimmy Buffett that are 100% owned and controlled by him, in addition to a non-exclusive right and license to sublicense Jimmy Buffett's personality rights under a License Agreement between Margaritaville Enterprises and Jimmy Buffett dated February 27, 2014. Our relationship with Jimmy Buffett is further described in Item 18. The only lien or encumbrance against the Margaritaville Intellectual Property is a security interest granted to HPS Investment Partners, LLC, pursuant to a security agreement dated as of June 17, 2022. Within 30 days of the signing of any Franchise Agreement, we will obtain from HPS Investment Partners, LLC and deliver to you, a non-disturbance certificate. No other agreement significantly limits our rights to use or license the Margaritaville Intellectual Property in a manner material to the franchise.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court, and no pending infringement, opposition or cancellation proceedings or other material federal or state court litigation, involving the Margaritaville Intellectual Property. We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the core Margaritaville Intellectual Property in the state where your Hotel is to be operated. We have not received any third-party objections to our Margaritaville Intellectual Property.

You must follow our rules when using the Margaritaville Intellectual Property. If we discover your unauthorized use of the Margaritaville Intellectual Property, we may require you to destroy (with no reimbursement from us) all offending items reflecting that unauthorized use. You must notify us immediately of any apparent infringement or challenge to your use of any Licensed Mark, or of any person's claim of any rights in any Licensed Mark, and not communicate with any person other than us, our affiliates, and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we and they deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other proceeding arising from any infringement, challenge, or claim or otherwise concerning any Licensed Mark. You must sign any documents and take any other reasonable actions that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Margaritaville Intellectual Property. We will reimburse your reasonable out-of-pocket costs for taking any requested action.

If it becomes advisable at any time for us and/or you to modify, discontinue using, and/or replace any Licensed Mark and/or to use one or more additional, substitute, or replacement trade or service marks together with or instead of any previously-designated Licensed Mark, you must comply with our directions within a reasonable time after receiving notice. Neither we nor our affiliates will reimburse you for any costs or expenses you incur relating to these directions, including your expenses of changing the Hotel's signs, any loss of revenue due to any modified or discontinued Licensed Mark, or your expenses of promoting a modified or substitute trademark or service mark. Our rights in this paragraph apply to any of the Margaritaville Intellectual Property (and any portion of any Licensed Mark) that we authorize you to use. We may exercise these rights at any time and for any reason, business or otherwise, we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

We will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Licensed Mark if you have timely notified us of, and comply with our directions in responding to, the proceeding. We will defend you in the proceeding and, at our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from your use of any Licensed Mark.

The Franchise Agreement gives you no right of ownership in the Licensed Marks and you may not directly or indirectly, register or cause to be registered any Licensed Mark in any country or with any governmental authority. Further, without our prior approval you may not use any trademark, trade name, service mark, metatag, domain name, keyword or social media indicator, including, but not limited to, Facebook, Instagram, YouTube or Twitter handle, consisting of, related to, similar to and/or confusingly similar to any of the Licensed Marks. During and after the term of the Franchise Agreement, you may not assist any person to: (i) challenge the validity of our ownership of, or right to license, the Licensed Marks or any registration or application for registration of the Licensed Marks; (ii) contest the fact that your rights under the Franchise Agreement are solely those of a licensee and terminate upon termination or expiration of the Franchise Agreement; or (iii) represent in any manner that you have any title or right to the ownership, registration or use of the Licensed Marks in any manner except as set forth in the Franchise Agreement. You may use the Licensed Marks only as permitted by the Franchise Agreement. You may not use or exploit the Licensed Marks outside of your Hotel, except to engage in promotion, advertising, or marketing of your Hotel in compliance with the Manual. You may not assign, sublicense, or franchise any of the Licensed Marks to any other persons. We and our affiliates retain the sole right to apply for registration or renewal of any trademarks, trade names, service marks, metatags, domain names, keywords, or social media indicator, including, but not limited to, Facebook, Instagram, YouTube or Twitter handle, related to the Licensed Marks.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. We and our affiliates claim copyright protection for the Copyrighted Materials. We have not registered these Copyrighted Materials with the United States Copyright Office but need not do so at this time in order to protect them. You must follow our rules when using the Copyrighted Materials. You may use the Copyrighted Materials only as we specify to operate the Hotel under the Franchise Agreement.

You must notify us immediately of any apparent infringement or challenge to your use of any Copyrighted Materials or Confidential Information (defined below), or of any person's claim of any rights in any Copyrighted Materials or Confidential Information, and not communicate with any person other than us, our affiliates, and our and their attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we and they deem appropriate (including no action) and control exclusively any litigation or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Copyrighted Materials or Confidential Information. You must sign any documents and take any other reasonable actions that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Copyrighted Materials and Confidential Information. We will reimburse your reasonable out-of-pocket costs for taking any requested action. We need not participate in your defense nor indemnify you for damages and expenses you incur if you are a party to any administrative or judicial proceeding involving any Copyrighted Materials or if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any of the Copyrighted Materials and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with our directions.

There are no effective material determinations of, or pending material proceedings before, the PTO, the United States Copyright Office, or any court involving the Copyrighted Materials. We do not know of any infringement of the Copyrighted Materials that could materially affect you. No agreement significantly limits our right to use or license the Copyrighted Materials.

You will sign the Confidentiality Agreement while we and you are evaluating whether to start a franchise relationship. You must keep confidential all information concerning development plans for particular sites or markets and information concerning our plans, strategies, operations, processes, and System Standards, including any information in the PIP or TIP (if applicable) that we conduct or prepare for your hotel. These obligations continue even if we and you do not sign a Franchise Agreement. You must take reasonable measures to ensure that your employees, agents, and advisors comply with these restrictions and are responsible if they fail to do so. You also must promise us that our and your discussions and, if applicable, your signing a Franchise Agreement do not violate any laws, breach any agreements, or require any consents.

We and our affiliates possess (and will continue to develop and acquire) Confidential Information, some of which constitutes trade secrets under Applicable Law, relating to developing and operating a Margaritaville Hotel. "**Confidential Information**" includes: (1) site selection criteria; (2) the substance, design, and construction of Margaritaville Hotels & Resorts and the Design Standards we specify; (3) training and operations materials and manuals, including the Manual; (4) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Margaritaville Hotels & Resorts, including the System Standards; (5) marketing, advertising and promotional programs for Margaritaville Hotels & Resorts; (6) Guest Information (defined below) and any information and data relating to guests and customers of other Margaritaville Hotels & Resorts and/or other Margaritaville-affiliated hotels; (7) knowledge of specifications for and suppliers of FF&E, OS&E, Merchandise, and other products and supplies that are uniquely identified with Margaritaville Hotels & Resorts and/or other Margaritaville-affiliated hotels; (8) any computer software or other technology that is proprietary to us, our affiliates or the Hotel System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or other technology; (9) knowledge of the operating results and financial performance of Margaritaville Hotels & Resorts other than the Hotel; (10) graphic designs and related intellectual property; and (11) any negotiated provisions of the Franchise Agreement.

You will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information as we specify while developing and operating the Hotel during the Franchise Agreement's term. Confidential Information is proprietary and includes our and our affiliate's trade secrets. You: (a) must not use Confidential Information in any other business or capacity; (b) must keep confidential each item that is a part of Confidential Information, both during and after the Franchise Agreement's term (afterward for as long as the item is not generally known in the hotel industry); (c) must not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (d) must adopt and implement reasonable procedures that we periodically specify to prevent unauthorized use or disclosure of Confidential Information.

Confidential Information does not include: (i) information in the public domain, provided that it did not fall into the public domain by your unauthorized use; (ii) information that was in your possession prior to disclosure or was disclosed by a third party who had no confidentiality obligations to us; (iii) information that is required to be disclosed by Applicable Law, but only to the extent required and upon prior written notice to us; and (iv) information you may be required to disclose to enforce your rights under a duly executed Franchise Agreement with us. However, if we designate any information as Confidential Information, anyone who claims that it is not Confidential Information must prove that one of these exclusions is satisfied.

All information and data relating to or derived from the Hotel's guests and other customers, whether obtained from the guest or customer or from any other source, including names, preferences, and other information about the guests' or customers' experiences and/or purchases, and including, but not limited to, information stored in the Hotel's CRS, CRM, Loyalty, PMS , or any other system that collects guest data or behavior (collectively "**Guest Information**") is and shall remain our (and our affiliates') property . You shall provide us with access to all Guest Information in your possession or control on a regular basis, and we have the right to access the Hotel's Computing Environment upon request to review and retrieve Guest Information.

We grant you a limited, revocable, non-transferrable right and license to use the Guest Information in your possession during the Term solely as necessary and allowed by Applicable Law to market to and provide services to the Hotel's guests and prospective guests. Unless we (in our sole discretion) have approved in writing and in advance or as otherwise required by any Applicable Law, you shall not: (i) use the Guest Information for any other purpose; (ii) disclose, sell, share, assign, lease or otherwise provide Guest Information to third parties; or (iii) commercially exploit Guest Information. To the extent you acquire any rights in the Guest Information by operation of law, at our request, you must execute and deliver to us any other documents that may be necessary or desirable to preserve, or enable us to enforce, our rights with respect to the Guest Information. You shall limit the disclosure of Guest Information to only those personnel who have a need to know, who have been advised of the proprietary nature of the Guest Information, and who have acknowledged the obligation to maintain the confidentiality of the Guest Information in accordance with the terms of this Agreement and shall only use the Guest Information to market to and provide services to the Hotel's guests and prospective guests.

You shall maintain a written, up-to-date information security incident plan. If there is an actual or suspected breach of security or unauthorized access of Guest Information or other confidential information from the Hotel's PMS or other computer system database, you must: (i) notify us in writing within 24 hours from the date you obtain actual or constructive knowledge of the security incident; (ii) promptly investigate, correct, mitigate, remediate, and otherwise handle such security incident, including by identifying Guest Information or other confidential information that may have been accessed, acquired, disclosed, or used as a result of the security incident and taking sufficient steps to prevent its continuation and recurrence; and (iii) immediately provide information, including artifacts required for incident response and forensics investigations, and assistance, such as preservation and retention of logs and data relevant to the evaluation, requested by us.

You must promptly disclose to us all inventions, innovations and discoveries relating to a Hotel and based or relying upon any element of the Hotel System, including any advertising, marketing, promotional or public relations plans, programs, or materials that you or your contractors develop for the Hotel (collectively, "**Innovations**"), whether or not protectable intellectual property and whether created by or for you, your affiliates or contractors, or your or their employees. Innovations are our sole and exclusive property, part of the Hotel System, and works made-for-hire for us. You may not use any Innovation in operating the Hotel or otherwise without our prior written consent. If any Innovation does not qualify as a "work made-for-hire" for us, you must assign ownership of that Innovation, and all related intellectual property rights and other rights to that Innovation, to us and must take whatever action (including signing assignment or other documents) we request to evidence our ownership of or to help us obtain intellectual property rights in the Innovation.

Upon our request, each General Manager, any other employee, agent, or representative who has access to Confidential Information must sign the Confidentiality Agreement imposing an obligation of confidence regarding the Manual and other Confidential Information. If you are a corporation, limited liability company or limited partnership, we may require your shareholders, members, and limited partners to sign a similar written agreement.

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

Hotel Management

Either a management company we approve, or you or another person(s) you designate (if we accept you or such person(s) to manage the Hotel), must at all times retain and exercise direct management control over all aspects of the Hotel's business and be the employer of the Hotel's personnel. You may not enter into any lease, management agreement, or other similar arrangement with any management company or other person(s) for the management or other oversight of all or a part of the Hotel's operation (a "**Management Arrangement**") without our prior written acceptance, and you may not yourself manage the Hotel without our acceptance of you as the Hotel's operator. We will not unreasonably withhold our acceptance if the management company, the designated person(s), or you (as applicable) meet our minimum qualifications and ensure that its or your personnel attend and satisfactorily complete all of our required training programs (as described in Item 11). If we approve a management company or other designated person(s), as a condition of that approval, the management company must sign the documents we require to protect our Margaritaville Intellectual Property, Copyrighted Materials, and Confidential Information and reflect its agreement to perform its management responsibilities and operate the Hotel in compliance with the Franchise Agreement ("**Management Rider**"). Our current form of Management Rider is attached as Exhibit C-4.

We may refuse to accept a management company or designated person(s) that is a Brand Owner. "**Brand Owner**" means any entity that (a) is either a franchisor or owner of a Competing Brand (defined below), (b) manages or otherwise operates hotels exclusively for the franchisor or owner of a Competing Brand, or (c) is an affiliate of any entity described in (a) or (b) above. A "**Competing Brand**" is a hotel concept that has at least 5 hotels operating under that concept's trade name anywhere in the world and that, in our reasonable opinion, competes with Margaritaville Hotels & Resorts. If the management company or designated person(s) at any time becomes a Brand Owner or fails to meet our minimum qualifications (as we may periodically modify them), or if you are managing the Hotel and at any time fail to meet our minimum qualifications (as we may periodically modify them) or to comply with any Franchise Agreement provision concerning the Hotel's management or operation, then we may revoke our approval of that management company, designated person(s), or you as the Hotel's manager. You then must promptly terminate the Management Arrangement (if applicable) and either assume direct control of the Hotel's management and operation, if we approve you to manage the Hotel, or appoint another designated person(s) or engage another management company we approve.

You, the designated person(s), or the management company (as applicable) is solely responsible for hiring all Hotel personnel and determining the terms and conditions of their employment. You (or your approved management company) must hire and properly train all Hotel personnel and always have Key Personnel in place at the Hotel. Also, unless otherwise approved by us, all Key Personnel must spend all his or her working time at the Hotel fulfilling his or her management and operational responsibilities and may not concurrently maintain a position at another lodging facility or in any other capacity related to the lodging industry.

All Key Personnel who have satisfactorily completed our initial training program must devote all of their business time to supervising the Hotel's day-to-day operations. Your Hotel's general manager and other management personnel need not have an equity interest in the Hotel or in you.

Guaranty

We expect that only business entities, and not individuals, will sign our Franchise Agreement. You must cause the direct and indirect owners (whether they are individuals or business entities) of a Controlling Ownership Interest (defined below) in you which we periodically specify to sign the form of Guaranty and Assumption of Franchisee's Obligations ("**Guaranty**"). Our current form of Guaranty is attached as Exhibit D to the Franchise Agreement. Under the Guaranty, these owners must personally guaranty all of your obligations under the Franchise Agreement and be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary and non-monetary, including the confidentiality obligations. We may additionally require spouses of the direct or indirect owners to also sign the Guaranty, based on the circumstances of the particular transaction.

A "**Controlling Ownership Interest**" in you or one of your owners (if that owner is a legal entity) means, whether directly or indirectly, either: (a) the record or beneficial ownership of, or right to control, 50% or more of the investment capital, equity, rights to receive profits or losses, or other rights to participate in your or the entity's results; or (b) the effective control of the power to direct or cause the direction of your or that entity's management and policies, including a general partnership interest (if the entity is a partnership) and a manager or managing member interest (if the entity is a limited liability company), or the power to appoint or remove any party having these powers. In addition, in the case of (a) or (b), the determination of whether a "Controlling Ownership Interest" exists is made both immediately before and immediately after a proposed transfer.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the goods and services that we authorize. You must sell all goods and services that we specify. We may change these goods and services at any time, and you must comply with the change.

Your rights to use the Margaritaville Intellectual Property are limited to the establishment, operation, and promotion of a Hotel (including any Selected Amenities you are allowed to establish through an executed Amenities Rider) at and from the approved site as specifically provided for in the Franchise Agreement.

If you are authorized to sell Dwellings under a Dwellings Rider, your ability to sell and market those units as timeshares is limited by our affiliate's pre-existing agreement with Wyndham Vacation Resorts, Inc. No time shares shall be marketed or offered at or in conjunction with the Hotel or the Dwellings, unless approved by Franchisor in its sole discretion.

The rights granted to you do not include any rights to brand and operate other facilities at your Hotel utilizing the Margaritaville Intellectual Property, except as expressly approved in advance by us, in our sole discretion. You may not otherwise commercialize or utilize, whether or not for profit, any of the Margaritaville Intellectual Property.

You may not conduct, or permit any other person to conduct, gaming activities at the Hotel or include within the Hotel a casino. In addition, you and your affiliates, representatives and agents may not actively promote on or within a reasonable distance from the Hotel grounds any gaming facilities or casinos. You may not permit any vending equipment, slot machines or gaming machinery of any description at the Hotel, except with our prior written approval in each instance.

The room rates you must charge at the Hotel must be comparable to other upscale hotels and resorts in your area as identified by the hospitality industry expert, Smith Travel Research. You must comply with our "best price guarantee" and related policies, as we periodically modify them. You may not charge any guest a rate for any reservation higher than the rate that the reservations center specifies to the guest at the time he or she makes the reservation. You may not change the number of guest rooms in the Hotel without our consent.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

* For purposes of the table below: "DR" refers to the Dwellings Rider.

THE FRANCHISE RELATIONSHIP

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 1.02	Initial term is 20 years.
b. Renewal or extension of the term.	Section 1.03	If you are in good standing and satisfy certain conditions (as described in 17.c. below) are met, then you are entitled an automatic renewal of your franchise rights for one additional ten (10) year term.
c. Requirements for franchisee to renew or extend	Section 1.03	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal. When renewing, you may be asked to sign a contract with materially different terms and

Provision	Section in franchise or other agreement	Summary
		conditions than your original Franchise Agreement. Franchisee must pay a $50,000 renewal fee and comply with the conditions precedent to renewal, including: written notice of intent 12-18 months prior to expiration; not be in default; franchisee still has ownership of site; franchisee agrees to remodel to the hotel's then current standards; execution of the then-current form of franchise agreement; and execution of the then current release franchisor and affiliates from any and all claims.
d. Termination by franchisee	Not Applicable	Franchisee has no right to terminate unless permitted by applicable state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 14.01	Franchisor may terminate upon the occurrence of any non-curable event of default or upon the failure to cure any curable defaults.
g. "Cause" defined – curable defaults	Section 13.02	Franchisee has 30 days to cure any of the following defaults: breach or failure to perform any covenant or obligation not otherwise listed as a separate event of default; failure to make payment when due; violation of law; failure to comply with standards; failure to obtain approval of supplier or vendor as required; makes any unauthorized changes or offers unauthorized services at Hotel; failure to maintain sufficient inventory for operations; failure to observe health and safety standards, except where an immediate threat to public safety; failure to comply with any other agreement between franchisor (of its affiliates) and franchisee; refusal to permit inspection; and failure to complete training; failure to submit certificates of insurance;

Provision	Section in franchise or other agreement	Summary
		failure to make payment when due to landlord, secured lender or mortgage holder; misuse or unauthorized use of the Licensed Marks.
h. “Cause” defined – non-curable defaults	Section 13.03	Franchisee has no opportunity to cure: material misrepresentations; failure to comply with terms of Franchise Agreement or System Standards 3 or more times in a 12 month period or 2 or more times in a 6 month period; failure to open and begin operating the Hotel by the Opening Deadline; franchisee, owner, or guarantor is convicted of a felony or a crime involving fraud; knowingly maintaining false books, records, or reports; unauthorized use or disclosure of confidential information; ceases operation of the hotel; attempt at an unauthorized transfer; sale of contaminated or adulterated food or beverage two or more times during a twelve month period or once, when it results in serious injury or death; franchisee or guarantor admits insolvency or bankruptcy; franchisee or owner’s assets blocked under anti-terrorism laws; failure to observe health and safety standards, where there is an immediate threat to public safety; franchisee’s or owner’s assets block under anti-terrorism; violation of restrictions on use of confidential information or restrictive covenants.
i. Franchisee’s obligations on termination/non-renewal	Article XVI; Section 6.7 (DR)	Franchisee must (a) debrand the Hotel, including removing any and all signage, discontinuing the use of the Margaritaville Intellectual Property, changing all menus at FBR Units, closing accounts with all suppliers or vendors; (b) pay all amounts due and owed within 30 days of termination or expiration; (c) discontinue use of all technology; and (d) where applicable, pay liquidated damages.

Provision	Section in franchise or other agreement	Summary
j. Assignment of contract by franchisor	Section 12.01	Franchisor may assign all rights or obligations without approval.
k. "Transfer" by franchisee - defined	Section 12.02(a); Section 6.6 (DR)	A change of control, assignment, sublicense, or transfer of the rights and or obligations under the franchise agreement.
l. Franchisor approval of transfer by franchisee	Section 12.02	Franchisee must obtain approval of franchisor for any transfer that results in a change in ownership.
m. Conditions for franchisor approval of transfer	Section 12.02(a)	Conditions include transfer cannot materially harm the franchisor; approval of the proposed transferee and its owners; franchisee has paid all amounts due and is in substantial compliance with obligations; transferee's proposed management company meets franchisor's requirements; transferee signs then current form of franchise agreement; transferee remodels the Hotel to then current standards; and franchisee signs termination agreement and release.
n. Franchisor's right of first offer to acquire franchisee's business	Section 12.03	If franchisee wishes to sell, transfer or assign the Hotel, franchisor has the right of first offer to acquire the property by matching the terms and conditions proposed by franchisee to be offered to a third-party buyer.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Section 9.01	Franchisee may not, directly or indirectly, attempt to divert any business from the Hotel System or the site of any other Margaritaville-branded hotel or resort to any other competing business.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Section 19.02	Any modifications must be in writing and executed by both parties
t. Integration/ merger clause	Section 19.10	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 17.02 and 17.03	This provision is subject to state law. The parties will first submit all disputes to mediation, and if mediation is not successful then arbitration, unless the parties are seeking equitable relief, the action involves the Franchisor's trademarks, or the action is one by Franchisor against Franchisee for past due amounts.
v. Choice of forum	Section 17.03	Arbitration must take place in Atlanta, Georgia (subject to applicable state law).
w. Choice of law	Section 19.06	Except for federal law, Delaware law applies (subject to applicable state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit E.

ITEM 18.
PUBLIC FIGURES

Jimmy Buffett, along with his entity, Coral Reefer Music, and all other entities majority owned and controlled by Jimmy Buffett, granted an exclusive right to use and sublicense, in connection with hospitality and other businesses, any of his compositions, current and future photographic works, books, articles, films, videos and other audio-visual works, artwork, drawings, recipes, and other works of authorship solely owned and controlled by Jimmy Buffett ("**Buffett Works**") along with the non-exclusive rights to use his personality, including his name, image, likeness, signature, photograph, gestures, distinctive appearances, and mannerisms ("**Buffett Personality Rights**") (collectively "**Buffett IP Rights**") to Margaritaville Enterprises, pursuant to a license agreement dated February 27, 2014. Margaritaville Enterprises then sublicensed the use of the Buffett IP Rights to Margaritaville Hotels & Resorts for the purposes of creating, operating, and franchising the Hotel System and other related purposes pursuant to a sublicense agreement dated April 14, 2019. Jimmy Buffett does not receive any compensation in connection with his consent to use his personality rights and music material in this manner, other than royalties ordinarily paid to music publishers, record companies, book publishers and their respective contributors (e.g., songwriters, recording artists, authors) for the exploitation of audio recordings, video recordings, audiovisual recordings and books that may be made in connection with the branded hotels. Additionally, Buffett is an owner of Margaritaville Holdings LLC, parent company of Margaritaville Enterprises. As such, Buffett may receive an indirect financial benefit from fees paid by franchisees to us. Jimmy Buffett has not made any direct investment in us.

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.

Table 1 below provides information for select hotel industry metrics for existing Margaritaville Hotels & Resorts as reported by Smith Travel Research ("**STR**"). As of December 31, 2022, there were 16 total Margaritaville Hotels & Resorts open and operating in the United States. Table 1 reports Revenue per Available Room (commonly known in the hotel industry as "**RevPAR**") for the 12 hotels that (i) provided their financial information to STR and (ii) were fully operational (i.e. full room capacity available) for at least 12 full months as of December 31, 2022. RevPAR does not include revenue attributable to FBR Units, Branded Merchandise sales, or Amenities.

Table 1
January 2022-December 2022

	Occupancy	Index	Average Daily Rate	Index	Revenue per Available Room	Index
Average	68.8%	97.2%	$303.61	117.4%	$208.81	114.1%
Median	69.2%	94.7%	$284.23	112.5%	$216.15	112.9%
Highest in Range	91.2%	121.9%	$446.23	163.9%	$356.10	177.0%
Lowest in Range	49.3%	68.0%	$162.79	91.2%	$87.86	83.8%

Notes:

1. We did not exclude any outlets from Table 1 that closed during 2022 after being open for less than 12 months.

2. In Table 1, the term "Index" measures the subject hotel's performance relative to an aggregated grouping of hotels (in this instance, its Smith Travel Accommodations Report ("STAR Report") competitive set as reported by STR). If all things are equal, the property's Index is 100, compared to the aggregated group of hotels. Historically, this also is described as "fair share." An index greater than 100 represents more than the expected share of the aggregated group's performance. Conversely, an index below 100 reflects less than the expected share of the aggregated group's performance.

Tables 2 and 3 include the channel distribution for all existing Margaritaville Hotels & Resorts that provided that information except the one hotel operating a casino. Table 2 below describes the distribution of reservations from direct channels, including the margaritaville.com website, our reservations call center, guests checking in with no prior reservation, reservations booked by the property team at each location. Table 3 describes the distribution of reservations from indirect channels, such as those reservations booked by any online travel agency with authorized inventory, global distribution systems, and wholesale room sales.

Table 2
Direct Channel Distribution
January 2022 – December 2022

	MV.com	Phone	Walk In	PMS	Direct Channels Total
Average	32%	10%	2%	18%	62%
Median	31%	9%	2%	16%	63%
Highest in Range	54%	34%	6%	34%	87%
Lowest in Range	17%	1%	0%	0%	38%

Table 3
Indirect Channel Distribution
January 2022 – December 2022

	Online Travel Agencies	Global Distribution Systems	Wholesale	Indirect Channels Total
Average	35%	1%	2%	38%
Median	34%	0%	0%	37%
Highest in Range	60%	8%	10%	62%
Lowest in Range	13%	0%	0%	13%

Note:

1. In Table 3, the term “Wholesale” identifies third-party entities that buy rooms “in bulk” and usually at a net rate to package with airfare or other items. Written substantiation of the data used in preparing the figures in the tables will be made available to you upon request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchise. Franchisees or former franchisees listed in this Franchise Disclosure Document may be one source of information.

Other than the preceding financial performance representation, Margaritaville Hotels & Resorts, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations, either orally or in writing. If you are purchasing an existing hotel, however, we may provide you with the actual records of that hotel. 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 Kristen Fancher, Chief Legal Officer and General Counsel at 3715 Northside Parkway, Suite 4-475, Atlanta, Georgia 30327, (470) 698-2246, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

All numbers appearing in the tables below are as of December 31 in each year. We include both Margaritaville Hotels & Resorts that our affiliates own and operate, and Margaritaville Hotels & Resorts Hotels that our affiliates manage for third-party owners under management agreements, as “company-owned” Margaritaville Hotels & Resorts. We or our affiliates owned and operated 0 Margaritaville Hotels & Resorts as of December 31 of each year.

Table No. 1 - Systemwide Outlet Summary for years 2020-2022				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised/Licensed	2020	12	12	0
	2021	12	15	+3
	2022	15	15	0
Company- Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	12	12	0
	2021	12	15	+3
	2022	15	15	0

Table No. 2 – Transfers of Outlets from Franchisees to New Owners (other than Franchisor) for years 2020-2022		
State	Year	Number of Transfers
California	2020	0
	2021	0
	2022	0

Florida	2020	0
	2021	1
	2022	0
Louisiana	2020	0
	2021	0
	2022	0
Mississippi	2020	0
	2021	0
	2022	0
Missouri	2020	0
	2021	0
	2022	0
Tennessee	2020	0
	2021	0
	2022	0
Texas	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	1
	2022	0

Note: Franchisees sometimes restructure their organizations and assign franchise agreements from one company to another within the same ownership group. We do not consider these restructuring transactions to be "transfers" because the ultimate ownership and control group does not change. Further this table only refers to outlets that were transferred after opening, however, no franchisees transferred their franchise agreements for unopened outlets in 2020, 2021, and 2022.

Table No. 3 – Status of Franchised/Licensed Outlets for years 2020-2022							
State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
California	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	4	0	1	0	0	3
	2021	3	2	0	0	0	5
	2022	5	0	0	0	0	5
Louisiana	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Mississippi	2020	2	0	0	0	1	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Missouri	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

New York	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Tennessee	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
Texas	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total Outlets	2020	12	2	1	0	1	12
	2021	12	3	0	0	0	15
	2022	15	0	0	0	0	15

Note: This table only refers to outlets that left the system after opening, however, no franchisees left the system prior to opening in 2020, 2021, and 2022.

Table No. 4 – Status of Company-Owned Outlets for years 2020-2022							
State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Required by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Total Outlets	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5 –Projected Openings as of December 31, 2022			
State	Franchise/License Agreements Signed but Outlet Not Opened	Projected New Franchised/Licensed Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
California	3	2	0
Florida	2	2	0
Georgia	0	0	0
Kentucky	1	0	0
Louisiana	1	0	0
Maryland	1	0	0
Massachusetts	1	0	0
Mississippi	0	0	0
Missouri	1	0	0
New Jersey	0	0	0
New York	0	0	0
South Carolina	1	0	0
Texas	2	1	0
Total	13	5	0

Exhibit F is a list of Margaritaville Hotels & Resorts franchisees as of December 31, 2022 and the addresses and telephone numbers of each of their outlets. Exhibit F also contains a list of franchisees who had an outlet terminated, canceled, transferred, or not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recent fiscal year, and no franchisees have failed to communicate with us within 10 weeks before this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the issuance date of this disclosure document, no franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system during our last 3 fiscal years and there are no trademark-specific franchisee organizations associated with the Margaritaville Hotels & Resorts franchise system.

ITEM 21.
FINANCIAL STATEMENTS

Exhibit G contains the financial statements of Margaritaville Holdings LLC, our parent company and guarantor of our obligations under the Franchise Agreement, which include:

(i) Consolidated audited balance sheets as of December 31, 2022, December 31, 2021 and December 31, 2020 and the related consolidated statements of operations, changes in member equity, and cash flows for the years ended December 31, 2022, December 31, 2021 and December 31, 2020; and

(ii) Unaudited balance sheet and statement of operations for the period ending March 31, 2023.

ITEM 22.
CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

EXHIBIT B Franchise Agreement
EXHIBIT A – Definitions
EXHIBIT B – Site Description
EXHIBIT C-1 – PIP = (if applicable)
EXHIBIT C-2 – TIP (if applicable)
EXHIBIT D – Guaranty
EXHIBIT E – Marketing Program
EXHIBIT F – CRS Agreement
EXHIBIT G – CRM Agreement
EXHIBIT H – Loyalty Program Agreement
EXHIBIT I – License Agreement between Margaritaville Enterprises and Jimmy Buffett
EXHIBIT J – License Agreement between Us and Margaritaville Enterprises
EXHIBIT K – Non-Disturbance Certificate
SCHEDULE 1 – Sublicensed Marks

EXHIBIT C-1 FBR Rider
EXHIBIT C-2 Amenities Rider

EXHIBIT C-3	Dwellings Rider
EXHIBIT C-4	Management Rider
EXHIBIT C-5	Confidentiality Agreement
EXHIBIT E	State Specific Addenda and Riders
EXHIBIT H	General Release

ITEM 23.
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are the last 2 pages of this disclosure document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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

Our registered agent in the State of Delaware is:

National Registered Agents, Inc.
160 Greentree Dr., Suite 101
Dover, Delaware 19904

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Commissioner of Department of Financial Protection & Innovation (866) 275-2677 Los Angeles 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 897-2085 Los Angeles 300 S. Spring Street Suite 15513 Los Angeles, CA 90013-1259 (213) 897-2085 *Sacramento* 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 *San Diego* 1455 Frazee Road Suite 315 San Diego, CA 92108 (619) 610-2093 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Indiana	Indiana Securities Division Secretary of State Franchise Section Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General – Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48909 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 (800) 657-3602	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8236	Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518)-473-2492
North Dakota	North Dakota Securities Department 600 East Boulevard, Suite 414 Bismarck, ND 58505 (701) 328-2910	Securities Commissioner North Dakota Securities Department 600 East Boulevard, Suite 414 Bismarck, ND 58505 (701) 328-4712
Oregon	Oregon Division of Financial Regulation 350 Winter Street NE, Suite 410 Salem, Oregon 97301 (503) 378-4140	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9500	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising Tyler Building 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8700	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (877) 746-4334
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-0448	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

For service of process in non-registration states.

<u>Florida</u> NRAI Services, Inc. 1200 South Pine Island Road Broward County Plantation, Florida 33324

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FORM OF FRANCHISE AGREEMENT

MARGARITAVILLE HOTELS & RESORTS

FRANCHISE AGREEMENT

between

____

and

MARGARITAVILLE HOTELS & RESORTS, LLC

DATED:__________________________, 202__

TABLE OF CONTENTS

Page

EXHIBITS

SCHEDULE

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into as of the _______ day of _______, 20___ (the "**Effective Date**") by and between:

MARGARITAVILLE HOTELS & RESORTS, LLC, a limited liability company formed pursuant to the laws of the State of Delaware ("**Franchisor**");

– and –

[__________], a [_______] formed pursuant to the laws of the State of [__] ("**Franchisee**").

PRELIMINARY STATEMENT

Franchisee is the owner of, or has the right to occupy, certain real property located at the site set forth at Exhibit B ("**Site**"). Franchisor has the right to grant franchises for the establishment and operation of Margaritaville Hotels & Resorts full-service hotels and resorts (each, a "**Margaritaville Hotel**" and collectively, the "**Margaritaville Hotels & Resorts**"). Franchisee wishes to enter into this Agreement to obtain a franchise to use the Hotel System to operate a Margaritaville Hotel with at least 150 guest rooms, Food and Beverage Service, meeting room(s), fitness area, swimming pool(s), and other customary amenities (collectively the "**Hotel**") located at the Site. In addition to other terms defined in this Agreement, the initial capitalized terms shall have the meanings set forth in Exhibit A.

ARTICLE I. GRANT OF FRANCHISE, TERM, AND TERRITORY

Section 1.01. Grant of Franchise. Franchisor grants Franchisee, and Franchisee accepts, the non-exclusive right and obligation to use the Hotel System during the Term (defined below in Section 1.03) to build or convert, and operate, the Hotel at the Site under the Margaritaville Intellectual Property in accordance with this Agreement's terms.

Section 1.02. Initial Term. The term of this Agreement (the "**Initial Term**") will commence on the Effective Date and expire without notice on the date which is 20 years after the Opening Date, subject to its earlier termination as set forth in this Agreement.

Section 1.03. Renewal Term and Conditions. Franchisee may, but is not obligated to renew this Agreement for one additional period of 10 years (the "**Renewal Term**"; and together with the Initial Term, the "**Term**"), provided that Franchisee has satisfied each of the following conditions (all of which shall be referred to as the "**Renewal Conditions**");

(a) Franchisee provides Franchisor written notice of its election to renew the Franchise Agreement for the Renewal Term between 12 and 18 months prior to the expiration of this Agreement (the "**Renewal Notice**");

(b) Prior to giving the Renewal Notice and for the remainder of the Initial Term:

(i) Franchisee has fully performed all of its obligations under this Agreement;

(ii) Franchisee has satisfied all monetary obligations in a timely and responsible manner to Franchisor, its affiliates, subsidiaries, and designees;

(iii) Franchisee, its Affiliates, or Guarantors are not in default of this Agreement or any other agreement with Franchisor or its Affiliates and the Hotel is in full compliance with the Hotel System, the Hotel Standards, and Manual;

(iv) Franchisee is not in default of any material obligations or materially delinquent on any undisputed payments due under any agreement with any third party related to the Hotel, including without limitation, vendors, suppliers, lessors, or mortgage holders; and

(v) Franchisee provides certification of compliance with all conditions precedent to Franchisor with Renewal Notice.

(c) Franchisee has not received more than 2 Notices of Default from Franchisor during the Initial Term;

(d) Franchisee meets Franchisor's then-current standards for accepting new franchisees, including without limitation, credit worthiness, access to capital, and criminal history;

(e) Franchisee is still the owner of the Site or to the extent the Site is subject to a lease has secured the right to continue operating at the Site for the Renewal Term and provided to Franchisor a copy of any related leasehold documents;

(f) If required by Franchisor, Franchisee remodels the Hotel to Franchisor's then-current brand image and technological standards for Margaritaville Hotels & Resorts within 6 months after the expiration of the Initial Term, which may be set forth in a new property improvement plan and/or technology improvement plan. "**Remodel**" shall mean to refurbish and remodel the Hotel, at Franchisee's expense, to conform to the then-current standards for the Hotel System, design and decor, fixtures, furnishings, equipment, technology, trade dress, color scheme and presentation of Margaritaville Intellectual Property consistent with the design concepts then in effect for new hotels using the Hotel System, including, without limitation, such structural changes, remodeling, redecoration and other modifications to existing improvements as Franchisor deems necessary in its commercially reasonable judgment. Maintenance and repair are not, on their own, a Remodel, nor is Franchisee's acquisition of new or additional equipment or signage due to new or improved Hotel Standards;

(g) Franchisee has attended all mandatory annual conventions or other mandatory meetings during the Initial Term, unless attendance was excused by Franchisor;

(h) Franchisee signs Franchisor's then-current form of franchise agreement ("**Successor Franchise Agreement**") which may be materially different from this Agreement (including without limitation higher and/or different fees), except that Franchisee will not be required to pay another application fee, to complete the Training Program (although Franchisor reserves the right to require additional training as set forth in Section 3.01), or to complete any pre-opening obligations provided for in such Successor Franchise Agreement.

(i) Franchisee pays a renewal fee of $50,000;

(j) In connection with signing the Successor Franchise Agreement, and as a condition of renewal, Franchisee will be required to sign Franchisor's then-current form of general release, releasing Franchisor and its parents, subsidiaries, and affiliates and the respective directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents, attorneys, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacity) (collectively, the

"**Released Parties**"), from all claims Franchisee may have against the Released Parties as of the date of the Successor Franchise Agreement ("**Release**"). Franchisee's Owners must also sign the Release required in the previous sentence. Released Parties are not intended to include suppliers or distributors to Franchisee that are not affiliated with Franchisor or acting as Franchisor's agent; and

(k) Franchisee complies with Franchisor's requests for disclosure of or access to information to evaluate Franchisee's ability to perform its obligations during the Renewal Term.

Section 1.04. Renewal Procedure.

(a) Effect of Renewal Notice. Within 30 days after receipt of Franchisee's Renewal Notice, Franchisor will determine whether, at the time of receiving the Renewal Notice, Franchisee has complied with all the Renewal Conditions, and after making its determination deliver to Franchisee one or more of the following:

(i) If Franchisee has met the Renewal Conditions, then Franchisor will provide:

(1) its written consent to Franchisee's Renewal Notice (the "**Renewal Consent**"), which shall be contingent and conditioned upon Franchisee's continued and ongoing compliance with the Renewal Conditions, and

(2) a copy of its then-current Disclosure Document, including its Successor Franchise Agreement (collectively the "**Renewal FDD**"), which Franchisee shall acknowledge receipt of in writing.

(ii) A request for additional information to assist Franchisor in determining whether Franchisee has met the Renewal Conditions; or

(iii) Notice of non-renewal based upon Franchisee's failure to satisfy the Renewal Conditions.

(b) Franchisee Obligations upon Receipt of Renewal Consent. If Franchisor provides Franchisee with its Renewal Consent, then Franchisee shall:

(i) No sooner than 14 days but no more than 20 days after receipt of the Renewal FDD, notify Franchisor in writing as to whether Franchisee elects to execute the Successor Franchise Agreement ("**Election Notice**"); and

(ii) Prior to the expiration of the Initial Term, but in no event more than 7 days before such expiration date, return to Franchisor 3 executed copies of both the Successor Franchise Agreement and the Release.

(c) Failure to Execute Successor Franchise Agreement. If Franchisee elects to renew this Agreement and then fails to sign the Successor Franchise Agreement on or before this Agreement's expiration date, Franchisor may, in its sole discretion, either:

(i) revoke the Renewal Consent; or

(ii) charge Franchisee $50 per day for every day the Successor Franchise Agreement is not signed after this Agreement has expired. This fee shall be in addition to any other amounts due and payable to Franchisor under this Agreement.

If Franchisor has not revoked its Renewal Consent, the terms of this Agreement will govern the Franchisee's operation of the Hotel until such time as Franchisee signs the Successor Franchise Agreement or the Franchisor revokes it Renewal Consent.

Section 1.05. **Non-Renewal**. Subject to Applicable Law, if Franchisee fails to satisfy any of the Renewal Conditions or to strictly comply with obligations under Section 1.04 prior to the end of the Initial Term and/or Franchisee's execution of the Successor Franchise Agreement, then: (a) Franchisee's failure will be deemed an election by Franchisee not to renew; and (b) if Franchisor has issued a Renewal Consent, such Renewal Consent will be deemed automatically rescinded without further notice or action by Franchisor.

Section 1.06. **Effect of Non-Renewal on Expiration**. Non-renewal of this Agreement will result in the Agreement ending on the expiration date and thereby end Franchisee's franchise rights to operate the Hotel. Upon such expiration, Franchisee must meet all obligations applicable upon termination or expiration as set forth in Article XVI herein. Franchisee agrees that this Agreement does not grant Franchisee any automatic right to the Renewal Term and that Franchisor is not obligated to provide Renewal Consent.

Section 1.07. **No Restrictions**. Franchisee's rights under this Agreement are nonexclusive in all respects. Franchisor and its Affiliates have the right, without restriction, to engage in any and all activities Franchisor and they desire (including with respect to any and all types of lodging facilities), at any time and place, whether or not using the Margaritaville Intellectual Property or any aspect of the Hotel System, and whether or not those activities compete with the Hotel. Without limiting the foregoing, Franchisee acknowledges that Franchisor's Affiliates currently operate other franchised and non-franchised systems for lodging facilities and other accommodations and hospitality affiliations that use different brand names, trademarks, and service marks, including those with the "Margaritaville" name as part of their brand name, some of which might operate and have facilities near the Site during the Term, that will compete directly with Franchisee. Franchisor and its Affiliates may use or benefit from, among other things, common computer systems, administrative systems, reservation systems, purchasing systems, marketing services, and personnel. Franchisee will have no right to pursue any claims, demands, or damages as a result of these activities, whether under breach of contract, unfair competition, implied covenant of good faith and fair dealing, divided loyalty, or other theories.

ARTICLE II. DEVELOPMENT AND OPENING OF THE HOTEL

Section 2.01. **Hotel Development**. Franchisee agrees to develop the Hotel in accordance with the Hotel System's details, as set forth in the Hotel Standards or otherwise in writing. Franchisee must bear the entire cost of developing and constructing the Hotel, including professional services, financing, insurance, licensing, contractors, permits and FF&E.

Section 2.02. **Designer**. In the interest of maintaining a clear and continuing interpretation of the final design of the Hotel, Franchisee shall hire The McBride Company (or such other design firm as Franchisor may designate from time to time) as the lead designer of the Hotel ("**Designer**") within 90 days of signing this Agreement. Franchisee may use, with Franchisor's pre-approval, another lead designer provided that The McBride Company is hired as a consultant to review and approve the final design of the Hotel.

Section 2.03. **Design Plans**. Franchisee shall provide Franchisor with all design plans for the Hotel prior to implementing any such plans. The design plans shall include all aspects of the design, architecture, construction and fit-out of the Hotel, including all interior and exterior components and proposed budget

("**Design Plans**"). These Design Plans must be submitted to Franchisor for approval within 9 months of the Effective Date. Such Design Plans shall comply with the then-current Hotel Standards relating to the design of all similarly situated hotels in the Hotel System. Franchisor shall approve or disapprove of such Design Plans on a commercially reasonable basis, and within 30 days after its receipt of such Design Plans. Without limiting the foregoing, the Hotel shall be constructed with a view toward creating an environment similar to Franchisor's current Design Standards and in accordance with all Applicable Law. Franchisor agrees that once Franchisee has begun implementing Design Plans that have been approved by Franchisor, such approval may not be revoked or materially revised, although Franchisor, in its sole discretion, shall be entitled to make modifications to the Hotel Standards from time to time pursuant to Sections 3.02 and 4.06 and, following the 3rd anniversary of the Opening Date, Franchisee shall implement those modifications in accordance with the terms herein. Franchisor shall have the right, in its sole discretion, to delay the opening of the Hotel if the Design Plans are not approved and implemented pursuant to this Section 2.03.

Section 2.04. **Property Improvement Plan**. This Section 2.04 shall only apply if the Hotel is an adaptive reuse. In such instance, Franchisee must renovate the Hotel in accordance with the adaptive reuse Property Improvement Plan ("**PIP**") as agreed between the Parties and attached hereto as Exhibit C-1, and the Design Plans must comply with the attached PIP.

Section 2.05. **Technology Improvement Plan**. This Section 2.05 shall only apply if the Hotel is an adaptive reuse. If the Hotel is an adaptive reuse with an existing technology system, Franchisee must update the technology systems in accordance with the Technology Improvement Plan ("**TIP**") as prepared by Franchisor and attached hereto as Exhibit C-2.

Section 2.06. **Hotel Construction**. Construction of the Hotel must begin no later than 12 months following the Effective Date. Construction of the Hotel may not begin until Franchisor has approved the Design Plans in writing. For purposes of this Agreement, construction of the Hotel is deemed to have begun when the vertical construction or adaptation of the Hotel portion of the building begins for mixed use projects or upon pouring concrete for the Hotel's foundation or finished slab for all other projects. After Franchisor approves the Design Plans, Franchisee may not make any material changes to them (including without limitation any changes to any structural or life safety equipment or systems, the number and/or type of guest rooms or common areas, or any architectural features) without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. If material changes in the Design Plans are required during the course of the Hotel's development, Franchisee must notify Franchisor and seek Franchisor's prior consent as promptly as reasonably possible.

Section 2.07. **Costs**. All costs related to the construction, design, and development of the Hotel, including, but not limited to, designers, architects, engineers, and contractors hired by Franchisee shall be the sole responsibility of the Franchisee. Additionally, Franchisee shall be responsible for all preopening expenses associated with opening the Hotel, including without limitation, food/beverage inventory, POS System, practice meals and the like.

Section 2.08. **Opening Deadline and Extension**.

(a) Franchisee may not open or begin operating the Hotel until Franchisee has satisfied Franchisor's pre-opening conditions as set forth in Section 2.09 hereof. Franchisee must open and begin operating the Hotel under the Hotel System and the Margaritaville Intellectual Property (a) within 24 months after the Effective Date if the Hotel is a new construction, or (b) within 18 months after the Effective Date (unless otherwise provided in the PIP, if applicable pursuant to Section 2.04) if the Hotel is an adaptive reuse, as applicable (the "**Opening Deadline**").

(b) If Franchisee wants an extension of the Opening Deadline, Franchisee must submit a written request and a $10,000 extension fee to Franchisor before the Opening Deadline. If Franchisor approves the extension, Franchisor will set a new Opening Deadline, the extension fee will be non-refundable, and Franchisor may, at its option, require Franchisee to modify any previously-approved Design Plans or PIP (if applicable pursuant to Section 2.04), to comply with the then-current design, equipment, and other aspects of the Hotel System. If Franchisor denies the extension, Franchisor will refund the extension fee and the Opening Deadline will remain unchanged.

(c) All rights granted by Franchisor to the Franchisee under this Agreement are subject to the condition precedent that Franchisee shall render the Hotel a Margaritaville-branded property as required and open the Hotel to the public pursuant to this Agreement and the Hotel Standards on or before the Opening Deadline. Notwithstanding the foregoing, it shall not be a breach of this Agreement if Franchisee's failure to open the Hotel to the public as a Margaritaville-branded property by the Opening Deadline is caused by Franchisor or its Affiliates, or a Force Majeure Event.

(d) If the Hotel does not open by the Opening Deadline (as may be extended pursuant to Section 2.08(b)), then Franchisor, at its sole option, may terminate this Agreement immediately without notice to Franchisee. If terminated by Franchisor pursuant to the foregoing, this Agreement shall be null and void and Franchisor will not be required to refund or reimburse any fees or expenses paid by Franchisee in accordance with or as a result of this Agreement and Section 16.04(b) shall apply.

Section 2.09. **<u>Conditions for Opening</u>**. Franchisee must not open or begin operating the Hotel until:

(a) Franchisee has properly developed and equipped the Hotel in compliance with this Agreement and all Applicable Law;

(b) the Training Program has been completed in Franchisor's commercially reasonable discretion;

(c) all amounts then due to Franchisor have been paid;

(d) Franchisee has obtained all required certificates of occupancy, licenses, and permits to operate the Hotel, including without limitation, appropriate liquor licenses to permit alcohol beverages to be sold at the Hotel;

(e) Franchisee has given Franchisor copies of all insurance policies required under this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor requests;

(f) Franchisee has submitted to Franchisor a written certification that the Hotel complies with the approved Design Plans; was constructed in compliance with the PIP (if applicable pursuant to Section 2.04), Design Standards, Hotel System and Hotel Standards; has technology properly installed, tested and deployed in compliance all Applicable Law (and the TIP, if applicable pursuant to Section 2.05), together with any other certifications from Franchisee's architect and/or other professionals as Franchisor may reasonably require;

(g) Franchisor conducts a final inspection of the Hotel once the Hotel is ready to open for business; and

(h) For adaptive reuses, Franchisor may require Franchisee, in Franchisor's sole discretion, to close for a period of time to run concurrently with and not to exceed the training described in Section 3.01(b).

Franchisee agrees to open the Hotel within 10 days after Franchisor has conducted a final pre-opening inspection and given Franchisee its written authorization to open the Hotel. Franchisee shall immediately notify the Franchisor of the first date of operation ("**Opening Date**") after receiving such authorization.

Section 2.10. Franchisor's Pre-Opening Obligations. Franchisor agrees to use commercially reasonable efforts in connection with its review and approval of Design Plans and its approval to open the Hotel under the Margaritaville Intellectual Property, including by making a reasonable number of visits to the Site and providing reasonable guidance and advice relating to the Hotel's development or conversion. Franchisor's review and approval of Design Plans, provision of construction, design, architectural, planning and/or related services in connection with the Hotel (whether before or after signing this Agreement), and its approval to open the Hotel under the Margaritaville Intellectual Property are intended only to determine compliance with Franchisor's pre-opening requirements. However, Franchisor's determination that Franchisee has met all Franchisor's pre-opening requirements will not constitute a representation or warranty, express or implied, that the Hotel complies with Applicable Law or a waiver of Franchisee's non-compliance, or of Franchisor's right to demand full compliance, with Franchisee's pre-opening requirements or any other provision of this Agreement. Franchisor will have no liability to Franchisee for the Hotel's construction or renovation. It is Franchisee's responsibility to make sure that the Hotel complies with the Hotel Standards, Applicable Law, and permit requirements.

Section 2.11. Comfort Letters. Franchisee shall not pledge this Agreement as collateral for any financing. Franchisee must cause each lender, each ground lessor (if applicable), owner of fee simple title to the Hotel's real property or building and improvements (if Franchisee is not that owner), and each other entity with an interest (or any power or right, conditional or otherwise, to acquire an interest) in the Hotel's real property or building and improvements (each a "**Comfort Letter Party**") to sign a comfort letter or other agreement that Franchisor reasonably specifies under which such Comfort Letter Party agrees, among other things, to assume Franchisee's obligations under this Agreement (subject to Franchisor's rights herein) if the Comfort Letter Party or any of its Affiliates acquires title or otherwise assumes possession, or the right to sell or direct the disposition of, the Hotel's real property or building and improvements. Franchisee shall pay Franchisor its then-current comfort letter fee for each comfort letter that Franchisor must provide relating to the Hotel. In addition, upon Franchisor's request, Franchisee must cause each Comfort Letter Party to sign and deliver to Franchisor an estoppel in the form that Franchisor reasonably specifies concerning the status of Franchisee's contractual relationship with that Comfort Letter Party.

Section 2.12. Guaranty. Franchisee must ensure that each of its Owners with Control over the Franchisee, and any additional parties which Franchisor may specify from time to time whether that Person owns an interest in the Franchisee (the "**Guarantors**"), executes Franchisor's form of Guaranty (the "**Guaranty**") attached hereto as Exhibit D.

Section 2.13. Ownership. Franchisee acknowledges that any design elements that are part of the Margaritaville Intellectual Property and any designs created specifically for the Hotel, with the exception of designs which do not incorporate the Margaritaville Intellectual Property, and all designs which are material to the structural or functional integrity of any building, swimming pool or other sport or recreational facility, parking facility or landscape element which is included in the Hotel, shall be and are hereby non-exclusively licensed to Franchisee for the duration of the Term , but only for use in the Hotel which is the subject of this Agreement.

ARTICLE III. TRAINING, GUIDANCE, AND ASSISTANCE

Section 3.01. Training.

(a) Management Training Program. Prior to the Opening Deadline, Key Personnel shall successfully complete a training program conducted by employees or representatives of Franchisor or its Affiliates ("**Training Program**") at such Margaritaville Hotel or other Margaritaville-branded venue as selected by Franchisor in its sole discretion. The duration of the Training Program shall be as determined by Franchisor in its sole discretion to enable Key Personnel to operate and manage the Hotel. The average duration of such Training Program is approximately one week. Without limiting Section 3.01(e), Franchisor shall not charge Franchisee any costs or expenses related to the operation of the training venue and its employees used for the Training Program. All other costs associated with the Training Program shall be the responsibility of Franchisee. If any of the Key Personnel are replaced during the Term, the newly hired personnel shall be required to attend the Training Program at Franchisee's sole expense within one month of beginning employment or as otherwise agreed by the Parties.

(b) Task Force Training. In addition to the Training Program, Franchisor shall provide task force support (the "**Task Force**") to assist in pre-opening training and set up for the Hotel. The Task Force may include Franchisor's key personnel and trainers, as well as trainers from existing franchised Margaritaville Hotels & Resorts or other Margaritaville-branded venues (the "**Trainers**"). Franchisor shall determine, in its sole discretion, the quantity of resources needed. All costs arising from or related to Franchisor's Task Force personnel shall be the responsibility of Franchisor, provided that Franchisee shall provide complimentary lodging to such personnel during the Task Force period. All other costs associated with the Task Force, including costs related to the lodging, per diem, travel expenses, and any other costs related to the Hotel's use of the Trainers shall be the responsibility of Franchisee. Such training shall be conducted on such days and times as mutually agreed to by the Parties. The Training Program shall include a customized course of training covering the procedures necessary to properly operate the Hotel. Task Force support may be provided at the Hotel for a minimum of 10 days and a maximum of 14 days. There is no fee for the training programs, but you will cover the expenses for our personnel to provide the training. Further, with respect to the Task Force, if you are not able to demonstrate compliance with Franchisor's Hotel Standards, as determined in Franchisor's sole discretion, after 14 days of training at the Hotel, then the Task Force may stay longer until Franchisee is able to demonstrate compliance with Hotel Standards, as determined in Franchisor's sole discretion. In such event, Franchisee will be required to pay $500 per day per trainer for each additional day the Task Force remains until Franchisee becomes compliant with Hotel Standards, in addition to the Task Force's additional expenses associated with their extended stay.

(c) Additional Training. At various times throughout the Term, including prior to the Opening, Date, Franchisor may conduct conferences, programs, webinars, teleconferences, regional or national conventions or meetings, onsite training by experienced personnel of other Margaritaville Hotels & Resorts or other Margaritaville-branded venues, or additional or refresher training sessions on matters related to the Hotel System. Franchisor will determine the duration, curriculum, and location of such additional training programs, which may take the form of web-based training modules, webinars, seminars, in-person training, or on-site training. Franchisee's Key Personnel, Owners and other Hotel personnel that Franchisor designates must attend any additional training. Franchisor may also, at its option, provide other optional training programs from time to time during the Term. Any such training will be provided at Franchisee's expense.

(d) Optional Training. Franchisee may request additional training be provided to Hotel personnel. Franchisor, in its discretion, may provide such requested training at Franchisee's expense. Any specific training, guidance or assistance that Franchisor provides does not create an obligation (whether by course of dealing or otherwise) to continue providing that specific training, guidance or assistance, all of which Franchisor may periodically modify.

(e) Training Fees. Franchisee must pay Franchisor's then-current fees for any onsite or offsite training that the Hotel's personnel attend, including, but not limited to, the Training Program. Franchisee shall also be responsible for all costs associated with Hotel personnel related to the Training Program or other training as required pursuant to this Section 3.01, including without limitation, wages, salaries, housing, travel-related expenses and per diem charges incurred by the trainees, subject to a mutually agreed budget. Except as otherwise specified herein, if the training is conducted onsite at the Hotel, then Franchisee must cover the costs of lodging and living expenses for all persons conducting such training, including, but not limited to Franchisor personnel.

Section 3.02. Hotel Standards Manual. Franchisor shall provide Franchisee access to the electronic media and/or written materials reflecting the then-current Hotel Standards (the "**Manual**") during the Term. Franchisee must comply with the terms of the Manual and any Supplements to the Manual (defined below), as Franchisor periodically modifies it. The Manual and any Supplements to the Manual may include electronic media and/or written materials and Franchisee agrees to monitor and access any updates to the Manual, Hotel Standards, or other aspects of the Hotel System. Subject to Section 4.17, Franchisor may make additions to, deletions from, and modifications to the Manual and the Hotel Standards ("**Supplements**") from time to time and in any form or fashion, including:

(a) altering the products, accounting and computer systems, forms, policies, and procedures of the Hotel System;

(b) adding, modifying, or substituting the equipment, signs, trade dress, and other Hotel characteristics that Franchisee is required to use or display (subject to the limitations set forth in this Agreement);

(c) implementing new programs and policies, which may require Franchisee to incur additional expenses, purchase new equipment or supplies, or pay additional reasonable fees; and

(d) changing, improving or modifying the Margaritaville Intellectual Property.

Franchisor will communicate all Supplements in writing or electronically to Franchisee, as Franchisor deems appropriate. Franchisee must, as soon as commercially reasonable, adopt and use any Supplements to the Manual, provided that Franchisor shall enforce such Supplements on a basis consistent with other Margaritaville Hotels & Resorts of similar size and amenities as the Hotel. All Supplements to the Manual are binding on Franchisee as if they were part of the Manual previously provided to Franchisee. All references in this Agreement or otherwise to the Manual will include any and all Supplements to the Manual. Subject to Section 4.17

, Franchisee acknowledges that changes in the Hotel Standards or Manual may obligate Franchisee to invest additional capital in the Hotel and/or incur higher operating costs. Franchisee agrees that

Franchisor owns all proprietary rights in and to the Hotel System and the Manual. The Manual will at all times remain Franchisor's property. Franchisee agrees to restrict (and ensure its Key Personnel restrict) access to the Manual in accordance with Franchisor's policies, as Franchisor periodically modifies them. If there is a dispute between the Parties over a version of the content of the Manual, Franchisor's master version of the Manual controls. Franchisee agrees that the Manual's contents and any passwords or other digital identifications necessary to access the Manual constitute Confidential Information.

Section 3.03. **Marketing Services**. Franchisor shall provide services and marketing guidelines to market the Hotel System and the Margaritaville brand as it determines are necessary from time to time to promote the Hotel System and brand (the "**Marketing Program**"). This Marketing Program shall include, but not be limited to, the services set forth on Exhibit E of this Agreement, which Franchisor may change during the Term. Franchisor shall provide Franchisee access to the electronic and/or written materials reflecting the current marketing requirements and restrictions. Franchisee must comply with the terms of the requirements and restrictions with respect to Franchisee's respective marketing efforts, as Franchisor periodically modifies them, except for those items which are specifically indicated as being optional. Franchisor shall not be required to direct any expenditures or service of the Marketing Program specifically to the Hotel. Franchisee will not be entitled to inspect the books or records of any expenditures related to the Marketing Program, nor will Franchisee be entitled to an audit of any such expenditures. No fees related to the Marketing Program will be held in trust by Franchisor, nor is Franchisor required to expend any such fees on specific services.

Section 3.04. **Other Arrangements and Delegation**. Franchisor may arrange with its Affiliates or other third parties to provide development, marketing, operations, administration, technical, and support functions, facilities, services, and/or personnel related to the Hotel System. Franchisor and its Affiliates also may use any functions, facilities, programs, services, and/or personnel used in connection with the Hotel System in Franchisor's and its Affiliates' other business activities, even if these other business activities compete with the Hotel or the Hotel System. Franchisee agrees that Franchisor has the right, in its sole discretion, to delegate the performance of any portion or all of its obligations under this Agreement to third-party designees, whether these designees are its Affiliates, agents, or independent contractors with whom Franchisor contracts to perform these obligations. If Franchisor does so, the third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement. However, unless Franchisor notifies Franchisee in writing of its delegation of any such obligations or its transfer of this Agreement pursuant to Section 12.01, Franchisee agrees that it shall look only to Franchisor and not to any other person or entity (including an Affiliate of Franchisor) for the performance of such obligations, as only Franchisor (and not any of Franchisor's Affiliates or any other person or entity) has undertaken such obligation.

ARTICLE IV. OPERATION OF THE HOTEL

Section 4.01. **Operating Guide**. The operating guide for the Hotel shall be approved in advance by Franchisor in writing before the Opening Date. Franchisor may provide Franchisee a sample hotel operating guide to provide the Franchisee with a better understanding of the Hotel Standards. Any material updates to the operating guide shall be approved by Franchisor in writing.

Section 4.02. **Meetings**. Franchisee shall meet, in person or by telephone, with Franchisor: (i) prior to the Opening Date, on a monthly basis; and (ii) thereafter, on a quarterly basis, or more or less frequently as reasonably requested by Franchisor in order to discuss the ongoing operation and management of the Hotel. Such meetings shall be in addition to any audits conducted pursuant to Section 4.12 of this Agreement.

Section 4.03. **Management of the Hotel**.

(a) Management Company. Subject to Franchisor's approval, the Hotel shall be managed directly by Franchisee or by a management company (a "**Management Company**"). Franchisor may refuse to approve a proposed Management Company or refuse to approve Franchisee's management of the Hotel. If Franchisor refuses to approve Franchisee to manage the Hotel, then Franchisee must engage a Management Company approved by Franchisor. Franchisee or the Management Company shall at all times retain and exercise direct management control over all aspects of the Hotel's business and be the employer of the Hotel's personnel. Franchisee shall not enter into any lease, management agreement, or other similar arrangement with a Management Company for the management or other oversight of all or a part of the Hotel's operation (a "**Management Arrangement**") without Franchisor's prior written approval, pursuant to Section 4.03(b). Franchisee will approve an arrangement that meets Franchisor's minimum qualifications and ensures that its personnel attend and complete required brand standard training programs. Franchisor requires, as a condition of its acceptance, that each Management Company sign an agreement in favor of Franchisor acknowledging, among other things, that the Management Company does not have an ownership interest in Franchisee and that the Management Company will be bound by the restrictive covenants in this Agreement, including without limitation, covenants governing Franchisor's Confidential Information and non-competitive covenants ("**Management Rider**"). Notwithstanding the foregoing, Franchisee acknowledges and agrees that compliance with the terms and obligations of this Agreement shall be Franchisee's responsibility even though Franchisee may retain a Management Company.

(b) General Manager. During the Term, the Franchisee (or the Management Company) shall, using commercially reasonable judgment, appoint one or more Persons to exercise primary responsibility for management of the Hotel (or any component thereof, including without limitation the Food and Beverage Service) and oversee the operation and maintenance of the Hotel (each, a "**General Manager**"). Before a General Manager is engaged, Franchisee shall submit to Franchisor the proposed candidate's identity and qualifications and Franchisor may consult with Franchisee regarding his/her management experience, qualifications, and ability to maintain the Hotel Standards. At Franchisor's option, Franchisor may meet with the General Manager candidate before he/she is hired. If the General Manager fails to ensure that the Hotel satisfies the Hotel Standards, Franchisor may require Franchisee (or the Management Company) to hire a new General Manager.

(c) Management Criteria and Standards. The Management Company and General Manager shall manage the Hotel in accordance with this Agreement, the Manual and the Hotel Standards. In the event that a Management Company or General Manager fails to manage the Hotel in accordance with such criteria and standards, such failure shall constitute a default of this Agreement and, if not cured within the time period set forth in Article XIII of this Agreement, Franchisor shall have the right to exercise the remedies set forth under Article XIV hereof. Franchisee shall have the right, in its sole discretion, to terminate a Management Company or General Manager for due cause without any prior notice to or approval from the Franchisor. Franchisee will immediately notify Franchisor of such a termination occurrence and will proceed in the recruitment and subsequent appointment of a new Management Company or General Manager in accordance with this Section 4.03.

(d) Franchisee's Management Obligations. Franchisee acknowledges and agrees that compliance with the terms and obligations of this Agreement shall be Franchisee's responsibility even though Franchisee may retain a Management Company and a General Manager.

Section 4.04. **Staffing**. Franchisee or the Management Company (as applicable) is solely responsible for hiring the Key Personnel and other Hotel personnel and determining the terms and conditions of their employment. Franchisee or the Management Company (as applicable) must hire and properly train all Key Personnel, including providing any training necessary in addition to the Training Program, and have a Key Personnel team in place at the Hotel at all times. Franchisee must ensure that each member of the Hotel's Key Personnel spends all of his or her working time at the Hotel fulfilling his or her management and operational responsibilities and does not concurrently maintain a position at another lodging facility. Franchisor and Franchisee agree that any materials, guidance, or assistance that Franchisor provides with respect to employment-related policies or procedures, whether in the Manual or otherwise, are solely for Franchisee's (and/or the Management Company's) optional use. Those materials, guidance and assistance do not form part of the mandatory Hotel Standards. Franchisee (or the Management Company) will determine to what extent, if any, these materials, guidance, or assistance should apply to the Hotel's employees. Franchisee acknowledges that Franchisor does not dictate or control labor or employment matters for franchisees and their employees and will not be responsible for the safety and security of Hotel employees or patrons. Franchisee (or the Management Company) is solely responsible for determining the terms and conditions of employment for all Hotel employees (including Key Personnel), for all decisions concerning the hiring, firing and discipline of Hotel employees, and for all other aspects of the Hotel's labor relations and employment practices.

Section 4.05. **Data Ownership, Use, and Protection**.

(a) Guest Profile Data.

(i) *Ownership and Use*. All Guest Profile Data is and shall remain the property of Franchisor (and its Affiliates) and shall at all times be Confidential Information. Franchisee must obtain from Hotel guests, prospective guests and third parties all consents and authorizations, and provide guests with all disclosures required by Applicable Law and necessary to transmit Guest Profile Data to Franchisor or its Affiliates, and for Franchisor and its Affiliates to use that Guest Profile Data, in the manner contemplated by this Agreement and Franchisor's then-current privacy notice. Franchisee shall provide Franchisor with access to all Guest Profile Data in Franchisee's possession or control through an automated process, in the format and manner specified by Franchisor, and Franchisor shall have the right to access the Hotel's property management system ("**PMS**") and other computer systems upon request to review and retrieve Guest Profile Data. Franchisor grants Franchisee a limited, revocable, non-transferrable right and license to use the Guest Profile Data in Franchisee's possession during the Term solely as necessary and allowed by Applicable Law to market to and provide services to the Hotel's guests and prospective guests. Unless Franchisor (in its sole discretion) has approved in writing and in advance or as otherwise required by Applicable Law, and, only to the extent required by Applicable Law, the Guest Profile Data shall not be: (a) used by or on behalf of Franchisee for any other purpose; (b) disclosed, sold, shared, assigned, leased or otherwise provided to third parties by or on behalf of Franchisee; or (c) commercially exploited by or on behalf of Franchisee. Franchisee shall not use Guest Profile Data to market other brands and shall not combine the sales, marketing, promotion and/or advertising of any other brand with the sales, marketing, promotion and/or advertising of the Hotel unless specifically approved by Franchisor. Franchisee shall not create, engage in, or promote any separate additional applications, loyalty or rewards programs or any kind other than those approved by Franchisor. Franchisee shall not manually upload or edit Guest Profile Data or data lists of any kind into the system without the express written consent of Franchisor. Franchisee is not permitted to purchase or sell data lists, or make third-party data sharing agreements for use in connection with the Hotel.

(ii) *Third Party Subcontractors*. Franchisee may only authorize a third party (subcontractor) or Affiliate to process the Guest Profile Data if: (a) Any such subcontractor or Affiliate is approved by Franchisor in writing prior to engagement by Franchisee, or in the case of an Affiliate, if the use of the Guest Profile Data by the Affiliate is approved in writing by Franchisor before access to the Guest Profile Data is granted to the Affiliate; (b) Franchisee enters into a written contract with the subcontractor or Affiliate that contains terms substantially the same as those set out in this Agreement and, upon the Franchisor's written request, provides the Franchisor with copies of such contracts; (c) Franchisee maintains control over all Guest Profile Data it entrusts to the subcontractor or Affiliate; and (d) the subcontractor's or Affiliate's contract terminates automatically on termination of this Agreement for any reason.

(iii) *Assignment*. To the extent Franchisee acquires any rights in the Guest Profile Data by operation of Applicable Law, Franchisee hereby irrevocably assigns, transfers and conveys to Franchisor (and Franchisee shall cause Franchisee Agents to assign, transfer and convey to Franchisor), without further consideration all of its and their right, title and interest in and to the Guest Profile Data. Upon request by Franchisor, Franchisee shall and shall cause Franchisee Agents to execute and deliver to Franchisor any other documents that may be necessary or desirable under any Applicable Law to preserve, or enable Franchisor to enforce, its rights with respect to the Guest Profile Data.

(iv) *Policies*. Franchisee shall develop, maintain, and enforce all necessary privacy and security policies and procedures in order to comply with Data Protection Laws and the requirements of this Agreement. Franchisee shall limit the disclosure of Guest Profile Data to only those Franchisee personnel who: (a) have been advised of the proprietary nature of the Guest Profile Data; (b) have acknowledged the obligation to maintain the confidentiality of the Guest Profile Data in accordance with the terms of this Agreement; (c) have undertaken reasonable training on the Data Protection Laws relating to handling the Guest Profile Data and Confidential Information and how they apply to their particular duties; and (d) are aware of the Franchisee's duties and their personal duties and obligations under the Data Protection Laws and this Agreement. Franchisee personnel shall only use the Guest Profile Data to market to and provide services to the Hotel's guests and prospective guests at the direction of Franchisee, and Franchisee will take reasonable steps to ensure the reliability, integrity, and trustworthiness of all Franchisee's personnel with access to the Guest Profile Data.

(v) *Termination*. Upon termination of this Agreement or expiration of the Term, any continued use of the Guest Profile Data by Franchisee shall be (a) solely in connection with Franchisee's operation of the Hotel, (b) at Franchisee's own risk, and (c) subject to Applicable Law and any surviving provisions hereof.

(b) Data and Consumer Protection Laws. Franchisee represents, warrants and covenants that it is familiar with the requirements of, and that it has been, is and will continue at all times to be, in compliance with all consumer protection, data protection, privacy and cybersecurity laws that may be applicable to the Hotel, the Hotel System, Franchisor or Franchisee, including but not limited to the Regulation 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the Processing of Personal Data and on the free movement of such data (General Data Protection Regulation) ("**GDPR**"), the California Consumer Privacy Act of 2018 (as amended by the California Privacy Rights Act of 2020) ("**CCPA**"), the Virginia Consumer Data Protection Act ("**CDPA**"), the Colorado Privacy Act ("**CPA**"), the Utah Consumer Privacy Act ("**UCPA**"), the Connecticut Personal Data Privacy and Online Monitoring Act ("**CPDPA**"), the Telephone Consumer Protection Act of 1991 ("**TCPA**"), the Controlling the Assault of Non-Solicited Pornography and Marketing Act (the "**CAN-SPAM Act**"), the Telemarketing Sales Rule ("**TSR**") and the Junk Fax Prevention Act, any regulations related thereto, and similar federal, state and local privacy-related and telemarketing-related laws, rules, regulations and ordinances ("**Data Protection Laws**"). Franchisee grants Franchisor the right to take reasonable and appropriate steps to ensure all Guest Profile Data is being processed in accordance with Data Protection Laws. Franchisee further represents, warrants and covenants that no person (including any Governmental Authority) has provided Franchisee any notice or commenced any action or investigation with respect to a potential violation by Franchisee of the TCPA or any other Applicable Law, and that Franchisee will notify Franchisor of any such notice, action or investigation by e-mail at legal@margaritaville.com within 15 calendar days following Franchisee's receipt of such notice, action or investigation. Franchisee must promptly inform Franchisor if Franchisee determines that it can no longer meet its obligations under Data Protection Laws. Additionally, Franchisee shall take such actions and execute such documents, disclosures, and notices as required by law or as requested by Franchisor that are necessary for compliance with any of the Data Protection Laws by Franchisor or its Affiliates within a reasonable timeframe. Upon written request, Franchisee will provide all documents disclosures, notices, and other relevant records to Franchisor to demonstrate compliance with Data Protection Laws. Franchisee grants Franchisor the right to take reasonable and appropriate steps to remediate any unauthorized use of Guest Profile Data and will reimburse Franchisor and its Affiliates for all costs and damages incurred in connection with Franchisee's non-compliance with the Data Protection Laws.

(c) Data Subject Requests. For any data subject request submitted to Franchisee that requires Franchisor's cooperation or assistance for Franchisee to process the request in accordance with Applicable Law (e.g., data subject requests that implicate Guest Profile Data), Franchisee shall:

(i) Upon receiving notice of the request, inform Franchisor of the request within 2 days by emailing Franchisor at legal@margaritaville.com.

(ii) Provide all relevant information and reasonable assistance requested by Franchisor in connection with the request.

(iii) Be responsible for processing and responding to the request in accordance with Applicable Law.

(iv) In its response back to the consumer, inform the consumer: (i) that Franchisee is part of a franchisor/franchisee relationship with Margaritaville Enterprises LLC, through which Franchisee owns and operates an individual Margaritaville hotel, resort, or restaurant (as applicable); (ii) the data subject request that was submitted to Franchisee only applies to personal information collected and processed by

Franchisee, and not personal information collected or processed by Margaritaville Enterprises LLC or any other Margaritaville branded hotel, resort, or restaurant; and (3) for any questions, comments, or data subject requests pertaining to Margaritaville Enterprises LLC or any other Margaritaville franchisee or licensee, the consumer should reach out to Margaritaville Enterprises LLC, the franchisee, or the licensee directly.

(d) Information Practices Complaints. Franchisee shall promptly notify Franchisor of any complaint relating to the processing of Guest Profile Data, including allegations that the processing infringes on an individual's rights. Franchisee shall cooperate with Franchisor and provide all documents and information reasonably requested in order for Franchisor to assess and, if determined by Franchisor that a response is needed, to respond to the complaint. Franchisee agrees that it will inform Franchisor if it believes that any Franchisor instructions made in the context of an audit or inquiry regarding the processing of Guest Profile Data pursuant to this Agreement would violate Applicable Law. If a website is developed pursuant to Section 8.07 hereof, Franchisee shall be solely responsible for ensuring the licensed URL is maintained with accurate disclosures and policy notices and complies with Data Protection Laws.

(e) Protection of Data. Franchisee shall and shall cause Franchisee Agents to implement, maintain and enforce reasonable administrative, electronic, technical, physical, logical, and other security measures and safeguards consistent with (a) industry frameworks and guidelines (e.g., the NIST Cybersecurity Framework or CIS Controls); (b) any applicable Franchisor policies (c) the information security policies of Franchisee; and (d) Applicable Laws in order to: (i) prevent unauthorized access, use or disclosure of the Guest Profile Data and Confidential Information of Franchisor (including during storage, transmission and disposal); (ii) protect against any anticipated threats or hazards to the security or integrity of the Guest Profile Data and Confidential Information of Franchisor; (iii) limit access to the Guest Profile Data and Confidential Information of Franchisor to those personnel of Franchisee who have a reasonable need for such information; and (iv) ensure the proper, secure and lawful storage, transmission and disposal of the Guest Profile Data and Confidential Information within possession or control of Franchisee and Franchisee Agents. Franchisee shall and shall cause the Franchisee Agents to encrypt all Guest Profile Data during storage and transmission. Franchisor may, from time to time, notify Franchisee of additional, new or updated security requirements; provided, that Franchisee shall be responsible for any Franchisee costs required to implement such requirements. Franchisee shall (and for clarity, Franchisee shall ensure the Franchisee Agents) comply with such new security requirements within sixty (60) days of notice thereof. Franchisee shall ensure that Guest Profile Data is not physically transferred to, accessed by, or otherwise processed by any personnel or systems outside of the United States or any country or territory where the Hotel is located. Franchisee shall ensure training of Franchisee's personnel includes cyber security awareness.

(f) Unauthorized Disclosure of Data.

(i) *Security Incident Management.* Franchisee shall maintain a written, up-to-date information security incident plan that (i) has been approved by management; (ii) is communicated to all employees; and (iii) has an owner to maintain and review the incident response management program. The security incident plan shall include, at a minimum, processes for responding to a cybersecurity event, goals for the response plan, roles and responsibilities, internal and external communication plans, requirements for remediation, documentation and reporting related to incident response activities, and post-incident evaluation and policy revision activities. The security incident plan shall address different types of cybersecurity events, including disruptive events such as ransomware incidents.

(ii) *Security Incident Notification.* In the event of a Security Incident, Franchisee shall: (i) promptly inform Franchisor in writing of such Security Incident, but by no later than twenty-four (24) hours from the date Franchisee obtains actual or constructive knowledge of the Security Incident; (ii) promptly investigate, correct, mitigate, remediate, and otherwise handle the Security Incident, including by identifying Guest Profile Data or Confidential Information that may have been accessed, acquired, disclosed, or used as a result of the Security Incident and taking sufficient steps to prevent the continuation and recurrence of the Security Incident; and (iii) immediately provide information, including artifacts required for incident response and forensics investigations, and assistance, such as preservation and retention of logs and data relevant to the evaluation, requested by Franchisor.

(iii) The written notice to the Franchisor required in the previous sentence must be sent to legal@margaritaville.com and shall include, at a minimum (if known, and to Franchisee's knowledge as of the time of the notice): (i) the type of Guest Profile Data or Confidential Information that may have been accessed, acquired, disclosed, or used as a result of the Security Incident, (ii) if any Personal Data may have been accessed, acquired, disclosed, or used, the type of personally identifiable data and the names and contact information of all individuals whose personally identifiable data may have been impacted by the Security Incident, (iii) Franchisee's plan for corrective actions to respond to the Security Incident; and (iv) steps taken to secure Guest Profile Data or Confidential Information and preserve information for any necessary investigation. Franchisee shall not unreasonably delay its notification to Franchisor. Additionally, Franchisee shall provide regular updates to Franchisor regarding the Security Incident and shall notify Franchisor promptly as new information becomes known, until the Security Incident is fully remediated to Franchisor's reasonable satisfaction.

(iv) All information relating to the Security Incident must be retained by Franchisee until Franchisor has consented in writing to its destruction. If requested by Franchisor and subject to Franchisor's confidentiality obligations, Franchisee shall permit Franchisor and its agents to access Franchisee's facilities and/or the affected hardware or software, as applicable, to conduct a forensic analysis of such Security Incident. Depending upon the type and scope of the Security Incident, Franchisor personnel may participate in: (i) interviews with Franchisee's employees and subcontractors involved in the Security Incident; and (ii) review of all relevant records, logs, files, reporting data, systems, Franchisee devices, and other materials as otherwise required by Franchisor. Franchisee shall obtain cyber security insurance in the amounts required by Franchisor and provide a Certificate of Insurance from the insurer to Franchisor, naming Franchisor as an additional insured of Franchisee. Further, Franchisee shall follow industry accepted practices surrounding the patching of system vulnerabilities. Franchisee shall install anti-virus and spyware software on Franchisee's computer systems and ensure such software and Franchisee's computer systems are updated with the current version at all times.

(v) *Notification.* Although Franchisee is solely responsible for compliance with all data breach notification requirements under Data Protection Laws, Franchisee: (1) will not inform any third party of a Security Incident without first notifying Franchisor; and (2) will not issue any notices, messaging, press releases, or similar disclosures to any third party relating to the Security Incident without review and approval of such communications; provided, however, Franchisee may provide notice of a Security Incident to its insurance carrier, incident response provider, legal counsel, or law enforcement without Franchisor's consent. Franchisee acknowledges and agrees that compliance with all Data Protection Laws shall be Franchisee's responsibility even though Franchisee may coordinate its response to a Security Incident with Franchisor. If Franchisor determines that it may need to notify any individual(s) as a result of such Security Incident (unless such Security Incident was solely caused by Franchisor's negligence), Franchisee shall bear all direct and indirect costs associated with such determination including, without limitation, the costs associated with remedial measures (including, without limitation, notice to affected individuals, credit monitoring services, identity restoration services, fraud insurance, the establishment of a call center to respond to customer inquiries and any forensic analysis, including any forensic analysis required by any payment card brand, required to determine the scope of the Security Incident). Franchisee's obligations under this Section and any breach by Franchisee of the obligations in this Section shall not be subject to any limitations on damages suffered by Franchisor or its Affiliates. No limitation or exclusion in the Agreement shall limit Franchisor's rights to recover from Franchisee damages, losses or sanctions suffered by Franchisor to the extent of amounts recovered by, or sanctions awarded to, a third party which are caused by Franchisee's breach of the obligations in this Section, regardless of how such amounts or sanctions awarded to such third party are characterized.

(g) <u>Benchmarking Data</u>. On a monthly basis, Franchisee shall report ADR, Occupancy and other benchmarking data for the Hotel to STR/Smith Travel Research (or such other market analysis firm as Franchisor may designate from time to time). To the extent that Franchisee elects to utilize HotStats for competitive set data, Franchisee shall sign a release with HotStats to allow such data to be shared with Franchisor.

(h) <u>PCI Compliance</u>. Without limiting any other obligation of Franchisee under this Agreement, Franchisee acknowledges and agrees that it is responsible for securing Payment Card Data and that the following provisions shall apply:

(i) *Obligation to Comply*. Franchisee shall and shall cause the Franchisee Agents to comply with (a) the most current version of the Payment Card Industry Data Security Standards (including the payment application data security standards), as amended or updated from time to time (the "**PCI Security Standards**") and (b) the requirements set forth herein for the handling of Payment Card Data and any such related obligations as reasonably requested by Franchisor from time to time.

(ii) *Restrictions on Use*. Franchisee acknowledges and agrees that Payment Card Data may only be used for assisting in completing a card transaction, for fraud control services, for a Loyalty Program, or as otherwise permitted by Franchisor. Franchisee shall handle all Payment Card Data in accordance with the PCI Security Standards, Applicable Law and the requirements of the agreements between Franchisee and processors of Payment Card Data.

(iii) *Security Incident*. In the event of a Security Incident with respect to Payment Card Data, in addition to the obligations of Franchisee set forth in this Section 4.05 above, Franchisee shall and shall cause the Franchisee Agents to promptly provide Franchisor or its designee (e.g., Visa, MasterCard, American Express, Discover), and the issuing financial institution and their respective designees access to the facilities and all pertinent records of Franchisee and Franchisee Agents to conduct a review of Franchisee's compliance with the requirements set forth in this Section. Franchisee shall and shall cause the Franchisee Agents to cooperate fully with any reviews of their facilities and records provided for in this paragraph. Although Franchisee is solely responsible for compliance with all data breach notification requirements under Data Protection Laws, Franchisee will not inform any third party of a Security Incident without first notifying Franchisor. Franchisee acknowledges and agrees that compliance with all Data Protection Laws shall be Franchisee's responsibility even though Franchisee may coordinate its response to a Security Incident with Franchisor.

(iv) *Survival*. Franchisee is responsible for securing and protecting the confidentiality of Payment Card Data in its possession for as long as the Payment Card Data is maintained, including after expiration or termination of this Agreement.

Section 4.06. Hotel Standards.

(a) Subject to Section 15.04 or any Force Majeure Event, Franchisee must operate the Hotel 24 hours a day, every day, and use the Hotel and its premises solely for the business franchised under this Agreement.

(b) Without prior written approval from Franchisor, Franchisee may not operate, or allow any third party to operate, a time share office or desk or any other area from which time share interests, similar interests, or rights relating to any other property or service are offered or sold on or from any part of the Hotel premises.

(c) Franchisee must at all times ensure that the Hotel is operated in compliance with the Hotel System, the Manual, and all other written Hotel Standards. Hotel Standards may regulate, among other things:

(i) any aspect of the Hotel's operation which impact the reputation and goodwill of the brand;

(ii) standards relating to the design, maintenance, décor, life safety, cleanliness, and sanitation, including periodic cleaning, repainting, and redecorating of the Hotel in compliance with the Hotel System;

(iii) the provision of efficient, courteous, competent, prompt, and high-quality service to the public;

(iv) quality standards and the types of services, concessions, amenities, and other items that Franchisee may or must use, promote, or offer at the Hotel;

(v) standards and specifications for FF&E, supplies, and other goods and services that the Hotel uses or sells;

(vi) standards for the Hotel technology and other system components;

(vii) use of the Margaritaville Intellectual Property, including the display, style, location, and type of signage and all uses of the Margaritaville Intellectual Property and/or references to the Hotel in connection with any social networking or social media sites or tools;

(viii) directory and reservation service listings of the Hotel and methods for using required and authorized technology systems;

(ix) creating a favorable response to the name "Margaritaville Hotels & Resorts" and the names of any brand extensions, other Margaritaville Intellectual Property, and brand-specific programs bearing the "Margaritaville" name;

(x) honoring all nationally recognized credit cards and other payment mechanisms that Franchisor periodically designates and entering into all necessary credit card and other agreements with the issuers of those cards and other applicable parties;

(xi) complimentary and reduced-rate room policies applicable to all similarly situated Margaritaville Hotels & Resorts (subject to Reasonable Deviations);

(xii) secret shopper programs, guest relations programs, and guest complaints and resolution programs, including reimbursing dissatisfied guests for their costs of staying at the Hotel and participating in other guest satisfaction programs in the manner Franchisor periodically specifies;

(xiii) delivering to Franchisor or otherwise providing Franchisor access to the Guest Profile Data as described in Section 4.05;

(xiv) record retention policies and programs;

(xv) policies and procedures regarding the collection, storage, use, processing and transfer of personal data (which includes information that identifies or is capable of identifying an individual), payment card data, or other financial data and information, including any data privacy or data security compliance programs, any payment card industry data security standards, together with any related audit or certification requirements, and all other applicable data protection and privacy laws and regulations;

(xvi) pricing and room standards and specifications comparable to other upscale, select-service hotels in Franchisee's area as identified by Smith Travel Research's reported data for the market;

(xvii) quality assurance measures for the Hotel and the Hotel System, including deficiency action policies and other measures concerning the Hotel's compliance with the Hotel System, the Manual, and Hotel Standards; and

(xviii) participation in and compliance with the terms of all of Franchisor's mandatory marketing, reservation service, website/CMS platform and analytics, social media platforms and structure, photography and videography program, rate and room inventory management, advertising, cooperative advertising, guest frequency, social responsibility, discount or promotional, customer award, customer loyalty, Internet, computer, training, financial reporting and operating programs, including: (i) an approved PMS that interfaces with the CRS or any other central reservation system Franchisor periodically adopts; and (ii) a financial reporting software or service of Franchisor's choosing to interface with the Hotel's POS/PMS system and transmit to Franchisor real-time data related to revenue and overall hotel performance. Franchisor reserves the right to collect any and all data and information that relates to the overall performance of the Hotel. Franchisor may periodically establish and/or coordinate these programs with third parties Franchisor designates. These third parties may (but need not) be Franchisor's Affiliates. Franchisee must sign and comply with any license, participation and other agreements Franchisor periodically specifies relating to these programs.

(d) Franchisee acknowledges that Franchisor and its Affiliates may operate, and authorize others to operate, Margaritaville Hotels & Resorts inside and outside the United States providing additional, fewer and/or different amenities and services to guests than the Hotel provides, or that otherwise operate in a manner that is substantially different from the manner in which the Hotel operates. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor deems best, to vary the Hotel System and Hotel Standards for any Margaritaville Hotel based upon the peculiarities of any condition or factors that Franchisor considers important to that hotel's successful operation ("**Reasonable Deviations**"). Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

Section 4.07. <u>Sources of Products and Services</u>.

Franchisor may require Franchisee to acquire FF&E, OS&E, technology, equipment, supplies, and other goods and services from one or more sources that Franchisor periodically designates or approves for the purpose of maintaining the Hotel Standards, the Margaritaville brand, and uniformity across the Hotel System. If Franchisee wishes to obtain any FF&E, OS&E, technology, equipment, supplies or other goods and services from a source that is not currently a Franchisor approved or designated supplier, then the Franchisee must send Franchisor a request in writing with any information and samples that Franchisor deems necessary to determine whether the product, service, and source comply with Franchisor's then-current standards for that product, service, or source. The decision to designate or approve a supplier or source for a particular product or service is in Franchisor's sole discretion. **FRANCHISOR AND ITS AFFILIATES EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL PRODUCTS THAT FRANCHISOR OR ITS AFFILIATES OFFER, SELL, OR REQUIRE FOR THE HOTEL ("SOURCED PRODUCTS"). FRANCHISEE'S EXCLUSIVE REMEDY AND FRANCHISOR AND ITS AFFILIATES' EXCLUSIVE LIABILITY FOR ALL CLAIMS RELATED TO SOURCED PRODUCTS IS LIMITED TO FRANCHISEE'S REMEDIES AGAINST THE GIVEN THIRD-PARTY SUPPLIER OR MANUFACTURER FOR ANY OF THE SOURCED PRODUCTS THAT THEY PROVIDE. THIS DISCLAIMER OF WARRANTIES DOES NOT AFFECT ANY CLAIMS FRANCHISEE MAY HAVE AGAINST THIRD PARTY MANUFACTURERS OR SUPPLIERS OF ANY SOURCED PRODUCTS.**

Section 4.08. <u>Central Reservation System</u>. Franchisor has implemented a central reservation system ("**CRS**") through which guests may make reservations at the Hotel System. Franchisee shall adopt such CRS pursuant to the CRS Agreement attached hereto as Exhibit F, which includes payment by Franchisee of a one-time set-up fee and a central reservation fee, calculated generally on a "Per Transaction" basis.

Such fees may be increased from time-to-time based on increases in the underlying charges paid by Franchisor for the CRS. Franchisor reserves the right to modify or change, at its sole discretion, the CRS at any time upon 60 days' notice to Franchisee. Franchisee bears sole responsibility for room inventory management, including rates and availability and restrictions.

Section 4.09. **Customer Relationship Management System**. In connection with the CRS, Franchisee shall also participate in Franchisor's customer relationship management system ("**CRM System**") pursuant to the CRM Agreement attached hereto as Exhibit G, which includes payment by Franchisee of a one-time set-up fee, as well as ongoing fees, calculated generally on a "Per Room" basis. Such fees may be increased from time-to-time based on increases in the underlying charges paid by Franchisor for the CRM System. The CRM System allows Franchisor, Franchisee, and other properties to share valuable guest profile information that develops a single, measurable view of Hotel guests. The CRM System includes a secure interface between the Hotel's PMS and the CRS.

Section 4.10. **Technology**. Franchisor will from time to time during the Term of this Agreement negotiate on behalf of current and future Margaritaville Hotels & Resorts, agreements with specific providers of various technology systems necessary to run the Hotel, including, but not limited to, a CMS, PMS, point of sale system ("**POS System**"), CRS, CRM, employee performance platform, enterprise reporting platform, high speed internet access service, financial reporting systems, music and video distribution systems, website marketing technology, and electronic door lock systems. Franchisor may, at its option and in its sole discretion, require Franchisee to procure the required technology from specific providers or from a list of approved providers. Franchisee must obtain Franchisor's prior approval for installation of any technology platform or system not included in the Hotel Standards.

Section 4.11. **Menus**. The menus offered through the Food and Beverage Service shall be approved by Franchisor on a commercially reasonable basis, based on brand consistency and the specific kitchen facilities. Franchisee shall be responsible for ensuring that menus comply with all Applicable Law.

Section 4.12. **Quality Assurance**.

(a) Quality Assurance Audits.

(i) *Right to Inspect*. During normal business hours and without any prior notice, the Franchisor, its representatives, or Affiliates may:

(1) inspect all public and non-public areas of the Hotel at any time except for occupied guest rooms;

(2) be served food and drink during regular hours of service, which, when consumed in public areas of any Food and Beverage Service, shall be free of charge;

(3) interview management and staff, provided such interviews shall not interfere with the performance of the duties of the management and staff.

(4) inspect records (including, without limitation, letters or notes regarding customer complaints), to ensure compliance with Hotel Standards.

The foregoing items (1)-(4) shall be referred to as the "**Quality Assurance Audit**".

(ii) *Standards for Passage*. The score required to pass any Quality Assurance Audit shall be set from time to time by Franchisor and communicated in the Manual.

(iii) *Timing*. Franchisor may conduct such audits as frequently as Franchisor determines in its sole discretion.

(iv) *Costs*. Franchisee shall be responsible for the costs of lodging, food and beverage, and other related living expenses for inspectors during Quality Assurance Audits. Except such costs, Quality Assurance Audits conducted in the ordinary course of business shall be free of charge. In the event, however, that the Hotel fails any Quality Assurance Audit, then Franchisee shall be charged a $5,000 fee for each additional Quality Assurance Audit, until such time that the Hotel becomes compliant. This fee may be changed or increased by the Franchisor, in its sole discretion, during the Term and Franchisee shall be notified in writing of such increase.

(b) Other Quality Assurance Measures. Franchisor may institute other quality control measures as it deems appropriate from time to time, as premised upon commercially reasonable criteria. Such measures may include, but are not limited to:

(i) *Guest Comment Cards*. Franchisor may initiate, in which event Franchisee shall facilitate, at Franchisee's expense, participation in a guest comment card program to measure Hotel guest satisfaction.

(ii) *Staff Surveys*. Franchisor may initiate, in which event Franchisee shall facilitate, comprehensive staff surveys utilizing the criteria consistent with the Hotel System, to measure staff satisfaction.

(iii) *Secret Shopper Report*. Franchisor will conduct comprehensive system-wide secret shopper reports that must achieve a minimum score as described in the Manual.

(iv) *Online Reputation*. Franchisee shall be required to maintain minimum online reputation scores to be set by Franchisor in its sole discretion.

(v) *Food Safety and Sanitation Audits*. In addition to or as a part of a Quality Assurance Audit, Franchisee may also be required, on a quarterly basis at Franchisee's expense, to participate in food safety and sanitation audits conducted by Franchisor or its designated agent.

The score required to pass each of the quality measures set forth above shall be set from time to time by Franchisor and communicated in writing as part of the Hotel Standards. Failure of the Hotel to meet the required standard for any other quality assurance measure described in this Section 4.12(b) may also result in additional Quality Assurance Audits by Franchisor which shall be conducted and paid for in compliance with Section 4.12(a)(iv), in addition to the exercise of any remedies pursuant to Article XIV.

Section 4.13. Cross-Promotion. If Franchisee receives a request at the Hotel for reservations or accommodations in any area where a Margaritaville Hotel is located, Franchisee will promptly refer such request to such location or to the CRS. Franchisee must refer guests and customers, wherever reasonably possible, only to Margaritaville Hotels & Resorts or other Margaritaville-branded lodging facility, not use the Hotel or the Hotel System to promote a competing business or other lodging facility, and not divert business from the Hotel to a competing business.

Section 4.14. Loyalty Program. Notwithstanding any other provisions in this Agreement, Franchisor and its Affiliates have established a loyalty program to allow members to redeem awards for stays at Margaritaville Hotels & Resorts or otherwise enjoy Margaritaville-branded products and services ("**Loyalty Program**"). Franchisee agrees to participate in any such Loyalty Program pursuant to the Loyalty Program Agreement attached hereto as Exhibit H, which includes payment by Franchisee of a one-time set-up fee, as well as ongoing fees loyalty fees, calculated generally on a "Per Room" basis. Such fees shall be updated from time-to-time based on increases in the underlying charges paid by Franchisor for the Loyalty Program. Such Loyalty Program may be administered by a subcontractor of Franchisor or its Affiliates and Franchisee will, upon request from Franchisor, cooperate with such subcontractor to collect and share certain data regarding actual or prospective guests or customers in connection with the administration of the Loyalty Program.

Section 4.15. Compliance with Applicable Law. Franchisee must strictly comply with all Applicable Law concerning the Hotel's development and operation, including by (a) ensuring that the Hotel is at all times in full compliance with Applicable Law; (b) paying all taxes when due, and (c) obtaining and maintaining all licenses and permits necessary to operate the Hotel, including without limitation, appropriate liquor licenses to permit alcoholic beverages to be served at the Hotel. Franchisee will promptly furnish to Franchisor copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency, and must immediately provide Franchisor with any such items that assert any failure to comply strictly with any Applicable Law. Franchisee agrees to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with the Anti-Terrorism Laws. In connection with that compliance, Franchisee (on behalf of itself and its Owners) certifies, represents, and warrants as of the Effective Date that none of Franchisee's nor any Owner's property or interests is subject to being blocked under, and that Franchisee and its Owners otherwise are not in violation of, any of the Anti-Terrorism Laws.

Section 4.16. Renovations. Franchisee may be required to conduct renovation of guest rooms, restaurants, public facilities and other areas of the Hotel, including the replacement of soft goods and case goods, periodically as required by the then-current Hotel Standards, on a basis consistent with other Margaritaville Hotels and Resorts of similar size and amenities as the Hotel, provided that Franchisee shall not be required at any time during the Term to: (i) update any soft goods until the later of five (5) years following the installation of such soft goods or the end of such item's useful life; (ii) update any case goods until the later of ten (10) years following the installation of such case goods or the end of such items useful life; or (iii) made any physical or structural changes or additions to any part of the Hotel (including the movement of any load-bearing walls or modifications to the overall property footprint). The obligations of this Section 4.17 shall be in addition to, and shall not be construed to limit, Franchisee's obligations to perform a Remodel of the Hotel or to perform repair and maintenance of the Hotel, as set forth elsewhere in this Agreement.

ARTICLE V. SIGNAGE, DÉCOR, ADVERTISING AND MARKETING

Section 5.01. Right of Approval. Franchisee acknowledges that the loyalty of Franchisor's customers is an asset of tremendous value to Franchisor and the Hotel System. Consequently, meeting reasonable customer expectations for a quality, fun experience at the Hotel is of paramount importance. To that end, the Quality Control Agents as defined below, shall have the right to approve or disapprove in writing each particular use of the Margaritaville Intellectual Property prior to the use of any of these items by Franchisee at, or in conjunction with, the Hotel, provided that such right to approve or disapprove is exercised in a commercially reasonably manner and in good faith and is not exercised to the extent of frustrating the purpose of the grant of the Franchise, which standards for approval or disapproval shall apply as well to the Quality Control Agents. Franchisee's use of the Margaritaville Intellectual Property must conform to Franchisor's standards and specifications.

Section 5.02. **Proposed Uses**. Unless otherwise provided in this Agreement, all approvals to be provided to Franchisee pursuant to this Agreement, including, but not limited to, approval of particular uses of the Margaritaville Intellectual Property (collectively, the "**Proposed Uses**") shall be submitted to Franchisor, Licensor and/or the Approval Agents, in writing according to this Article V. For purposes of this Agreement, Franchisor, Licensor and the Approval Agents shall be referred to collectively and/or individually as the "**Quality Control Agents**". Any approval of a certain Proposed Use by the Approval Agents pursuant to Section 5.04 below shall be deemed an approval by the Quality Control Agents of any subsequent use that is substantially similar to such approved Proposed Use, and Franchisee shall not be required to seek approval for such substantially similar use, provided that Franchisee shall provide notice to the Approval Agents of such subsequent use.

Section 5.03. **Examples**. For avoidance of doubt, particular uses of the Margaritaville Intellectual Property requiring prior written approval include, but are not limited to:

(a) use of the Margaritaville Intellectual Property at the Hotel, including, without limitation, on signage, décor, and uniforms ("**Décor**");

(b) use of the Margaritaville Intellectual Property in connection with advertising, promotional and marketing materials, including electronic materials, for the Hotel (collectively, "**Promotional Materials**");

(c) use of the Margaritaville Intellectual Property in connection with any Internet Site and social media, including use as keywords, "adwords", metatags and the link in order to increase internet traffic to the internet Site and enhance the internet Site rankings in search engines (collectively "**Internet Uses**");

(d) the methods of advertising, promoting, or marketing the Hotel, including, without limitation:

    (i) incorporating any element of the Margaritaville Intellectual Property into any audio or video programming at the Hotel, or other entertainment programming at the Hotel; and

    (ii) promotions, sponsorships, advertising or trade outs in and/or for the Hotel or that focus primarily on the Hotel ("**Promotional Method**"); and

    (iii) the use of any outside marketing firm; and

    (iv) any other materials or articles of any kind or nature that use the Margaritaville Intellectual Property ("**Other Materials**"; such Other Materials, together with Décor, Promotional Materials, Promotional Methods, and Internet Uses are collectively referred to herein as "**Licensed Uses**").

Section 5.04. **Approval Agents**. All requirements for approval under Article V shall be deemed satisfied if approval is obtained in writing as follows:

(a) For Licensed Uses (excluding Décor), from Ms. Tamara Baldanza-Dekker, Chief Marketing Officer, at tamara@margaritaville.com and brandmarketing@margaritaville.com;

(b) For Décor, from Mr. Brad Schwaeble, Chief Operating Officer, Margaritaville Hospitality Group, at bschwaeble@margaritaville.com;

(c) For food and beverages and menu items, from Mr. Mark Rogers, Senior V.P., Hospitality, Margaritaville Hospitality Group, at mrogers@margaritaville.com;

(d) For legal and financial, and other matters, from John Cohlan, CEO, at jcohlan@margaritaville.com;

(e) For all legal approval requests, Franchisee shall send a mandatory, simultaneous copy to Kristen L. Fancher, Chief Legal Officer and General Counsel, Margaritaville Enterprises, 3715 Northside Parkway, Suite 4-475, Atlanta, GA 30327 or alternatively, to the following e-mail address: kfancher@margaritaville.com.

The individuals identified in (a)-(e) above shall be referred to collectively as the "**Approval Agents**."

Section 5.05. Authority of Approval Agents. Unless and until Franchisor notifies Franchisee otherwise, all submissions of proposed Licensed Uses for approval required in this Agreement should be made directly to each respective Approval Agent, which Approval Agent is hereby specifically identified as having the authority to consider and approve such requests. Notwithstanding the foregoing, Franchisor may terminate the authority of Franchisor's Approval Agent (or any other agent subsequently designated by Franchisor and/or Licensor) to make any approvals hereunder, which termination shall be effective immediately upon written notice to Franchisee of such termination. However, such termination shall in no way affect prior approvals or actions taken by the Approval Agents and all pre-termination actions are conclusively deemed ratified, confirmed, and approved by Franchisor. From that point forward, Franchisor's approvals pursuant to this Agreement must be made by the Approval Agent designated in writing by Franchisor to replace the terminated Approval Agent.

Section 5.06. Notice of Approval and Disapproval. The Approval Agents shall send a written notice of approval or disapproval of each submission. Notice of approval or disapproval of any Licensed Uses, with the exception of Internet Uses, shall be provided to Franchisee within 10 calendar days following receipt of the request for approval by the applicable Approval Agent. Notice of approval or disapproval of any Internet Uses shall be provided to Franchisee within 3 calendar days following receipt of the request for approval by the applicable Approval Agent. Written notice of approval or disapproval, and requests for approval or disapproval, shall be sent via email. Failure of the Approval Agents to send written approval or disapproval of any such submitted item within the timeframes indicated above shall constitute and be conclusively deemed a disapproval of the Proposed Use.

Section 5.07. Prototypes. Franchisee shall provide a sample or mock-up of all Licensed Uses in connection with Franchisee's requests for approval. All Licensed Uses shall conform in all material respects, including style, appearance, materials, contents, workmanship and overall quality, to the sample or mock-up that the Approval Agents have approved in writing. Notwithstanding the foregoing, Franchisee shall not be required to submit updates or modifications to Internet Uses for prior approval, provided that such updates or modifications comply with Franchisor's website/social media policies, which policies shall be provided to Franchisee from time to time.

Section 5.08. **Legends**. The Approval Agents shall have the right to request that Franchisee add appropriate legends, markings or notices to the Licensed Uses of the Margaritaville Intellectual Property, and Franchisee shall add the same to the extent feasible.

Section 5.09. **Withdrawal of Approval**. If any Licensed Use later fails to conform to the approved prototype or sample in any material respect, then, within 10 calendar days after Franchisee's receipt of written notice to that effect from the Approval Agents, the Approval Agents shall have the right to withdraw approval of the Licensed Use(s) by delivery of a further written notice if the failure identified in the initial notice has not been cured. Franchisee shall then, upon receipt of such further notice, immediately cease use of the particular Licensed Use(s) identified in the notice.

Section 5.10. **Participation in System-wide Advertising and Marketing**. Franchisee acknowledges that promoting Margaritaville Hotels & Resorts as a single chain in the United States is important to the success of the brand. In addition to any Hotel advertising efforts Franchisee undertakes, Franchisee must also participate in and use, in the manner that Franchisor specifies, all advertising, marketing, and promotional activities, materials and programs that Franchisor periodically requires for the Hotel System.

Section 5.11. **System Website**. Franchisor shall maintain (or authorize any other entity to maintain) a website to advertise, market and promote all or a certain group of Margaritaville Hotels & Resorts periodically specified (and, at Franchisor's option, other Affiliated Hotels) ("**System Website**"). Franchisor shall provide Franchisee with a separate webpage on the System Website which shall be converted to a Hotel Website upon Franchisee's purchase of a Property Website Package. In such event, the Hotel Website shall be deemed part of the System Website. Franchisee must comply with all Hotel Standards relating to the System Website, including by providing Franchisor (or its designee) all information and other materials concerning the Hotel that Franchisor periodically requests and promptly notifying Franchisor whenever any information concerning the Hotel on the System Website is no longer accurate. By providing Hotel-related information and materials, Franchisee is representing to Franchisor that they are accurate and not misleading and do not infringe any third-party's intellectual property or other rights. Franchisor shall have the final decision about all information or materials appearing on the System Website. As between Franchisor and Franchisee, Franchisor owns all intellectual property rights and other rights in and to the System Website, including data that visitors supply or the System Website obtains. Franchisor may discontinue the System Website and/or any of its content (including separate webpages for participating Margaritaville Hotels & Resorts) at any time.

ARTICLE VI. FEES, PAYMENTS AND REPORTING

Section 6.01. **Application Fee**. Without limiting any other rights under this Agreement, Franchisee shall pay Franchisor a non-refundable application fee upon execution of this Agreement in the amount of $500 per guest room.

Section 6.02. **Royalties**. In consideration for the rights granted under this Agreement, following the Opening Date, Franchisee shall pay Franchisor a monthly royalty payment equal to 5% of Gross Revenue (the "**Royalty**").

Section 6.03. **System Fee**. In addition to the Royalty, as consideration for the Marketing Program, Franchisee shall pay to Franchisor a monthly system services fee payment in the amount of 1.5% of Gross Rooms Revenue (the "**System Fee**"). For clarification, the System Fee shall be in addition to the Royalty.

Section 6.04. **Fee for Additional Rooms**. If, during the Term, Franchisee requests Franchisor to approve additional guest rooms being added at the Hotel, Franchisee must request approval in writing from Franchisor and pay an additional application fee equal to $500 per additional guest room requested.

Section 6.05. **Other Fees and Payments**. In addition to the fees and payments listed in this Article VI, Franchisee agrees to pay any and all other fees or payments provided for in this Agreement as such fees and payments come due. Additionally, Franchisee agrees to pay on a timely basis, as and when due, all amounts owed to third parties (including any Franchisor Affiliate) arising out of the Hotel's operation (excluding only amounts owed which are reasonably in dispute), including, but not limited to: (a) applicable commissions to travel agents and third-party reservation service charges and otherwise participate in any travel agent commission payment program, as Franchisor periodically modifies it; (b) all commissions and fees for reservations Franchisee accepts through any sources (including the Internet), whether processed through Franchisor, the CRS, or any other system, or billed directly to Franchisee; (c) charges for computer, telephone and other equipment related to the CRS, PMS, POS System, CMS, CRM System, employee performance platform, enterprise reporting platform, financial reporting and other related technology programs; and (d) all fees and assessments due for any loyalty and other marketing programs Franchisor may initiate during the Term that are attributable to the Hotel.

Section 6.06. **Weekly Snapshots**. Franchisee shall provide Franchisor with a weekly snapshot of sales data regarding the Hotel in a form required by Franchisor.

Section 6.07. **Other Reports**. Franchisee shall promptly deliver to Franchisor such other reports and financial information relating to Franchisee and the Hotel as Franchisor may request from time to time, including, but not limited to, annual marketing plans, capital expenditure plans, and pace reports.

Section 6.08. **Payments and Statements**. The Royalty and System Fee shall be due and payable in monthly installments within 30 days following the end of each calendar month of the Term. All payments shall be delivered to Franchisor via ACH transfer in accordance with the wire transfer instructions provided by Franchisor to Franchisee, and accompanied by an accounting statement showing a detailed computation of the amounts paid.

Section 6.09. **Monthly Estimates**. Within 10 days after the end of each calendar month of the Term, Franchisee shall deliver to Franchisor a non-binding estimate of Gross Revenue, Gross Rooms Revenue, Royalty, and System Fee that it believes shall be due for the previous month.

Section 6.10. **Quarterly Projections**. Within 30 days after the end of each calendar quarter of the Term, Franchisee shall deliver to Franchisor, in a format acceptable to Franchisor, an estimate of monthly Gross Revenue, Gross Rooms Revenue, and all other revenue derived from services and amenities at the Hotel, for the remainder of the calendar year.

Section 6.11. **Annual Budget**. By December 31 of each calendar year of the Term, Franchisee shall deliver to Franchisor, in a format acceptable to Franchisor, an annual budget broken down by month for the upcoming calendar year, including a profit and loss budget with a detailed revenue breakdown including Operational Information reasonably requested by Franchisor.

Section 6.12. **Operational Information**. Franchisee shall participate in a financial reporting system required by Franchisor ("**Reporting System**") pursuant to terms negotiated by Franchisor for Margaritaville Hotels & Resorts. Franchisee shall pay a one-time set-up fee (to include amounts due to both the Reporting System provider and Franchisor's installation consultant), as well as annual fees that include a fixed fee and a fee per user of the system. Such fees may be increased from time-to-time by the provider of the Reporting System. Beginning on the Opening Date, within 10 days after the end of each calendar month of the Term, all Operational Information shall be made available to Franchisor through the Reporting System for the immediately preceding month, year to date, or year (as applicable). If any Operational Information is not transmissible through the Reporting System, Franchisee shall deliver such information to Franchisor promptly upon Franchisor's request. To the extent that any reports required under Sections

6.06-6.11 above are easily accessible to Franchisor via the Reporting System, Franchisee shall not be required to send such reports separately.

Section 6.13. Uniform System. Financial reports as required under Sections 6.09-6.12 shall be prepared in accordance with Applicable Law, the Hotel Standards, and the Uniform System, in a format approved or required by Franchisor. Franchisee shall provide such supporting documentation and other information that Franchisor may require relating to each report.

Section 6.14. Delivery. Snapshots and financial reports as required under Sections 6.07-6.12 shall be delivered to Franchisor via e-mail to Laura McConnell at lmcconnell@margaritaville.com and Evan Laskin at elaskin@margaritaville.com. Franchisor may change the designation of the individual(s) or email address(es) to receive such financial reports upon email notice to Franchisee.

ARTICLE VII. BOOKS, RECORDS, AND AUDITS

Section 7.01. Books of Account. Franchisee agrees to: (a) prepare on a current basis in a form acceptable to Franchisor, in its commercially reasonable discretion, and preserve for at least 3 years, complete and accurate records concerning Gross Revenue and all financial, operating, marketing, and other aspects of the Hotel; and (b) maintain an accounting system that fully and accurately reflects all financial aspects of the Hotel, including books of account, tax returns relating to the Hotel or Franchisee, governmental reports, daily reports, profit and loss and cash flow statements, balance sheets, and complete monthly, quarterly and annual financial statements relating to the Hotel. Franchisor reserves the right to access Franchisee's computer system independently to obtain sales information, occupancy information, and other data and information relating to the Hotel. Franchisee must send Franchisor upon its reasonable request, in the form and format that Franchisor periodically specifies, any information relating directly or indirectly to the Hotel that Franchisor does not access independently from Franchisee's computer system.

Section 7.02. Audits. Franchisor or its authorized agent may at any time during Franchisee's regular business hours, and with prior notice to Franchisee, examine Franchisee's and the Hotel's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records relating to Franchisee's operation of the Hotel during the 3 years preceding such examination. Franchisee agrees to cooperate fully with Franchisor's representatives and independent accountants in any examination.

Section 7.03. Underpayments. In the event that an audit reveals an underpayment by Franchisee of fees owed to Franchisor, Franchisee shall, within 7 calendar days after Franchisor's notice of such underpayment: (a) reimburse Franchisor for the cost of the audit, if the underpayment is greater than 5% of the amount due; and (b) remit payment to Franchisor in the amount of the underpayment plus interest at the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City in connection with extensions of credit in U.S. funds to its U.S. customers, plus 2% per annum, calculated from the date such payment(s) were actually due.

ARTICLE VIII. INTELLECTUAL PROPERTY

Section 8.01. Franchisor's Rights to Intellectual Property. Margaritaville Enterprises, LLC is a limited liability company formed pursuant to the laws of the State of Delaware ("**Licensor**"), which is the owner of the Margaritaville Enterprises IP Rights. Licensor has the exclusive right to use and sublicense to others the right to use the Buffett IP Rights (including for the purposes set forth in this Agreement), pursuant to that certain license agreement between Licensor and Jimmy Buffett dated as of February 27, 2014, a copy of which is attached as Exhibit I (the "**Buffett Agreement**"). Licensor has sub-licensed both the Buffett IP Rights and the Margaritaville Enterprises IP Rights (collectively the "**Margaritaville Intellectual Property**") to Franchisor pursuant to the License Agreement dated as of January 14, 2019, a copy of which is attached hereto as Exhibit J (the "**License Agreement**") for the purpose of franchising Margaritaville Hotels & Resorts, maintaining the Hotel System and Hotel Standards, and for other purposes as set forth in that License Agreement.

Section 8.02. License. Franchisee's right to use the Margaritaville Intellectual Property and Confidential Information is derived only from this Agreement and is limited to the development and operation of the Hotel at the Site during the Term. Franchisee acknowledges that, as between it and Franchisor, Franchisor is the owner of all rights in the Margaritaville Intellectual Property and the associated goodwill. Franchisee agrees that its use of the Margaritaville Intellectual Property shall inure to the benefit of Franchisor, Licensor, or any such other Franchisor Affiliate as Franchisor may designate in writing. Upon expiration or termination of this Agreement for any reason, all of Franchisee's rights to use the Margaritaville Intellectual Property will automatically revert to Franchisor without cost and without execution or delivery of any document.

Section 8.03. Limitations on License.

(a) Other Branded Components. Franchisor shall approve Franchisee's proposed use of the Margaritaville Intellectual Property in the operation of the Hotel pursuant to Article V. This Agreement does not provide Franchisee any right to use the Margaritaville Intellectual Property in any way not explicitly provided herein. If such rights to use the Margaritaville Intellectual Property are approved, any such approved components shall be addressed pursuant to a separate agreement or mutually agreed addendum to this Agreement.

(b) Non-Branded Components. The Parties agree that the Hotel may contain components that do not contain or compete with the Margaritaville Intellectual Property, subject to Franchisor's approval in its sole discretion.

Section 8.04. Restrictions on Buffett IP Rights. The rights granted pursuant to this Agreement expressly exclude the right to use the Non-Buffett Works. To the extent that Buffett has the legal right to do so, Buffett has granted to Licensor (pursuant to the Buffett Agreement), and Licensor has sub-licensed to Franchisor (pursuant to the License Agreement), the right to further sub-license to Franchisee, a non-exclusive license to exploit the Non-Buffett Works in connection with this Agreement, subject to Section 8.05 hereof.

Section 8.05. Music Clearances. Notwithstanding the foregoing or anything to the contrary in this Agreement or in the Buffett Agreement, for Franchisee's use of any music in, at or in connection with the Hotel, Franchisee shall obtain (i) a Sirius XM Radio commercial rights license to play Radio Margaritaville and other theme-appropriate channels and/or a subscription to an audiovisual vendor approved by Franchisor, and (ii) for other music, such other licenses as required by applicable music publishers, record companies, unions, guilds, collecting societies and performing rights organizations (e.g., ASCAP, BMI and SESAC); and pay all applicable third-party license fees, royalties and other costs due in connection therewith.

Section 8.06. Franchisee's Obligations as to the Margaritaville Intellectual Property. During the Term and thereafter, Franchisee shall not, anywhere in the world, and shall ensure that Franchisee as well as its Owners and Affiliates do not:

(a) Apply for or obtain any registration for, any copyright, trademark or other intellectual property which would adversely affect the rights regarding or the ownership of the Margaritaville Intellectual Property by Licensor, Franchisor, or any of their Affiliates, nor file any document with any Governmental Authority to take any action which would adversely affect such ownership;

(b) Challenge the validity of the Margaritaville Intellectual Property or any trademarks owned by Franchisor, Licensor, or any of their Affiliates which are already filed or, in the case of any intellectual property, owned by Licensor or its Affiliates as of the Effective Date, are in the future filed, with the United States Patent and Trademark Office or any foreign trademark office; or

(c) Register or attempt to register any such trademark, service mark, trade dress or other intellectual property which is the same as or confusingly similar to any such trademark, service mark, trade dress or other intellectual property owned by Franchisor or any of its Affiliates.

Section 8.07. **Website and Social Media**. For avoidance of doubt, any internet website ("**Internet Site**") incorporating the Margaritaville Intellectual Property within a top-level URL (e.g., www.MargaritavilleHotels.com) shall be owned by Franchisor. No such Internet Site, and no apps incorporating the Margaritaville Intellectual Property, shall be operated by Franchisee without the prior written approval of Franchisor, in its sole discretion. In the event Franchisor approves the use of another Internet Site (or app) for operation by Franchisee, Franchisee must provide Franchisor with all relevant data and information and allow Franchisor to implement any automatic tracking mechanisms to pull relevant data from such Internet Site. Further, Franchisee may use social media channels in the advertising and marketing of the Hotel, however, all use must be in full and complete compliance with the Hotel Standards and/or the approval rights pursuant to this Article VIII.

Section 8.08. **Artwork**.

(a) Franchisee acknowledges that, as between Franchisor and Franchisee, the copyright in all Margaritaville Artwork shall be solely and exclusively owned by (and Franchisee's rights to use the Margaritaville Artwork shall be only through) Franchisor or its Affiliates.

(b) Franchisor acknowledges that neither Franchisor nor any Franchisor Affiliate has or, by reason of this Agreement, shall acquire, any right in or to any artwork, developments, improvements, technologies, or other indicia developed by Franchisee that does not include any Margaritaville Intellectual Property ("**Franchisee Artwork**"). As between Franchisor and Franchisee the copyright in all Franchisee Artwork shall be solely and exclusively held by and rights therein controlled by Franchisee or its Affiliates.

(c) Franchisee has no right to incorporate any Margaritaville Intellectual Property or Margaritaville Artwork into Franchisee Artwork without Franchisor's prior written consent. Franchisor has no right to incorporate any trademarks, service marks, logos, trade dress or other indicia of origin belonging to Franchisee or any of Franchisee's Affiliates into Margaritaville Intellectual Property or Margaritaville Artwork without Franchisee's prior written consent.

(d) To the extent that Franchisor or Franchisee combines Margaritaville Artwork and Franchisee Artwork, then, as between Franchisor and Franchisee, such Margaritaville Artwork shall remain the sole and exclusive property of Franchisor and such Franchisee Artwork shall remain the sole and exclusive property of Franchisee.

Section 8.09. **Innovations**. All ideas, concepts, techniques, or materials relating to the Hotel or the System or derivations or modifications of the Margaritaville Intellectual Property or any other element of the System (collectively, the "**Innovations**"), whether or not protectable intellectual property and whether created by Franchisee or its Owners, employees or contractors, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the System and the Margaritaville Intellectual Property, and works made for hire for Franchisor. To the extent any Innovation does not qualify as a work made for hire for Franchisor, by this Section Franchisee assigns ownership of that Innovation, and all related rights to that Innovation, to Franchisor and agree to sign (and to cause its Owners, employees and contractors to sign) whatever assignment or other documents Franchisor requests to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the Innovation. Franchisor and its affiliates have no obligation to make any payments to Franchisee or any other person with respect to any Innovations. Franchisee may not use any Innovation in operating the Hotel or otherwise without Franchisor's prior approval.

Section 8.10. **Registration and Maintenance of Margaritaville Intellectual Property**. Franchisor shall obtain at its sole cost and expense and in Licensor's or Franchisor's own name or the name of an Affiliate, appropriate copyright, and trademark protection for the Margaritaville Intellectual Property throughout the United States. Franchisee shall cooperate with Franchisor and its Affiliates in protecting the Margaritaville Intellectual Property. For that purpose, Franchisee shall supply to Franchisor from time to time samples, containers, labels and similar material, and information regarding the goods or services offered under this Agreement, as may be commercially reasonably required. Franchisee also shall execute and deliver to Franchisor, at any time, whether during or after the Term of this Agreement and without further consideration, such instruments of transfer and other documents as Franchisor may prepare and commercially reasonably request in order to confirm Franchisor's or such other Franchisor Affiliate's copyright or trademark ownership rights. To the extent that any currently unregistered Sub-Licensed Marks become registered, Franchisor shall take commercially reasonable steps to maintain any and all such registrations during the Term at its sole cost and expense (except as otherwise provided in this Section 8.10), unless it is not legally feasible to do so.

Section 8.11. Notification and Defense of Legal Proceedings.

(a) Notification. Each Party shall promptly notify the other Party in writing, if such Party learns that any other Person infringes or misappropriates any Margaritaville Intellectual Property or initiates before any Governmental Authority any proceedings relating to any Margaritaville Intellectual Property which infringement, misappropriation or proceedings would on a commercially reasonable basis be expected to have a material adverse effect on either Party's rights or obligations under this Agreement.

(b) Franchisor Defense. Franchisor shall have the first opportunity, at its sole cost and expense, to defend against or settle (provided such settlement shall have no adverse or negative effect whatsoever upon Franchisee) any proceedings before any Governmental Authority initiated by any third parties in respect of or relating to the Margaritaville Intellectual Property as soon as reasonably possible and to initiate, defend and maintain proceedings before the applicable Governmental Authority against third parties as required to protect and defend Franchisor's interest in and to the Margaritaville Intellectual Property in the relevant jurisdiction.

(c) Franchisee Defense. Regarding a proceeding to enforce or defend the Margaritaville Intellectual Property, the invalidity, infringement, misappropriation of which could materially, adversely impact the Hotel, if Franchisor has failed to take commercially reasonable action within 30 days of notice or within 5 days if injunctive relief is entered against Franchisor or Franchisee, after Franchisor becomes aware of any such infringement, misappropriation or proceeding in respect of or relating to the Margaritaville Intellectual Property, which infringement, misappropriation or proceedings would on a commercially reasonable basis be expected to have a material adverse effect on Franchisee's rights under this Agreement, Franchisee may at Franchisor's sole cost and expense and upon delivery of written notice to Franchisor, initiate and maintain proceedings before the applicable Governmental Authority in its own name and/or the name of Franchisor or any Franchisor Affiliate and join Franchisor and/or any Franchisor Affiliate as a party thereto or participate in the defense and settlement of any proceeding; provided, however, that Franchisor shall be entitled to participate in the defense and settlement of such proceeding if it so wishes, with counsel of its choosing, at Franchisor's sole cost and expense, and Franchisee shall not settle any proceeding or take any position detrimental to Franchisor without Franchisor's prior written consent not to be unreasonably withheld, conditioned or delayed, based on a commercial reasonableness standard. Franchisor shall cooperate with and provide requested information to Franchisee in any such proceeding at Franchisee's sole cost and expense.

(d) Settlement. Any damage or settlement award received in connection with any infringement claim described in this Section 8.11, after reimbursement (pro rata) to Franchisor and Franchisee of their respective reasonable attorneys' fees and expenses and other costs of maintaining any such action, shall be divided in proportion to the injury or damage caused by the infringement and incurred by the Franchisor and the Franchisee.

Section 8.12. Existing Security Interest. Franchisor represents and warrants that the only lien or encumbrance against the Sub-Licensed Marks and Sub-Licensed Trade Dress is that security interest granted to HPS Investment Partners, LLC (and its permitted successors and assigns) ("**HPS**"), pursuant to a security agreement dated as of June 17, 2022 ("**HPS Security Interest**"). Franchisor represents and warrants that, within 30 days of this Agreement, it shall have obtained from HPS and delivered to Franchisee a non-disturbance certificate in the form of Exhibit K, which agreement shall become effective on the Effective Date.

ARTICLE IX. COVENANTS

Section 9.01. In-Term Restrictive Covenants. Franchisee specifically acknowledges that Franchisee and its Owners will receive access to valuable specialized training and Confidential Information, and that such specialized training and Confidential Information provides a competitive advantage to all Margaritaville Hotels & Resorts. During the Term, neither Franchisee, its Affiliates, nor any of its Owners shall, directly or indirectly, for itself or themselves or through, on behalf of, or in conjunction with, any other Person:

(a) Divert or attempt to divert any business or potential business from Margaritaville Hotels & Resorts (including the Hotel) to any other competing business or perform any other act injurious or prejudicial to the goodwill associated with the Margaritaville Intellectual Property or the Hotel System; or

(b) Authorize, assist, or induce another to take any action that Franchisor and its Owners would be prohibited from taking directly pursuant to this Section 9.01.

Section 9.02. Directives. In the event of any dispute related to this Article IX, Franchisee and its Owners direct any third-party construing this Section, including without limitation any court, mediator, judge, master, or other party acting as trier or fact or law:

(a) To conclusively presume that the restrictions set forth in this Article IX are reasonable and necessary in order to protect (i) Franchisor's legitimate business interests, including without limitation the interests of Franchisor's other franchisees; (ii) the confidentiality of Franchisor's Confidential Information; (iii) the effort spent developing the Hotel System; (iv) Franchisor's investment in the Hotel System; (v) the investment of Franchisor's other franchisees in the Hotel System; and (vi) the goodwill associated with the Hotel System;

(b) To conclusively presume that the restrictions set forth in this Article IX will not unduly burden the Franchisee or its Owners' ability to earn a livelihood;

(c) To construe this Article IX under the laws governing distribution contracts between commercial entities in an arms' length transaction, and not under laws governing employment contracts; and

(d) To conclusively presume that any violation of the terms of this Article IX (i) was accompanied by the misappropriation and inevitable disclosure of Confidential Information; and (ii) constitutes a deceptive and unfair trade practice and unfair competition.

Section 9.03. **<u>Interpretation</u>**. Franchisee and its Owners agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Article IX are held to be unenforceable or unreasonable by any court, then the Parties agree that the court shall modify such restriction to the extent commercially reasonable to protect Franchisor's legitimate business interests. Franchisee and its Owners agree that the existence of any claim Franchisee or its Owners may have against Franchisor will not constitute a defense to the enforcement of the covenants of this Section. Franchisee agrees to pay all damages, costs, and expenses (including reasonable attorney's fees) Franchisor may incur in enforcement of this Article IX. If a Person fails to comply with the covenants in this Article IX, then the restrictive period will be extended for each day of noncompliance. Franchisor has the right to reduce the scope of any restrictive covenant set forth in this Article IX at any time, by giving notice to Franchisee.

Section 9.04. **<u>Publicly Held Corporations</u>**. Sections 9.01 and 9.02 of this Agreement shall not apply to the ownership by Franchisee or its Owners of less than a 5% interest in the outstanding equity securities of any publicly held corporation.

Section 9.05. **<u>Execution of Covenants by Management</u>**. If Franchisor requests, Franchisee will obtain the execution of covenants similar to those set forth in this Article IX, including covenants applicable upon the termination of a Person's relationship with Franchisee, from Franchisee's officers, directors, Management Company, and other Key Personnel Franchisor specifies.

Section 9.06. **<u>Covenant as to Anti-Terrorism Laws</u>**. Franchisee and its Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act and USA Freedom Act, and all other present and future U.S. federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts or acts of war ("**Anti-Terrorism Laws**"). Any violation of the Anti-Terrorism Laws by Franchisee or its Owners, or any blocking of Franchisee or its Owner's assets under the Anti-Terrorism Laws, shall constitute cause for immediate termination of this Agreement under Article XIII.

ARTICLE X. INDEMNIFICATION

Section 10.01. Indemnification by Franchisee. Franchisee shall defend, indemnify, and hold harmless Franchisor and its Affiliates, and their respective owners, members, partners, trustees, beneficiaries, directors, officers, employees and agents, and the successors and assigns of each of the foregoing (collectively, the "**Franchisor Indemnified Parties**") for, from and against any and all Third-Party Claims, including the commercially reasonable costs of De-Branding Actions if and to the extent arising out of:

(a) any Event of Default by Franchisee;

(b) any act or omission of the Management Company for the construction, development, or operation of the Hotel, including any claim or allegation relating to any violation of Applicable Law;

(c) the infringement or alleged infringement of rights of third parties, as a result of the use of anything created or provided by Franchisee and/or the use of the Franchisee Intellectual Property as provided hereunder, except as otherwise provided in Section 10.02(b);

(d) any material representation or material warranty made by Franchisee in the application submitted to Franchisor, in this Agreement that proves to be materially incorrect in any material respect when made and has or will adversely affect the interest of the Franchisor;

(e) Franchisee's negligence, gross negligence, knowingly willful misconduct, or fraud;

(f) any data breach or failure to secure Guest Profile Data in compliance with Applicable Law;

(g) any breach, failure, or incidence of non-compliance with PCI Security Standards; or

(h) personal injuries or losses occurring on the premises of the Hotel.

Section 10.02. Indemnification by Franchisor. Franchisor shall defend, indemnify, and hold harmless Franchisee and its Affiliates and their respective owners, members, partners, trustees, beneficiaries, directors, officers, employees and agents, and the successors and assigns of each of the foregoing (collectively, the "**Franchisee Indemnified Parties**") for, from and against any and all Third-Party Claims if and to the extent arising out of:

(a) any Event of Default by Franchisor;

(b) the infringement or alleged infringement of another's trademark as a result of Franchisee's use of the Sub-Licensed Marks according to this Agreement, which are either registered in or allowed for registration in the class of goods or services of the infringement or alleged infringement; for purposes of this Section 10.02(b), "allowed for registration" shall mean approved by the applicable government-controlled trademark office and past any opposition period without being opposed;

(c) the infringement or alleged infringement of another's intellectual property rights as a result of Franchisee's use of the Sub-Licensed Trade Dress and Margaritaville Artwork in accordance with this Agreement which is created or provided by or on behalf of Franchisor;

(d) any default or breach by Jimmy Buffett of his obligations under or pursuant to the Buffett Agreement;

(e) any default or breach by Licensor of its obligations under or pursuant to the License Agreement;

(f) any representation or warranty made by Franchisor in this Agreement that proves to be incorrect in any material respect when made;

(g) Franchisor's negligence, gross negligence, knowingly willful misconduct or fraud.

Section 10.03. Indemnification Procedures.

(a) Appointment of Counsel. Any Indemnified Party shall be entitled, upon written notice to the Indemnifying Party, to the timely appointment of counsel by the Indemnifying Party for the defense of any Third-Party Claim, which counsel shall be subject to the commercially reasonable approval of the Indemnified Party. If, in the Indemnified Party's commercially reasonable judgment, a material conflict of interests exists between the Indemnified Party and the Indemnifying Party at any time during the defense of the Indemnified Party, the Indemnified Party may appoint independent counsel of its choice for the defense of the Indemnified Party as to such Third-Party Claim.

(b) Participation in Defense. Regardless of whether the Indemnified Party has appointed counsel or selects independent counsel:

(i) the Indemnified Party shall have the right, at its sole cost and expense (except as provided in (ii) below), to participate in the defense of any Third-Party Claim and approve, on a commercially reasonable basis, any proposed settlement of such Third-Party Claim, unless: (a) such settlement involves only the payment of money other than by the Indemnified Party; (b) the Indemnifying Party pays all amounts due in connection with or by reason of such settlement and, as part thereof; and (c) the Indemnified Party is unconditionally released from all liability in respect of such Third-Party Claim; and

(ii) except as otherwise noted, all commercially reasonable costs and expenses (including attorneys' fees and costs) of the Indemnified Party shall be paid by the Indemnifying Party, except to the extent that an insurance company or the Indemnifying Party supplies counsel, but the Indemnified Party desires to have its own counsel for review or other purposes.

(c) Reimbursement. If the Indemnifying Party fails to timely pay such costs and expenses (including commercially reasonable attorneys' fees and costs), the Indemnified Party shall have the right, but not the obligation, and not in lieu of any other rights and remedies, to pay such amounts and be reimbursed by the Indemnifying Party for the same, together with interest thereon until paid in full. The amounts due under this Section 10.03 shall bear interest at the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City connected with loans in U.S. funds to its U.S. customers, plus 2% per annum, calculated and compounded annually. The Parties hereby acknowledge that it shall not be a defense to a demand for indemnity that fewer than all Third-Party Claims asserted against the Indemnified Party are subject to indemnification.

Section 10.04. Insurance.

(a) Insurance Required. During the Term, Franchisee will procure and maintain the types and amounts of insurance coverage with the deductibles, limits, carrier ratings, and policy obligations set forth in the Hotel Standards, including any additional insurance as may be required based on specific Amenities offered. Such insurance requirements may include: property insurance including business interruption, earthquake, flood, terrorism and windstorm; workers' compensation; commercial general liability; liquor liability; business auto liability; umbrella or excess liability; fidelity coverage; employment practices liability; cyber liability; water park; and such other insurance customarily carried on hotels similar to the Hotel. Franchisor may require Franchisee to obtain additional types of insurance or increase the amount of coverage. All insurance will by endorsement specifically:

(i) name as unrestricted additional insureds Franchisor, any Affiliate designated by Franchisor and their employees and agents (except for workers' compensation and fidelity insurance);

(ii) provide that the policies will be primary and that any insurance carried by any additional insured will be excess and non-contributory;

(iii) contain a waiver of subrogation in favor of Franchisor and any Affiliate of Franchisor; and

(iv) provide that the policies will not be canceled, non-renewed or reduced without at least 30 days' prior notice to Franchisor.

(b) Other Requirements. Franchisee will deliver to Franchisor a certificate of insurance (and certified copy of such insurance policy if requested) evidencing the insurance required. Renewal certificates of insurance will be delivered to Franchisor not less than 10 days before their respective inception dates. If Franchisee fails to procure or maintain the required insurance, Franchisor may procure (without any obligation to do so) such insurance at Franchisee's cost, including a reasonable fee for Franchisor's procurement and maintenance of such insurance. If Franchisee delegates its insurance obligations to any other Person, Franchisee will ensure that such Person satisfies such obligations. Such delegation will not relieve Franchisee of its obligations under this Section 10.04 and the Hotel Standards. Franchisee will cooperate with Franchisor in pursuing any claim under insurance required by this Agreement.

ARTICLE XI. CONFIDENTIALITY

Section 11.01. Confidential Information. In connection with the performance of this Agreement, Franchisor and Franchisee shall have access to certain confidential and proprietary information of the other Party, including, but not limited to, the Hotel Standards, Guest Profile Data, business plans, marketing plans, proposed advertising, designs, sales records, financial data and manufacturer's know-how ("**Confidential Information**").

Section 11.02. No Disclosure. Recognizing that such Confidential Information represents valuable assets and property of the disclosing Party, and the harm that may befall such Party if any of such information is disclosed, the recipient agrees to hold all such information in strict confidence. The receiving Party of any

Confidential Information shall not disclose or use for its own benefit (except in connection with the Hotel or this Agreement) or any third party's benefit the Confidential Information of the disclosing Party.

Section 11.03. Exercise of Rights. Confidential Information may be revealed by a receiving Party to its employees, accountants, lenders, attorneys, agents, and representatives ("**Authorized Representatives**") only to the extent commercially reasonably necessary to enable the receiving Party to exercise the full rights granted hereunder. The receiving Party must inform any Authorized Representative or other recipient of Confidential Information of the confidential nature of the information and obtain agreement from such Persons to maintain the confidentiality pursuant to the requirements herein.

Section 11.04. Survival. The obligations of confidentiality created herein shall survive the expiration or termination of this Agreement.

Section 11.05. Exceptions. The obligations of confidentiality created herein shall cease to apply to Confidential Information which:

(a) falls into the public domain, provided it did not fall into the public domain through the unauthorized acts of the receiving Party;

(b) was in the receiving Party's possession prior to its disclosure, or was later disclosed to the receiving Party by a third-party who is lawfully in possession of such and is lawfully entitled to disclose such information to the receiving Party;

(c) is required to be disclosed by law, including subpoena or other legal process, but only to the extent so required and only upon prior written notice to the other Party; and

(d) the other Party may be required to disclose in order to enforce its rights under this Agreement.

Section 11.06. Confidentiality Obligations for Hotel Personnel. Franchisee shall implement all reasonable procedures that Franchisor prescribes from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, the use of nondisclosure agreements Franchisor may prescribe for Key Personnel or other Authorized Representatives who have access to the Confidential Information.

ARTICLE XII. ASSIGNMENTS, TRANSFERS, AND ENCUMBRANCES

Section 12.01. Assignment by Franchisor. Franchisor may assign its rights or delegate its obligations under this Agreement to: (a) any Affiliate; (b) any secured lender; or (c) any Person that can otherwise comply alone or in combination with Franchisor and its Affiliates with all requirements as set forth in this Agreement.

Section 12.02. Assignment or Transfer by Franchisee; Change of Control.

(a) Transfer. In the event that Franchisee desires to effect a Change of Control or assign, sublicense or transfer its rights and/or obligations under this Agreement (each, a "**Transfer**"), Franchisee shall provide Franchisor notice of such anticipated Transfer as soon as reasonably practicable but in no event less than 30 days before the Transfer is to occur. Accompanying such notice, the transferee shall submit a copy of the then-current franchise application and the then-current application fee. Franchisor shall determine whether to approve the transfer within 15 calendar days, which will not be unreasonably withheld if the following conditions are met:

(i) the Transfer would not materially or detrimentally harm the Franchisor or its Affiliates;

(ii) the transferee and each of its direct or indirect owners (if the transferee is a legal entity) has, in Franchisor's sole discretion, the necessary business experience, aptitude, and financial resources to operate the Hotel and meets Franchisor's then-current standards for Margaritaville Hotels & Resorts franchisees;

(iii) Franchisee has paid all amounts due to Franchisor and undisputed amounts due to third-party vendors related to the Hotel and is in substantial compliance with this Agreement during the 60 day period prior to requesting Transfer and during the period after the request was made but before the Transfer is effective;

(iv) the transferee's proposed Management Company, if different from the current Management Company, meets Franchisor's then-current standards for Managers and completes the Training Program and any other training required of Management Companies at the time;

(v) the transferee and its owners (if the Transfer is of this Agreement), or Franchisee and its Owners (if the Transfer is of an ownership interest that results in Control by the transferor in Franchisee or one of its Owners with Control), sign Franchisor's then-current form of franchise agreement and related documents for use with existing Margaritaville Hotels & Resorts (including guarantees and assumptions of obligations), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and System Fee, and the term of which franchise agreement will be equal to the remaining unexpired portion of the Term;

(vi) if required by Franchisor, the transferee and its owners (if the Transfer is of this Agreement) Remodels the Hotel to Franchisor's then-current brand image for Margaritaville Hotels & Resorts, which may be set forth in a new property improvement plan;

(vii) if required by Franchisor, the transferee and its owners (if the Transfer is of this Agreement) updates the Hotel's technology systems to Franchisor's then-current technology systems for Margaritaville Hotels & Resorts, which may be set forth in a new technology improvement plan;

(viii) Franchisee signs a termination agreement (if the Transfer is of this Agreement), and Franchisee and all Guarantors sign all documents Franchisor requests evidencing their agreement to remain liable or assume liability for all obligations to Franchisor and its Affiliates existing before the effective date of the transfer;

(ix) Franchisee and all Guarantors execute a general release on the form Franchisor specifies; and

(x) Franchisee (if Franchisee will no longer operate the Hotel) and its transferring Owners agree that they will not directly or indirectly at any time or in any manner use the Margaritaville Intellectual Property, Confidential Information, except as otherwise permitted under any other effective agreement with the Franchisor or its Affiliates.

(b) Transfer for Convenience of Ownership. Notwithstanding Section 12.02(a), Franchisee may transfer this Agreement to a corporation or limited liability company formed solely for the convenience of ownership, so long as:

(i) Franchisee owns and controls 100% of the ownership interests of the corporation or limited liability company;

(ii) Franchisee notifies Franchisor at least 30 days prior to the Transfer;

(iii) Franchisee signs any and all documents necessary to effect the Transfer of this Agreement with Franchisor, including any necessary addenda to this Agreement; and

(iv) Franchisee provides to Franchisor complete, correct, and accurate copies of the following documents in reference to the transferee:

(1) Articles of incorporation and bylaws, or the articles of organization and limited liability company agreement, whichever is applicable;

(2) Any other governing documents and agreements among the owners; and

(3) Copies of a resolution authorizing Franchisee's and transferee's entry into and performance of the Agreement.

Section 12.03. Sale of Property.

(a) Sale of Property; Right of First Offer. Without limiting Section 12.02(a), in the event that Franchisee desires to sell, transfer, or assign its interest in the Hotel and/or the site where the Hotel is located (or any portion thereof) ("**Property**") to a third party not affiliated with Franchisee, Franchisor shall have the right of first offer to acquire such Property as follows ("**Right of First Offer**"): Franchisee shall notify Franchisor in writing of its intent to list or sell the Property including the general terms and conditions of the listing or sale at least 30 days before any such sale ("**Sale Notice**"). The Sale Notice shall include, without limitation, the purchase price and any financing terms as may be offered to or by a third party who is not related or associated in any way with Franchisee, pursuant to which Franchisee would sell, assign, convey, or otherwise transfer the Property. Franchisor shall have the right to purchase the Property on the terms and subject to the conditions set forth in the Sale Notice.

(b) Exercise. Franchisor may only exercise such right by delivering to Franchisee written notice of its intent to purchase the Property within 20 calendar days after receipt of the Sale Notice ("**Exercise Notice**"). If Franchisor does affirmatively elect, by delivery of the Exercise Notice, to exercise the Right of First Offer within the aforesaid 20 calendar day period, then Franchisor and Franchisee shall enter into a contract for purchase and sale according to the terms and conditions. If Franchisor does not affirmatively elect, by delivery of the Exercise Notice, to exercise the Right of First Offer within the aforesaid 20 calendar day period, then Franchisee shall be free to list or sell the Property upon substantially the same terms and conditions described in the Sale Notice (subject to this Agreement), and this Right of First Offer shall automatically terminate upon the closing of such transaction, without further action of either Party. If the proposed transaction contemplated by any particular Sale Notice with respect to which Franchisor does not exercise its Right of First Offer is not closed and consummated on substantially the same terms and conditions set forth in the applicable Sale Notice, then the Right of First Offer as described herein shall again apply to any subsequent proposed listing or sale by Franchisee.

ARTICLE XIII. EVENTS OF DEFAULT

Section 13.01. Definition. The actions, occurrences, and breaches described in Sections 13.02 and 13.03 shall constitute an "**Event of Default**" under this Agreement.

Section 13.02. Events of Default with Opportunity to Cure. Franchisor may, but has no duty to, exercise any of the remedies in Article XIV including, but not limited to terminating this Agreement if any of the following occur, all of which shall constitute an Event of Default by Franchisee under this Agreement, upon 30 days (or the earliest date permitted by applicable law) written notice to Franchisee and Franchisee's failure to cure such default:

(a) Franchisee breaches or fails to perform or observe any material covenant, duty or obligation contained in this Agreement in any material respect; provided, however, that if Franchisee has commenced to diligently and expeditiously cure such failure within the 30 day period following notice of the breach or failure as determined in the sole discretion of the Franchisor, such initial 30 day period shall be extended for a period of time as is commercially reasonable under the circumstances (not to exceed 90) days from the notice of breach as long as Franchisee continues to diligently and expeditiously pursue a cure;

(b) Franchisee fails to make any payment to Franchisor or any undisputed material amount to a vendor or supplier related to the Hotel when due and owed or has insufficient funds in an account to satisfy such payment if made;

(c) Franchisee violates any Applicable Law;

(d) Franchisee fails to comply with the Hotel Standards, whether set forth in the Manual or otherwise in writing (provided however that if such failure presents an immediate threat to public health or safety, Franchisor may immediately terminate the Agreement without providing 30 days' notice and opportunity to cure);

(e) Franchisee uses an unauthorized supplier for goods and services that must be purchased from another supplier;

(f) Franchisee fails to offer all products as required by Franchisor, offers any unapproved products, or makes unauthorized changes to the design of the Hotel;

(g) Franchisee fails to maintain sufficient inventory of OS&E, Food and Beverage Service inventory, and all other necessary products to operate the Hotel in compliance with the Hotel Standards;

(h) Franchisee fails to maintain or observe the health and sanitation procedures prescribed by Franchisor or by Applicable Law (provided however that if such failure presents an immediate threat to public health or safety, Franchisor may immediately terminate the Agreement without providing 30 days' notice and opportunity to cure);

(i) Franchisee (or any of its Affiliates or Owners) default under any other agreement with Franchisor (or its Affiliate);

(j) Franchisee refuses to permit Franchisor to inspect the Hotel, or its books or accounts upon demand;

(k) Franchisee or its Key Personnel are unable or unwilling to complete the Training Program;

(l) Franchisee fails, refuses or neglects to promptly submit certificates of insurance Franchisor as required under this Franchise Agreement;

(m) Franchisee, or its Affiliates, fail to make payment when due to any landlord, secured lender, or mortgage holder of the Hotel; or

(n) Franchisee misuses or makes any unauthorized use of the Margaritaville Intellectual Property.

Section 13.03. Events of Default Without Opportunity to Cure. Franchisor may, but has no duty to, exercise any of the remedies in Article XIV including, but not limited to terminating this Agreement if any of the following occur, all of which shall constitute an Event of Default by Franchisee under this Agreement, immediately upon the occurrence of such Event of Default (or the earliest date permitted by applicable law) without notice to Franchisee:

(a) Franchisee or its Owners is discovered to have misrepresented or omitted a material fact which induced Franchisor to enter into this Agreement.

(b) Franchisee fails to open and begin operating the Hotel by the Opening Deadline (as may be extended pursuant to Section 2.08(b));

(c) Franchisee (i) on 3 or more separate occasions within a period of 12 consecutive months or (ii) on 2 or more separate occasions within a period of 6 consecutive months fails to comply with any obligation under this Agreement, to comply with this Agreement, the Hotel Standards, the Manual, or fails to achieve a passing score on a Quality Assurance Audit, whether the failures relate to the same or different obligations under this Agreement, the Hotel Standards, or the Manual. This Section 13.03(c) shall apply whether or not Franchisor provides formal written notice to Franchisee of upon such prior occasions or Franchisee corrects the failures;

(d) Franchisee or any of its Owners or Guarantors is, or is discovered to have been, convicted of a felony or a crime involving fraud, or enters or is discovered to have entered a plea of no contest to a felony or a crime involving fraud; unless (i) the owner does not have Control over the Franchisee; (ii) the conviction, plea or crime is not likely in Franchisor's reasonable opinion to reflect materially adversely upon the Hotel, the Hotel System, Franchisor, its Affiliates or the Margaritaville Intellectual Property, whether on a local, regional or national scale; and (iii) the owner divests all of such owner's direct and indirect ownership interests in Franchisee within 60 days after the date of the conviction or plea;

(e) Franchisee knowingly maintains false books and records of account or knowingly submits false or misleading reports or information to Franchisor, including any information Franchisee provided or failed to provide on its franchise application;

(f) Franchisee (or any of its owners) knowingly makes any unauthorized use or disclosure of any part of the Manual or any other Confidential Information;

(g) Franchisee ceases operating the Hotel at the Site under the Margaritaville Intellectual Property for 3 consecutive days, fails to identify the Hotel to the public as a Margaritaville Hotel, or loses possession of or the right to possess all or a significant part of the Hotel, for any reason;

(h) If Franchisee attempts a Transfer without duly notifying Franchisor and receiving Franchisor's approval, or despite Franchisor's valid disapproval;

(i) If Franchisee is determined by a Competent Authority to have sold defective, contaminated, or adulterated food or beverage at any Food and Beverage Service on 2 or more separate instances during any 12 month period of time that is determined to be the cause for one or more customers to seek medical treatment that includes in-patient medical treatment at a hospital or results in serious injury or death, as determined by a Competent Authority. For the avoidance of doubt, if the same shipment or allotment of defective, contaminated, or adulterated food or beverage causes more than one customer to seek such medical treatment, then this shall be considered one instance. This Section 13.03(h) shall not, however, include any instance of in-patient medical treatment at a hospital, serious injury or death, if it is due to a cause which the Franchisee could not have prevented by using commercially reasonable practices. For example, if the Franchisee utilized individual, pre-packaged salt packets, and purchased them from a commercially reasonable source of such salt, the Franchisee would not be held responsible under this Section if the salt caused the medical problem;

(j) Franchisee or any Guarantor: (i) becomes insolvent by reason of an inability to pay debts as they come due; (ii) is adjudicated bankrupt; (iii) files a petition for bankruptcy protection; (iv) is the debtor in an involuntary bankruptcy petition that is not dismissed within 90 days; (v) is the debtor in an assignment for the benefit of creditors that is not dismissed within 90 days; (vi) is the subject of a voluntary or involuntary petition for reorganization or similar proceeding that is not dismissed within 90 days; (vii) is the subject of a petition for appointment of a receiver, permanent or temporary, that is not dismissed within 90 days; (viii) has your bank accounts, property, or receivables attached and the attachment proceedings are not dismissed within 90 days; (ix) has an execution levied against the Hotel or Property and the execution is not dismissed within 90 days; or (x) is the subject of any suit to foreclose any lien or mortgage related to the Hotel or the Property, and the suit is not dismissed within 90 days;

(k) Franchisee or any of its Owners' assets, property or interest are blocked under any Anti-Terrorism Laws, or Franchisee or any of its Owners otherwise violate any Anti-Terrorism Laws, as more fully set forth in Section 9.06;

(l) Franchisee operates the Hotel in any manner that Franchisor determines in its reasonable discretion poses a threat or danger to public health or safety, including, without limitation, if a public official requires Franchisee to close the Hotel as a result of Franchisee's violation of any Applicable Law relating to public health or safety; or

(m) Franchisee or its Owners violate the restrictions related to the use of Confidential Information (Article XI) or Franchisee, its Affiliates or Owners violates the restrictive covenants in Article IX.

Section 13.04. Default by Owners, General Manager or Management Company. Any act or omission by any Owner, General Manager or Management Company shall be deemed an act or omission by Franchisee for purposes of determining whether Franchisee is in default pursuant to this Article XIII.

Section 13.05. No Waiver. In no event shall any failure of Franchisor to provide notice or enforce any available remedy upon the occurrence of an Event of Default be deemed to be a waiver of its right to exercise any such remedy or its right to enforce all obligations and full performance of this Agreement as described herein.

ARTICLE XIV. TERMINATION AND REMEDIES

Section 14.01. Franchisor's Other Remedies. Upon Franchisee's failure to timely cure any Event of Default as described in Section 13.02, upon an Event of Default under Section 13.03, or failure upon Franchisees to cure any event of noncompliance under this Agreement or the Hotel Standards, whether or not such failure constitutes an Event of Default, within 30 days of being notified of such failure in writing by Franchisor, Franchisor may, in its sole discretion, exercise any of the following remedies:

(a) Termination of this Agreement;

(b) Suspend access to the CRS provided that Franchisee shall remain responsible for all costs of participation;

(c) Suspend access to any advertising or marketing materials or assistance provided for franchisees in the Hotel System;

(d) Remove Franchisee from the System Website and any other advertising materials used for the Hotel System;

(e) Suspend or terminate any fee reductions which Franchisor might have agreed to during the Term of this Agreement or any amendment to this Agreement;

(f) Require Franchisee to undergo additional Quality Assurance Audits as provided for in Section 4.12(b);

(g) Require Franchisee to have audited financial statements prepared annually during the Term;

(h) Require Franchisee, Key Personnel, or other employees of the Franchisee to participate in additional training;

(i) Refuse to provide any operational support that this Agreement otherwise requires Franchisor to provide, including other information technology and network services; or

(j) Assess Franchisee a fine up to $500 per day for each day the default or failure remains uncured thirty days after written notice.

Unless Franchisor expressly terminates this Agreement by issuing a written notice of the same, Franchisor's exercise of any of the foregoing remedies will not constitute an actual or constructive termination of this Agreement nor will such exercise be Franchisor's sole and exclusive remedy for Franchisee's default or failure to comply with this Agreement. During any suspension period, Franchisee must continue to pay all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. If Franchisor rescinds any suspension of Franchisee's rights, Franchisee will not be entitled to any compensation for any fees, expenses, or losses Franchisee might have incurred due to Franchisor's exercise of any suspension right provided in this Section 14.01.

Section 14.02. Election of Remedies. If Franchisor exercises its right not to terminate this Agreement but to implement any other remedies in Section 14.01, Franchisor may at any time after the appropriate cure period has lapsed (if any) terminate this Agreement without giving Franchisee any additional cure period. Franchisor's exercise of its rights under Section 14.02 will not be a waiver by Franchisor of any breach of this Agreement.

Section 14.03. Franchisee's Remedies. If Franchisor fails to perform any of its material obligations under this Agreement, Franchisee may exercise its rights under and in full compliance with Article XVII to compel such performance. To the extent permitted by Applicable Law, this action shall be Franchisee's exclusive remedy. In no circumstance shall Franchisor be responsible for direct, indirect, special, consequential, or exemplary damages, including, but not limited to, lost profits or revenues.

Section 14.04. General Provisions Concerning Default and Termination. In any proceeding in which the validity of any termination of this Agreement or Franchisor's refusal to enter into a Successor Franchise Agreement is contested, each Party may cite to and rely upon all defaults or violations of this Agreement, not only the defaults or violations referenced in any written notice. Franchisee agrees that Franchisor has the right and authority (but not the obligation) to notify any lender and any or all of Franchisee's Owners, creditors and/or suppliers if Franchisee is in default under, or Franchisor has terminated, this Agreement.

ARTICLE XV. CONDEMNATION AND CASUALTY

Section 15.01. Condemnation. Franchisee shall, at the earliest possible time, give Franchisor written notice of any proposed taking by eminent domain, condemnation, compulsory acquisition, or similar proceeding. If such taking is substantial enough in Franchisee's or Franchisor's commercially reasonable judgment to render impractical the development or operation of the Hotel in accordance with this Agreement, then, upon notice by either Party, this Agreement shall terminate at the time of such taking, and Franchisee shall pay Franchisor all monies due and owing at the time of the taking. In such event, there shall be no liquidated damages, provided that, if such termination is effectuated by Franchisee and within 3 years after the date of such termination, Franchisee, any of its Affiliates, or any Owner of Franchisee has an interest in or operates a hotel at the location of the Hotel ("**Other Hotel**"), and such Other Hotel has not been offered to Franchisor to be operated pursuant to a license or franchise from Franchisor or any of its Affiliates, or managed by Franchisor, then Franchisee shall be deemed to have wrongfully terminated this Agreement and Franchisee shall, upon Franchisor's demand, pay Franchisor the liquidated damages in the amount of $4,000 multiplied by the number of guest rooms in the Hotel. If such taking is non-substantial, then Franchisee shall promptly make whatever changes to the plans, repairs and restoration may be necessary to make the Hotel conform substantially to the condition, character, and appearance immediately prior to such taking, according to plans and specifications approved as required by this Agreement. Franchisee shall take all commercially reasonable measures necessary to ensure that the development and operation of the Hotel is not unreasonably delayed.

Section 15.02. Termination Upon Casualty. If the Hotel is damaged by fire or other casualty and: (i) the cost of restoration exceeds 30% of the replacement cost of the Hotel (excluding land, excavations, footings and foundations); (ii) the estimated length of time required to restore the Hotel substantially to its pre-casualty condition and character is more than 180 days, as indicated by an architect's certificate or other evidence reasonably satisfactory to Franchisor; or (iii) insufficient proceeds of insurance do not permit Franchisee to rebuild and restore the Hotel to the standards required by this Agreement, then either Party may terminate this Agreement by delivering written notice to the other Party within 90 days after the occurrence of the casualty. In such event, there shall be no liquidated damages, provided that, if such termination is effectuated by Franchisee and within 3 years after the date of such termination, Franchisee, any of its Affiliates, or any member of Franchisee has an interest in or operates an Other Hotel at the location of the Hotel, and such Other Hotel has not been offered to Franchisor to be operated pursuant to a license or franchise from Franchisor or any of its Affiliates, or managed by Franchisor, then Franchisee shall be deemed to have wrongfully terminated this Agreement and Franchisee shall, upon Franchisor's demand, pay Franchisor the liquidated damages in the amount of $4,000 multiplied by the number of guest rooms in the Hotel.

Section 15.03. <u>Reconstruction After Casualty</u>. If this Agreement is not terminated pursuant to Section 15.02, then Franchisee must commence reconstruction of the Hotel within 90 days after the occurrence of the casualty and must diligently complete the reconstruction within 2 years after the occurrence of the casualty. The Hotel must be reconstructed to at least the condition and character of the Hotel immediately before the casualty occurred and Franchisee may not reopen the Hotel or promote or otherwise hold the Hotel out using the Margaritaville Intellectual Property unless and until Franchisor determines that the reconstruction is completed in accordance with Franchisor's then-current standards. If, at the mutual agreement of the Parties, the Hotel (or portions thereof) are not required to be closed, all work to repair damage shall be conducted so as to minimize interference with the Hotel's operation and guests. If Franchisee fails to perform its obligations under this Section 15.03, then Franchisor has the right to terminate the Agreement effective upon written notice to Franchisee.

Section 15.04. <u>Temporary Closure</u>. If, after the Opening Date, the Hotel suffers damage or loss that results in an interruption in the operation of the Hotel, then Franchisee is nevertheless obligated to pay all expenses of operating and maintaining the Hotel at a level that is reasonably determined by Franchisor to be practical given the damage or loss that has occurred. Franchisee shall ensure that the Royalties, System Fee, and any other sums payable to Franchisor under this Agreement are insured within Franchisee's business interruption insurance policy. Such policy shall insure against "all risks" of physical loss or damage and be endorsed to provide for payments to be made directly to Franchisor. In the event of fire or other casualty that results in a reduction of Gross Revenue, Franchisee will determine and pay to Franchisor, from the proceeds of any business interruption or other insurance applicable to loss of revenues, an amount equal to the forecasted monthly amounts agreed on between Franchisee and its insurance company that would have been paid to Franchisor in the absence of such casualty.

Section 15.05. Effect on Term. If, after a period of cessation of operations at the Hotel, the commencement or recommencement of operations is possible, the period of such cessation shall be deemed excluded from the Term, and the Term shall be extended by the number of days of such period of cessation.

ARTICLE XVI. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION.

Section 16.01. De-Branding Actions. At the end of Term Franchisee must immediately cease use of Margaritaville Intellectual Property and commence such de-branding actions as are required to preclude a commercially reasonable likelihood of confusion on the part of the public as to whether the Hotel is a "Margaritaville" establishment (the "**De-Branding Actions**"), including:

(a) remove all elements consisting of or referring to the Margaritaville Intellectual Property, the Hotel System, or the Buffett IP Rights;

(b) removing all exterior and interior signage relating to the Hotel;

(c) discontinuing the use or display of the Margaritaville Intellectual Property, including all usage of the Margaritaville Intellectual Property in connection with the advertisement and promotion of the Hotel and on any Internet Site;

(d) changing any and all menu items that refer to the Margaritaville Intellectual Property, were provided by the Franchisor or its Affiliates, were set forth in the Hotel Standards or Manual, or otherwise relate to the Hotel System;

(e) deleting or returning any and all copies of the Confidential Information from any computer system or otherwise in the possession of the Franchisee, its Affiliates, its Owners, or its Key Personnel;

(f) removing from the Hotel any elements of the Design Plans that are descriptive or indicative of the Hotel System or the Margaritaville Intellectual Property, including, but not limited to, repainting and removing any architectural elements that were provided by the Franchisor, its Affiliates, or the Designer, were set forth in the Hotel Standards or Manual, or otherwise relate to the Hotel System;

(g) changing any staff uniforms to remove all Margaritaville Intellectual Property from the Hotel;

(h) deleting from any computer system or POS System any Confidential Information or otherwise proprietary information, including, but not limited to recipes, menu items, inventory, and pricing;

(i) closing accounts with any suppliers or vendors opened in connection with the operation of the Hotel under the Margaritaville Intellectual Property, which Franchisor shall have the right to do on Franchisee's behalf if Franchisee fails to do so;

(j) immediately ceasing acceptance of and participation in any Pre-Sales, including gift cards or certificates and the like, coupons, or the Loyalty Programs associated with the Hotel System;

(k) canceling all assumed name or equivalent registrations using or incorporating the Margaritaville Intellectual Property; and,

(l) promptly notifying any applicable telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories, and listings associated with any of the Margaritaville Intellectual Property.

Section 16.02. Franchisee Fee Obligations. Upon the expiration or earlier termination of this Agreement for any reason, all accrued and unpaid Royalties and System Service Contributions due at the time of expiration or termination shall become due and payable within 30 days following the later of such expiration or termination.

Section 16.03. Technology Services. Upon expiration or termination of this Agreement, Franchisee must cease use of the CRS, or any other technology connected to the Hotel System, including, but not limited to the CRM System, PMS, POS, and CMS. Franchisee, however, shall remain obligated to any third parties for payments due and owing under any separate agreement for services that they may have with such third-party vendors.

Section 16.04. Liquidated Damages.

(a) Upon the termination of this Agreement under Section 14.01 by Franchisor, Franchisee shall pay to Franchisor an amount equal to $50,000 multiplied by the lesser of: (i) the remainder of months in the Term or (ii) 36. The Parties agree that the foregoing amount shall be considered liquidated damages and not a penalty, because the money damages under this Section 16.04 would be difficult or impossible to accurately estimate and the foregoing amount is a commercially reasonable pre-estimate of the probable loss to Franchisor at the applicable time and shall constitute full and complete satisfaction of all obligations of Franchisee under this Agreement.

(b) Notwithstanding any other provision of this Agreement, if the Hotel has not yet opened for business as of the Opening Deadline (as may be extended pursuant to Section 2.08(b)), then Franchisee shall pay to Franchisor an amount equal to $500,000. The Parties agree that the foregoing amount shall be considered liquidated damages and not a penalty, because the money damages under this Section 16.04 would be difficult or impossible to accurately estimate and the foregoing amount is a commercially reasonable pre-estimate of the probable loss to Franchisor at the applicable time and shall constitute full and complete satisfaction of all obligations of Franchisee under this Agreement.

Section 16.05. Survival. Every provision that expressly or by its nature is necessary to allow the Parties to fulfill their rights and obligations shall survive this Agreement.

ARTICLE XVII. DISPUTE RESOLUTION

Section 17.01. Notice and Opportunity to Cure. As a mandatory condition precedent prior to Franchisee taking any legal or other action against Franchisor, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), Franchisee shall first give Franchisor 90 days' prior written notice and opportunity to cure any alleged act or omission, or to resolve any dispute.

Section 17.02. Mediation. The Parties agree that prior to instituting any legal proceeding, they shall attempt to settle the dispute by mediation before resorting to another dispute resolution procedure. The foregoing mandatory mediation requirement shall not apply to (i) any controversy or claim relating to ownership or use of the Margaritaville Intellectual Property or Confidential Information; or (ii) any claim for an injunction or other equitable relief; or (iii) any claim by the Franchisor for unpaid Royalties or other unpaid amounts owed to Franchisor. The mediation shall be with a mutually agreeable JAMS mediator ("**Mediator**") and shall take place at the JAMS office in Atlanta, Georgia. In order to commence the mediation process, the Party seeking mediation must send a written demand for mediation to the other Party which sufficiently sets forth the issues to be mediated.

Section 17.03. Arbitration. If the Parties are not able to appoint a Mediator or, if they have appointed one, fail to reach a mutual agreement based on the steps set forth in Section 17.02, within fifteen (15) days following the Parties' failure to appoint a mediator or failure to reach a mutual mediation agreement, then any Party may then submit the dispute for binding arbitration to the JAMS office in Atlanta, Georgia. The rules of JAMS shall, except as set forth below, be utilized in resolving the dispute:

(a) each Party shall select one independent and impartial arbitrator from the JAMS panel in the Atlanta, Georgia metropolitan area. Within ten (10) days of the date upon which the last of those two (2) arbitrators is selected, the two (2) arbitrators shall select a third arbitrator by mutual agreement from the JAMS panel in the Atlanta, Georgia metropolitan area;

(b) if the third arbitrator cannot be selected in the manner described in subsection (a), above, then each Party shall submit to the senior administrator of JAMS in Atlanta, Georgia the name of one (1) additional arbitrator, and he or she, using sole discretion, shall select one of those two (2) proposed arbitrators as the third arbitrator, who shall be the Chairperson;

(c) the arbitration shall take place in Atlanta, Georgia at a location to be decided by majority vote of the arbitrators;

(d) the arbitrators shall conduct the arbitration and render their written decision or award within one hundred eighty (180) calendar days of their selection, including specific findings of fact and conclusions of law;

(e) the arbitration shall be binding and not subject to reversal by any court except for acts of intentional misconduct by an arbitrator;

(f) either Party to this Agreement may apply to any court of competent jurisdiction to enforce an arbitration order; and

(g) if the arbitration panel does not decide any issue connected with the dispute, then either Party to this Agreement may apply to any court of competent jurisdiction for equitable relief and/or damages regarding that issue, after complying with the procedure set forth above.

Section 17.04. Costs and Attorneys' Fees. If either Party initiates a formal legal proceeding under or relating to this Agreement or the relationship between Franchisee and Franchisor (and/or any of its Affiliates), the non-Prevailing Party in that proceeding (as determined by the arbitration panel or judge, as applicable) must reimburse the Prevailing Party for all of the Prevailing Party's costs and expenses that it incurs, including reasonable accounting, attorneys', and related fees.

Section 17.05. Private Dispute. The Parties agree that any dispute and any legal proceeding arising out of or related to this Agreement shall be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. No legal proceeding arising out of or relating to this Agreement or the System may be brought on behalf of any franchisee associations or groups, and Franchisee agrees not to participate in any such proceeding. Any such proceeding shall not be consolidated with any other proceeding involving any other Person, except for disputes involving Affiliates of the Parties to such legal proceeding.

Section 17.06. Waiver of Punitive Damages and Jury Trial. EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS FOR THIRD PARTY CLAIMS UNDER ARTICLE X, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES (INCLUDING LIQUIDATED DAMAGES) IT SUSTAINS.

FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR ITS OWNERS).

ARTICLE XVIII. NOTICE ADDRESSES

Section 18.01. Form of Notice. Any notice, demand, request, consent, agreement or approval which may be or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered by email and (a) certified mail, postage prepaid, return receipt requested; or (b) via reputable overnight delivery service (e.g., Federal Express).

Section 18.02. Notice Addresses.

(a) Franchisor, addressed to it at:

Margaritaville Hotels & Resorts, LLC
256 Worth Avenue, Suite Q R
Palm Beach, FL 33480
Email: jcohlan@margaritaville.com
Attention: Mr. John Cohlan

and

Margaritaville Hotels & Resorts, LLC
6900 Turkey Lake Road, Suite 200
Orlando, FL 32819
Email: lmcconnell@margaritaville.com
Attention: Ms. Laura McConnell

With a copy to:

Margaritaville Hotels & Resorts, LLC
3715 Northside Parkway, Suite 4-475

Atlanta, Georgia 30327
Email: kfancher@margaritaville.com
Attention: Ms. Kristen Fancher

(b) Franchisee, addressed to it at:

[___________________________]
[___________________________]
[___________________________]

With a copy to:

[___________________________]
[___________________________]
[___________________________]

or to such other address or in care of such other persons as a Party may from time to time advise to the other Party by notice in writing in accordance with this Article XVIII. All notices, demands requests, consents, agreements, or approvals given in conformity with this Article XVIII shall be conclusively deemed given upon actual receipt or upon the first refusal of the addressee to accept delivery.

ARTICLE XIX. GENERAL

Section 19.01. Relationship of the Parties. The relationship between Franchisor and Franchisee hereunder shall at all times be that of independent contractors, and nothing contained in this Agreement shall render or constitute Franchisor and Franchisee joint venturers, partners, or agents of each other or allow a Party to legally bind the other Party with respect to any third party. This Agreement does not create a fiduciary relationship between the Parties. Further, the Parties are not and do not intend to be partners, associates, or joint employers in any way. Although Franchisor retains the right to establish and modify the Hotel System and standards Franchisee must follow, Franchisee retains responsibility for the day-to-day management and operation of the Hotel and implementing and maintaining all Hotel Standards at the Hotel. The Parties recognize that Franchisor neither dictates nor controls labor or employment matters for Franchisee and that Franchisee, and not Franchisor, is solely responsible for dictating the terms and conditions of employment for Franchisee's employees.

Section 19.02. Modification and Changes. This Agreement cannot be changed or modified except by another agreement in writing signed by the Parties.

Section 19.03. Severability. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable as written, such provision shall be enforced to the maximum extent permitted by Applicable Law.

Section 19.04. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

Section 19.05. Headings. The section headings contained herein are for convenience of reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement.

Section 19.06. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed in Delaware.

Section 19.07. Waiver. No waiver by any Party of a breach or a default hereunder shall be deemed a waiver by such Party of a subsequent breach or default of a similar nature.

Section 19.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which shall together constitute one and the same agreement. This Agreement may be delivered by either Party by facsimile or by electronic mail and, if so executed and delivered, shall be legally valid and binding on the Party executing in such manner.

Section 19.09. Further Assurances. The Parties shall do and cause to be done all such acts, matters and things and shall execute and deliver all such documents and instruments as shall be required to enable the Parties to perform their respective obligations under, and to give effect to the transactions contemplated by this Agreement.

Section 19.10. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether written or oral. No side agreement, undertaking, promise, duty, obligations, covenant, term, condition, representation, warranty, certification or guaranty shall be deemed to have been given or be implied from anything said or written in negotiations between the Parties prior to the execution of this Agreement, except as expressly set forth in this Agreement. Notwithstanding the foregoing, nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

Section 19.11. Covenant of Good Faith and Fair Dealing. Pursuant to the covenant of good faith and fair dealing, each Party shall act in good faith and fair dealing in connection with all of its performance and enforcement of this Agreement.

Section 19.12. Commercially Reasonable Standard. This Agreement shall be interpreted to require that all actions and non-actions must be undertaken on a commercially reasonable basis unless sole discretion is specified. The fact that some provisions use the phrase "commercially reasonable" while other provisions do not use that phrase shall not affect the standard set forth above.

Section 19.13. Brokers. The Parties agree that no broker or finder has been engaged by or acted for or on behalf of either Party in connection with the negotiation, execution, or performance of this Agreement, and no such Person is or will be entitled to any broker's, finder's or similar fee or other commission in connection with this Agreement.

Section 19.14. Cumulative Remedies. Franchisor's and Franchisee's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude enforcement.

Section 19.15. Force Majeure Events. If either Party is delayed, hindered, or prevented from the performance of a non-financial obligation under this Agreement due to a Force Majeure Event, the performance shall be excused for the period of delay. The period for the performance shall also be extended for a period equal to the period of delay. It shall be a condition of a Party's right to claim an extension that the Party notifies the other Party within 15 days after the occurrence of the Force Majeure Event, specifying the nature of the cause and the estimated period of time necessary for performance.

ARTICLE XX. ACKNOWLEDGEMENTS

Section 20.01. Acknowledgments.

To induce Franchisor to sign this Agreement and grant Franchisee the rights under this Agreement, Franchisee represents, warrants, and acknowledges that:

(a) Franchisee has independently investigated and evaluated the opportunity of investing in the hotel industry generally and specifically the Margaritaville Hotels & Resorts franchise opportunity, including the current and potential market conditions and competitive factors and risks, and recognizes that, like any other business, the nature of a Margaritaville Hotel's business will evolve and change over time;

(b) Franchisor's approval of the Site is not a guarantee or warranty, express or implied, of the success or profitability of a Margaritaville Hotel at that location;

(c) retaining customers for the Hotel will require a high level of customer service and strict adherence to the Hotel System and the Hotel Standards, and that Franchisee is committed to maintaining the Hotel Standards;

(d) any information Franchisee has acquired from other Margaritaville Hotel owners, including information regarding their sales, profits, or cash flows, is not information obtained from Franchisor, and Franchisor makes no representation about that information's accuracy;

(e) all statements Franchisee has made and all materials (including ownership information and descriptions of Franchisee's and/or its Affiliates' ownership structure(s)) it has given Franchisor in acquiring the rights under this Agreement are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining those rights;

Franchisee has been afforded an opportunity to ask any questions it has and to review any appropriate materials of interest to Franchisee concerning the Margaritaville Hotel franchise opportunity; and

(f) Franchisee is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and Franchisee's execution and delivery of this Agreement and performance of its obligations hereunder (i) have been duly authorized by all necessary company action, (ii) do not and will not violate or result in a breach or default under any Applicable Law or any agreement to which Franchisee is a party or by which it is bound, and (iii) do not require the consent of any third party that has not been obtained.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

MARGARITAVILLE HOTELS & RESORTS, LLC

By: Margaritaville Enterprises, LLC,
Its Sole Manager

By:______________________________
Name: John Cohlan
Title: Chief Executive Officer

[COMPANY]

By:______________________________
Name:
Title:

EXHIBIT A TO THE FRANCHISE AGREEMENT

DEFINITIONS

Words and terms used in this Agreement as defined terms with initial capital letters shall have the meaning ascribed thereto in this Agreement including, without limitation, the following words and terms shall have the respective meanings ascribed to them below and grammatical variations of such words and terms shall have corresponding meanings.

"**ADR**" shall mean a measure of the average daily rate paid for rooms sold, calculated by dividing room revenue by rooms sold;

"**Affiliate(s)**" shall mean, regarding a specified Party, any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, the specified Party. The term "Affiliate" as applied to Franchisor shall be deemed to exclude Jimmy Buffett;

"**Agreement**" shall mean this Franchise Agreement, including all exhibits and schedules hereto, as originally executed and as amended, modified, supplemented, or restated from time to time;

"**Amenities Rider**" shall mean a rider that may be attached to this Agreement, governing Franchisee's operation of a spa and/or other amenities using Franchisor's (or its Affiliates') intellectual property;

"**Applicable Law**" shall mean all laws, statutes, ordinances, codes, acts, bylaws, rules, regulations, requirements, decrees and orders of any Governmental Authority which now or hereafter may be applicable to and enforceable against the relevant work or activity in question or any part thereof, including without limitation, all Data Protection Laws and Anti-Terrorism Laws;

"**Approval Agents**" shall have the meaning set forth in Section 5.04

"**Authorized Representatives**" shall have the meaning set forth in Section 11.03;

"**Brand Owner**" shall mean any entity that (i) is either a franchisor or owner of a Competing Brand; (ii) manages or otherwise operates hotels exclusively for the franchisor or owner of a Competing Brand; or (iii) is an affiliate of any entity described in (i) or (ii) above;

"**Buffett**" shall mean Jimmy Buffett, Coral Reefer Music, and any other entities which are majority-owned and controlled by Jimmy Buffett;

"**Buffett Agreement**" shall have the meaning set forth in Section 8.01;

"**Buffett IP Rights**" shall mean, individually and collectively, the Buffett Works and the Personality Rights;

"**Buffett Works**" shall mean Compositions and all current and future photographic works, books, articles, films, videos and other audio-visual works, artwork, drawings, recipes and other works of authorship 100% owned and controlled by Buffett, and, with respect to all of the foregoing, including all intellectual property rights embodied therein and appurtenant thereto;

"**CAN-SPAM Act**" shall have the meaning set forth in Section 4.05(b);

"**CCPA**" shall have the meaning set forth in Section 4.05(b);

"**CDPA**" shall have the meaning set forth in Section 4.05(b);

"**Change of Control**" shall mean any transaction or series of related transactions pursuant to which: (i) any Person, or any 2 or more Persons acting as a group, and all Affiliates of such Person or Persons, who prior to such transaction(s) owned shares representing less than 50% of the voting power at elections for the board of directors of the Franchisee, shall acquire, whether by purchase, exchange, tender offer, merger, consolidation or otherwise, shares of the Franchisee's capital stock or other means of controlling voting such that following any such transactions, or series of transactions, such Person or group and their respective Affiliates beneficially own 50% or more of the voting power at elections for the board or any successor; or (ii) Franchisee shall sell all or substantially all of its assets, or the majority of its assets if such sale includes the assets relating to Franchisee's performance of its obligations under this Agreement;

"**CMS**" shall mean a content management system that controls and powers the System Website.

"**Comfort Letter Party**" shall have the meaning set forth in Section 2.11;

"**Competent Authority**" shall mean the statement of a medical expert pursuant to a diagnosis and/or evaluation of a person, and/or a report of the incident. It may also refer to the final, non-appealable decision and/or order of an administrative entity or competent court with jurisdiction over the Parties;

"**Competing Brand**" shall mean a hotel concept that has at least 5 hotels operating under that concept's trade name anywhere in the world and that, in Franchisor's commercially reasonable opinion, competes with Margaritaville Hotels & Resorts;

"**Competitor**" shall mean a business which is a hotel or other lodging establishment with comparable target customers, prices, and amenities, as set forth in the Manual, the Hotel Standards, or otherwise in writing by Franchisor during the Term of this Agreement or during any period of application of the Covenants contained in Article IX hereto;

"**Compositions**" shall mean any current and future musical compositions written by Buffett or portions thereof written by Buffett, including the lyrics and titles to such compositions and all intellectual property rights embodied therein and appurtenant thereto, solely to the extent that Buffett owns 100% of the publishing rights;

"**Confidential Information**" shall have the meaning set forth in Section 11.01;

"**Control**" shall mean the ownership of voting securities of a Person, whether directly or indirectly, sufficient to elect a majority of the board of directors, managing members or the trustees of such Person;

"**CPDPA**" shall have the meaning set forth in Section 4.05(b);

"**CPA**" shall have the meaning set forth in Section 4.05(b);

"**CRM System**" shall have the meaning set forth in Section 4.09;

"**CRS**" shall mean the central reservation system developed by Franchisor or its designee for the Hotel System;

"**Data Protection Laws**" shall have the meaning set forth in Section 4.05(b);

"**De-Branding Actions**" shall have the meaning set forth in Section 16.01;

"**Décor**" shall have the meaning set forth in Section 5.03(a);

"**Design Plans**" shall have the meaning set forth in Section 2.03;

"**Designer**" shall have the meaning set forth in Section 2.02;

"**Dwellings Rider**" shall mean a rider that may be attached to this Agreement, governing Franchisee's operation of vacation dwellings using Franchisor's (or its Affiliates') intellectual property;

"**Effective Date**" shall have the meaning set forth in the Preamble of this Agreement;

"**Event of Default**" shall have the meaning set forth in Section 13.01;

"**Exercise Notice**" shall have the meaning set forth in Section 12.03(b);

"**FBR Rider**" shall mean a rider that may be attached to this Agreement, governing Franchisee's operation of certain restaurants using Franchisor's (or its Affiliates') intellectual property;

"**FF&E**" shall mean all fixtures; equipment; furnishings; furniture; telephone systems; communications systems; copiers; signs; property management, revenue management, in-room entertainment, and other computer and technology systems; and other similar items that Franchisor periodically specifies for the Hotel;

"**Food and Beverage Service**" shall mean a bar area, breakfast buffet and any other food and beverage services operated by Franchisee at the Hotel, including banquets, catering, and room service (if available) and any restaurants and retail stores operated pursuant to an FBR Rider (if applicable);

"**Force Majeure Event**" shall mean any bona fide delay or state of affairs beyond the control of a Party (other than as a result of financial incapacity of such Party), which shall cause or contribute towards such Party being unable to fulfill or being delayed or restricted in the fulfillment of such Party's non-financial obligations as a result of:

(i) the non-supply, non-provision or non-delivery of, or inability to obtain any material service, goods, equipment, utility or labor or the doing of any material work or the making of any material repairs;

(ii) any action or inaction of a Governmental Authority or Applicable Law;

(iii) any strikes, lockouts, slowdowns or other combined action of workers or labor disputes;

(iv) acts of God, accidents or acts of man resulting in catastrophe, disaster, impossibility, or other inability of a Party, in good faith, to perform this Agreement (e.g., Gulf of Mexico oil spill), insurrection, war, riots, acts of terrorism, or civil commotion, infectious disease, epidemic, and/or pandemic (including but not limited to Covid-19); or

(v) Any similar types of acts or actions and other actions considered force majeure under Applicable Law or by a court of competent jurisdiction.

"**Franchisee**" shall have the meaning set forth in the Preamble;

"**Franchisee Agents**" shall mean vendors, service providers, contractors, or other third parties that perform any data processing, collecting, or storing of Guest Profile Data on behalf of Franchisee;

"**Franchisee Artwork**" shall have the meaning set forth in Section 8.08(b);

"**Franchisee Indemnified Parties**" shall have the meaning set forth in Section 10.02;

"**Franchisee Intellectual Property**" shall mean all trademarks, service marks, trade names, logos, copyrights, Franchisee Artwork, any other indicia of Sub-Licensee or any of Franchisee's Affiliates and any other intellectual property owned by Franchisee or any of Franchisee's Affiliates;

"**Franchisor**" shall have the meaning set forth in the Preamble;

"**Franchisor Indemnified Parties**" shall have the meaning set forth in Section 10.01;

"**GDPR**" shall have the meaning set forth in Section 4.05(b);

"**General Manager**" shall have the meaning set forth in Section 4.03(b);

"**Governmental Authority**" shall mean individually and collectively any governmental or regulatory authority, department, ministry, agency, court, tribunal, bureau, commission, governmental arbitrator or arbitration board or other similar body, whether federal, state or municipal, including, without limitation, the U.S. Patent and Trademark Office and Trademark Trial and Appeal Board, the U.S. Food and Drug Administration and state and local alcoholic beverage licensing authorities;

"**Gross Revenue**" shall mean, for each calendar month following the Opening Date (or any component thereof or prorated portion thereof), all revenue, income and proceeds derived from the operation and management of the Hotel, including Gross Rooms Revenue, Food and Beverage Service; Merchandise sales, resort fees, destination fees, mandatory surcharges for facilities, and any other revenue arising from use of the Margaritaville Intellectual Property pursuant to this Agreement, the Amenities Rider or any addendum thereof. Gross Revenue shall exclude only the following items, without regard to any exclusions listed within the definition of Gross Rooms Revenue or any other defined term incorporated herein:

(i) free or discounted rooms and upgrades or other "comps" that the Hotel collects no revenue or in-kind value for;

(ii) federal, state, or municipal excise, room, sales, or use taxes, or similar taxes collected from guests and paid to an applicable governmental authority;

(iii) gratuities, service charges, or similar receipts collected and then paid directly to staff;

(iv) any sale of fixtures, machinery, or other equipment that is not in the ordinary course of business;

(v) any gift card, coupons, or the like at the time of purchase, but which shall be included in gross revenue upon redemption;

(vi) any complimentary breakfast service; and

(vii) any other adjustments to revenue in conformance with the Uniform System (excluding any adjustment that excludes resort fees and the like).

"**Gross Rooms Revenue**" shall mean, for each calendar month following the Opening Date (or prorated portion thereof), all revenue, income and proceeds derived from the rental of guest rooms at the Hotel, excluding:

(i) free or discounted rooms and upgrades or other "comps" that the Hotel collects no revenue or in-kind value for;

(ii) federal, state, or municipal excise, room, sales, or use taxes, or similar taxes collected from guests and paid to an applicable governmental authority;

(iii) gratuities, service charges, or similar receipts collected and then paid directly to staff;

(iv) any sale of fixtures, machinery, or other equipment that is not in the ordinary course of business;

(v) any gift cards or coupons at the time of purchase, but which shall be included in gross revenue upon redemption; and

(vi) any other adjustments to revenue in conformance with the Uniform System.

"**Guarantors**" shall have the meaning set forth in Section 2.12;

"**Guaranty**" shall have the meaning set for in Section 2.12;

"**Guest Profile Data**" shall mean information and data relating to or derived from the Hotel's guests and other customers during the Term, whether obtained from the guest or customer or from any other source, including names, preferences, and other information about the guests' or customers' experiences and/or purchases, and including, but not limited to, information stored in or provided to the CRS, PMS, CRM, Loyalty Program, or any other system that collects guest data or behavior;

"**Hotel**" shall have the meaning set forth in the Preliminary Statement;

"**Hotel Standards**" shall mean those procedures, standards, specifications, controls, systems, manuals, guides, furniture, accessories and other distinguishing elements or characteristics which Franchisor and its Affiliates have developed in connection with the management and operation of Margaritaville-branded hotels, which standards are such that the Hotel shall be managed and operated in such a manner as required to provide high quality lodging, food and beverage and other services and conveniences to the public of substantially the same quality and distinguishing characteristics as are set by the Franchisor in writing, including without limitation, the criteria set forth in the Manual;

"**Hotel System**" shall mean the concept and system associated with the establishment of all Margaritaville Hotels & Resorts, as Franchisor periodically modifies it, including the Margaritaville Intellectual Property, the Manual, the Confidential Information; the Décor; the CRS, quality assurance measures; the Training Program and Task Force; the Hotel Standards; and the Marketing Program;

"**Hotel Website**" shall mean a Hotel-specific website developed according to a Property Website Package. The Property Website will reside on the Hotel Website.

"**HPS**" shall have the meaning set forth in Section 8.13;

"**HPS Security Interest**" shall have the meaning set forth in Section 8.12;

"**Indemnified Party**" shall mean any Franchisee Indemnified Parties or Franchisor Indemnified Parties that are entitled to receive indemnification pursuant to this Agreement;

"**Indemnifying Party**" shall mean any Party obligated to indemnify an Indemnified Party pursuant to this Agreement;

"**Initial Term**" shall have the meaning set forth in Section 1.02;

"**Innovations**" shall have the meaning set forth in Section 8.09.

"**Internet Site**" shall have the meaning set forth in Section 8.07;

"**Internet Uses**" shall have the meaning set forth in Section 5.03(c);

"**Key Personnel**" shall mean the General Manager, director of sales, food and beverage director, and rooms director (or their equivalents, if specific titles differ);

"**License Agreement**" shall have the meaning set forth in Section 8.01;

"**Licensed Uses**" shall have the meaning set forth in Section 5.03(d);

"**Licensor**" shall have the meaning set forth in Section 8.01;

"**Loyalty Program**" shall have the meaning set forth in Section 4.14;

"**Management Agreement**" shall have the meaning set forth in Section 4.03(a);

"**Management Company**" shall have the meaning set forth in Section 4.03(a);

"**Management Rider**" shall have the meaning set forth in Section 4.03(a);

"**Manual**" shall have the meaning set forth in Section 3.02;

"**Margaritaville Enterprises IP Rights**" shall mean, individually or collectively, the Margaritaville Artwork, the Sub-Licensed Trade Dress, the Sub-Licensed Marks and the Hotel System;

"**Margaritaville Artwork**" shall mean all depictions of the Margaritaville Intellectual Property incorporated in designs, logos or any other creative rendering in any and all media now known or hereafter devised;

"**Margaritaville Hotel**" shall have the meaning set forth in the Preliminary Statement;

"**Margaritaville Hotels & Resorts**" shall have the meaning set forth in the Preliminary Statement;

"**Margaritaville Intellectual Property**" shall have the meaning set forth in Section 8.01;

"**Marketing Program**" shall have the meaning set forth Section 3.03;

"**Mediator**" shall have the meaning set forth in Section 17.02;

"**Non-Buffett Works**" shall mean any current and future musical composition recorded by Buffett, including the lyrics and titles to such compositions and all intellectual property rights embodied therein and appurtenant thereto, for which Buffett does not own 100% of the publishing rights, and all current and future photographic works, books, articles, films, videos and other audio-visual works, artwork, drawings and other works of authorship which are not 100% owned and controlled by Buffett, and, with respect to all of the foregoing, including all intellectual property rights embodied therein and appurtenant thereto;

"**Occupancy**" shall mean the percentage of available rooms that were sold during a specified period of time, calculated by dividing the number of rooms sold by the number of available rooms;

"**Opening Date**" shall have the meaning set forth in Section 2.09;

"**Opening Deadline**" shall have the meaning set forth in Section 2.08(a);

"**Operational Information**" shall mean Gross Revenue, Gross Rooms Revenue, occupancy, ADR, revenue per available room (including segmentation), Food and Beverage Service broken down by outlet (if applicable), retail, spa, FEC, waterpark, parking, and all other revenue derived from services and amenities at the Hotel (whether or not subject to Royalties); departmental, undistributed, fixed expenses broken out in detail, reserve, and schedule of past or planned capital expenditures (as applicable); and other information required by Franchisor that may be useful (in the sole business judgment of Franchisor) in connection with marketing, reservations, and guest loyalty and satisfaction, and other functions, purposes, or requirements of Franchisor and its Affiliates;

"**OS&E**" shall mean all operating supplies and equipment for day-to-day operation of the Hotel, including without limitation, linens, towels, sheets, toiletries, paper products and cleaning products; and other similar items that Franchisor periodically specifies for the Hotel;

"**Other Hotel**" shall have the meaning set forth in Section 15.01;

"**Other Materials**" shall have the meaning set forth in Section 5.03(d)(iv);

"**Owners**" shall mean any Person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee, including any Person who has a direct or indirect interest in Franchisee, this Agreement, the franchise, or the Hotel and any person or entity who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets or any capital appreciation relating thereto;

“**Party**” shall mean Franchisor or Franchisee;

“**Payment Card Data**” shall mean personally identifiable data about a payment cardholder, such as account number, expiration date, data provided by the cardholder or other electronic data gathered by Franchisee with respect to a payment card transaction;

“**PCI Security Standards**” shall have the meaning set forth in Section 4.05(h)(i);

“**Person**” shall mean any individual, corporation, partnership, limited liability company, trust, or other entity;

“**Personality Rights**” shall mean Buffett’s personality rights, including, but not limited to, his name, image, likeness, signature, photograph, gestures, distinctive appearances and mannerisms, including all such future personality rights as may be created after the date of the Buffett Agreement, and, with respect to all of the foregoing, including all intellectual property rights embodied therein and appurtenant thereto;

“**PIP**” shall have the meaning set forth in Section 2.04;

“PMS” shall have the meaning set forth in Section 4.05(a)(i);

“**POS System**” shall have the meaning set forth in Section 4.10;

“**Pre-Sales**” shall mean pre-sold coupons, gift cards and the like, the amount collected for which shall be included in Gross Revenue and at the time the Pre-Sale is redeemed;

“**Prevailing Party**” shall mean the party, if any, which substantially prevailed upon the central litigated issues;

“**Promotional Materials**” shall have the meaning set forth in Section 5.03(b);

“**Promotional Method**” shall have the meaning set forth in Section 5.03(d)(ii);

“**Property**” shall have the meaning set forth in Section 12.03(a);

“**Property Website**” shall mean a negotiated set of solutions required to develop and launch a Hotel Website.

“**Proposed Uses**” shall have the meaning set forth in Section 5.02;

“**Quality Assurance Audits**” shall have the meaning set forth in Section 4.12(b);

“**Quality Control Agents**” shall have the meaning set forth in Section 5.02;

“**Reasonable Deviations**” shall have the meaning set forth in Section 4.06(d);

“**Release**” shall have the meaning set forth in Section 1.03(j);

“**Released Parties**” shall have the meaning set forth in Section 1.03(j);

"**Remodel**" shall have the meaning set forth in Section 1.03(f);

"**Renewal Conditions**" shall have the meaning set forth in Section 1.03;

"**Renewal Consent**" shall have the meaning set forth in Section 1.04(a)(i)(1);

"**Renewal FDD**" shall have the meaning set forth in Section 1.04(a)(i)(2);

"**Renewal Notice**" shall have the meaning set forth in Section 1.03(a);

"**Renewal Term**" shall have the meaning set forth in Section 1.03;

"**Reporting System**" shall have the meaning set forth in Section 6.12;

"**Right of First Offer**" shall have the meaning set forth in Section 12.03(a);

"**Royalty**" shall have the meaning set forth in Section 6.02;

"**Sale Notice**" shall have the meaning set forth in Section 12.03(a);

"**Security Incident**" shall mean any suspected or actual unlawful or unauthorized access to, acquisition of, disclosure of, or use of Guest Profile Data or Confidential Information, including any of the foregoing that compromises the security, confidentiality, availability, or integrity (e.g., any deletion or alteration) of Guest Profile Data or Confidential Information, regardless of whether such Security Incident is accidental or intentional. The term "Security Incident" also includes any unlawful or unauthorized intrusion (including supply chain breaches), either by internal or external actors or forces, into Franchisee's information systems or networks, which: (i) compromises or threatens to compromise, either directly or indirectly, Guest Profile Data or Confidential Information; (ii) results in unauthorized access or access in excess of authorization to Franchisee's information systems or networks; or (iii) threatens or compromises the availability of Franchisee's information systems or networks;

"**Sourced Products**" shall have the meaning set forth in Section 4.07;

"**Site**" shall have the meaning set forth in the Preliminary Statement;

"**Sub-Licensed Marks**" shall mean, subject to the terms of this Agreement, the registered and unregistered trademarks and service marks, including logos, designs, emblems, stylized lettering and other indicia of source, and all applications for registration therefor, which are listed in Schedule 1 attached hereto, in the classes and fields of use as set forth in Schedule 1 (as such Schedule 1 may be modified from time to time under this Agreement);

"**Sub-Licensed Trade Dress**" shall mean, subject to the terms of this Agreement, the combination of elements of physical appearance (other than the Sub-Licensed Marks) which, taken together, identify the Hotel as a Margaritaville Hotels & Resort location, which combination of elements would give rise to a commercially reasonable likelihood of confusion by the public as to whether the property is sub-licensed by, affiliated with, or operated by, Franchisor or any of its Affiliates, including, without limitation, the following words and images taken in their totality:

(i) words or phrases that include lyrics in songs Jimmy Buffett has written or performed in the past, present or future, when used in a way so as to evoke Jimmy Buffett or the Margaritaville brand;

(ii) words that are evocative of Jimmy Buffett, Licensor, Franchisor or any of their Affiliates, including, without limitation, "cheeseburger in paradise," "fins," "jolly," "latitude," "longitude," "paradise," "parrot," "shark," "telegraph" and "wasted away", when used in a way so as to evoke Jimmy Buffett or the Margaritaville brand;

(iii) images, in any form and media, that are evocative of Jimmy Buffett, Licensor, Franchisor or any of their Affiliates, including, without limitation, blenders, cheeseburgers, fins, flip-flops, hammocks, latitude/longitude maps, salt shakers, tequila bottles, margarita glasses, manatees, parrots, parakeets and seaplanes, when used in a way so as to evoke Jimmy Buffett or the Margaritaville brand;

"**Successor Franchise Agreement**" shall have the meaning set forth in Section 1.03(h);

"**Supplements**" shall have the meaning set forth in Section 3.02;

"**System Fee**" shall have the meaning set forth in Section 6.03;

"**System Website**" shall have the meaning set forth in Section 5.10 and shall include any Hotel Website and any other website that may be developed as part of a Rider to this Agreement;

"**Task Force**" shall have the meaning set forth in Section 3.01(b);

"**TCPA**" shall have the meaning set forth in Section 4.05(b);

"**Term**" shall have the meaning set forth in Section 1.03;

"**Third-Party Claims**" shall mean any and all claims, demands, proceedings, actions and causes of action made or brought by any Person who is not (i) a Party to this Agreement, (ii) an Affiliate of a Party to this Agreement, or (iii) an owner, member, manager, partner, trustee, beneficiary, director, officer, employee or agent of the foregoing;

"**TIP**" shall have the meaning set forth in Section 2.05;

"**Trainers**" shall have the meaning set forth in Section 3.01(b);

"**Training Program**" shall have the meaning set forth in Section 3.01(a);

"**Transfer**" shall have the meaning set forth in Section 12.02(a);

"**TSR**" shall have the meaning set forth in Section 4.05(b);

"**UCPA**" shall have the meaning set forth in Section 4.05(b); and

"**Uniform System**" shall mean the Uniform System of Accounts for the Lodging Industry, Eleventh Edition, as published by the Educational Institute of the American Hotel and Motel Association, 2014, or a later edition that Franchisor approves.

EXHIBIT B TO THE FRANCHISE AGREEMENT

SITE DESCRIPTION

[Insert Site Description]

<u>EXHIBIT C-1 TO THE FRANCHISE AGREEMENT</u>

PROPERTY IMPROVEMENT PLAN (PIP)

[Insert if applicable]

EXHIBIT C-2 TO THE FRANCHISE AGREEMENT

TECHNOLOGY IMPROVEMENT PLAN (TIP)

[Insert if applicable]

EXHIBIT D TO THE FRANCHISE AGREEMENT

GUARANTY

This Guaranty (the "**Guaranty**") is given this _______ day of 20__, by the undersigned in connection with the execution of the Franchise Agreement dated __________, 20__, (the "**Franchise Agreement**") between MARGARITAVILLE HOTELS & RESORTS, LLC ("**Franchisor**") and ___________________________ ("**Franchisee**").

In consideration of, and as an inducement to, Franchisor's execution of the Franchise Agreement, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "**Guarantor**" and collectively, the "**Guarantors**") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform all of its obligations and pay all amounts due under the Franchise Agreement (including, without limitation, amounts due for initial franchise fees, royalties, system services contributions, and purchases of equipment, materials, and supplies) or otherwise owing by Franchisee to Franchisor or its affiliates.

Each Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty and the undertakings of Franchisee in the Franchise Agreement are in partial consideration for, and a condition to, Franchisor's willingness to enter into the Franchise Agreement, and that Franchisor would not have entered into the Franchise Agreement without the execution of this Guaranty and such undertakings by each Guarantor.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(ii) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor or its affiliate under the terms of the Franchise Agreement; and

(v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor individually, jointly and severally, also makes all of the covenants, representations, warranties and agreements Franchisee set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles I, II, VI, IX, X, XI, XII, XIV, XVI, and XVII (which include, among other things, the AGREEMENT TO ARBITRATE, WAIVERS OF PUNITIVE DAMAGES AND JURY TRIAL, AND LIMITATIONS OF CLAIMS).

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

IN WITNESS WHEREOF, each Guarantor now signs and delivers this Guaranty effective as of the date of the Franchise Agreement, regardless of the actual date of signature.

GUARANTORS

____
Name:____________________________

____
Name:____________________________

____
Name:____________________________

____
Name:____________________________

EXHIBIT E TO THE FRANCHISE AGREEMENT

MARKETING PROGRAM

Franchisees contribute to a system wide Marketing effort designed to create greater impact by spending collectively on promoting the Margaritaville brand and its sub-brands for the benefit of all franchisees. In addition to collective Marketing initiatives, it is understood that individual franchisees are expected to fund marketing initiatives over and above, to promote their Margaritaville development locally/regionally for specific and unique programs. The Margaritaville Brand Marketing Team ("**Marketing**") can assist with recommendations for placement and production of these efforts.

Marketing strategically uses the following tactics (in various combinations and amounts) to drive revenue, create a higher demand for the Margaritaville brand, preserve brand integrity, and increase the Margaritaville ecosystem. Franchisee shall have access to the following:

1. Traditional & Digital Marketing Support

a. Brand Marketing events and partnerships

Margaritaville will use commercially reasonable efforts to include the Property* in marketing initiatives when relevant and brand appropriate, and with similar frequency as other Margaritaville-branded properties.

b. Marketing strategy and counsel

Margaritaville will provide counsel and brand guidance for all Margaritaville brand related initiatives. While this is not a complete list, examples of possible brand initiatives are:

i. Seasonal campaigns where the Property can choose to participate with an offer for their location

ii. Brand promotions when appropriate where locations may have the opportunity to contribute / donate vacation packages

iii. Co-op marketing tactics involving multiple Margaritaville-branded locations pooling funds under Marketing coordination

iv. Sponsorship opportunities at brand events

c. Lead generation/data collection

Please refer to the brand data governance policy for details related to data ownership, data collection (data uniformity guidelines), data sharing and privacy.

Margaritaville mandates the use of a brand-approved CRM platform for data collection. No other CRM platforms may be used by the Property. This CRM platform is also the first (required) step towards inclusion in the Margaritaville loyalty program.

* For purposes of this Marketing Program, the term "Property" shall mean the specific Hotel or Resort to which the Franchise Agreement pertains.

Margaritaville provides systems and strategies with which to grow the brand database as well as Property databases through a provider called Flip.to. Margaritaville-branded properties are required to utilize these solutions and training will be provided by both Marketing and Flip.to.

d. Oversight of sweepstakes and giveaways

To help generate brand awareness and email acquisition.

e. Email marketing

Brand level - Margaritaville will use commercially reasonable efforts to include the Property in periodic email marketing when relevant and brand appropriate, and with similar frequency as other similar Margaritaville-branded properties.

Property level – Margaritaville mandates the use of a brand-approved CRM platform for email marketing. Marketing will provide branded templates for transactional emails, marketing emails and triggered emails. The Property is expected to use its CRM instance on a consistent basis to promote revenue growth for the Property.

f. Social media

Margaritaville brand level - Periodic promotion from Margaritaville's social media channels.

Brand level – Margaritaville will create, manage and maintain ownership of the Margaritaville brand social profiles and its content.

Property level – Margaritaville will create, manage and maintain ownership of the Property's social profiles. Franchisee will be granted access as a user to respond to posts and contribute content under brand guidelines.

g. Search Engine Optimization (SEO/SEM) strategy and guidelines

Margaritaville has created mandatory guidelines for SEO/SEM.

h. Analytics

Margaritaville will provide access to reporting of web statistics to Franchisee web page and/or website. Margaritaville will place tracking codes on the Property website. If Property has a need for their own tracking codes for paid digital marketing, they shall submit them for review and placement through the process established by Marketing. Marketing reserves the right to disapprove and/or modify the tracking codes. This includes tracking codes requested by third parties retained by the Property.

i. Database

Margaritaville will consult with Franchisee on best practices to drive email subscribers.

Margaritaville has established platforms and services designed to drive email subscribers and increase the brand database. These platforms and services shall be part of the brand and property website program and shall not be removed without Marketing's approval. The current provider of these solutions is Flip.to but Margaritaville reserves the right to change providers.

As with all Margaritaville franchisees/licensees, Franchisee could benefit from Margaritaville's database in the form of email marketing sent by Margaritaville (or a third-party service on Margaritaville's behalf). It is understood and agreed that Margaritaville's database is owned and maintained by Margaritaville and Franchisee will not be provided with physical access to Margaritaville's database. Inclusion of the Property in email marketing sent by Margaritaville to its database will be at Margaritaville's discretion.

Franchisee will give Margaritaville access to its current database for inclusion in Margaritaville communication promoting the Property, once a proper opt-in is obtained from those subscribers. Database members will be given the option to opt-in to other Margaritaville brand communication. Subscribers for whom a Margaritaville property opt-in was not obtained shall not be merged into the brand or property database nor shall Property communicate to them once the location becomes a Margaritaville-branded property.

j. Margaritaville website(s)

Representation on Margaritaville's website, specifically MargaritavilleResorts.com and Margaritaville.com.

Margaritaville will use commercially reasonable efforts to include the Property in website promotions when relevant and brand appropriate, and with similar frequency as other similar Margaritaville-branded properties.

The Property shall be provided with similar positioning within the Margaritaville website(s) as provided to other similar Margaritaville-branded properties.

k. Franchisee website

Franchisee's development and use of any website related to the Property shall be built on the Marketing-approved platform, currently with website provider Cendyn. Franchisee can elect to invest in a full website on the Marketing-approved platform, under the main URL www.MargaritavilleResorts.com, or www.CompassHotel.com, or (on the same URL) elect to choose a single property page at no cost. Any such approved website shall be developed at Franchisee's expense, according to specifications proscribed by Marketing, including without limitation, use of the web hosting firm Cendyn. The format and content of any such website shall be subject to Marketing's prior written approval. The domain name for any website using any of the Sub-Licensed Marks shall be and become the property of Margaritaville, and shall be registered in the name of Margaritaville, and shall be considered a Sub-Licensed Mark pursuant to the terms of the Agreement. Any vanity website domain names shall also be and become the property of Margaritaville.

Franchisee website shall live on the MargaritavilleResorts.com website and link back to the brand website (Margaritaville.com)

While Cendyn is the Margaritaville approved platform, the Property website agreement is between Margaritaville and the Property, under Margaritaville's master services agreement with Cendyn.

Property shall not place tracking codes, third party scripts, plugins, or apply or integrate the Property website with any outside technology provider without Marketing's approval.

Margaritaville has implemented and will periodically modify system standards for the Franchisee website.

l. Radio Margaritaville

Opportunities for on-air references and opportunity for on-site activation through Radio Margaritaville SiriusXM (Channel 24)

2. Branding

a. Brand toolkit

Marketing will provide a brand toolkit (Guidelines) and ongoing brand guidance and support.

b. Photography and videography

High quality photography and videography are important to the success of the Property and Margaritaville has established minimum standards of quality for both. The brand can assist with providing access to endorsed resources as well as a brand standards document. All images and videos require brand approval before they may be used to promote the Property.

c. Branded Products

Margaritaville has licensing agreements with numerous retailers and distributors that should be given first priority when a Margaritaville-branded location requires products with visible Margaritaville branding and/or logo. All Margaritaville-branded and logoed products require Margaritaville brand approval prior to use.

3. Partner Relations

a. General support

Annual representation at select national and international industry events, with occasional opportunities to send Property representatives for a fee.

b. Training/brand immersion

In furtherance of maintaining brand consistency, at a maximum of once a year, upon Franchisee's request, Margaritaville will send one (1) representative to the Property at no charge to familiarize Property marketing personnel with the Margaritaville brand pursuant to the Margaritaville marketing standards. For the Orientation, Franchisee will provide room and board for Margaritaville's representative at no charge to Margaritaville; Margaritaville will be responsible for the salary and travel expenses of such representative. The Orientation will be conducted and attended with the mutual goal of helping Property personnel identify with the Margaritaville brand, understanding the design and technology standards of the Margaritaville marketing program, maintaining positive guest scores, boosting employee morale and navigating the review and approval process required for all branded marketing materials.

4. Communication

a. Regular brand update recap with distribution to all partners, franchisees/ licensees and stakeholders

Margaritaville will use commercially reasonable efforts to include the Property in the brand update recap when relevant and brand appropriate, and with similar frequency as other similar Margaritaville-branded properties.

5. Creative Services

The following services are available through Marketing should Franchisee wish to ensure efficient compliance with Margaritaville brand standards. These services are available at Franchisee's expense at commercially reasonable rates and depending on availability of Margaritaville's creative services team. Estimates and scopes of work will be provided prior to commencement of work, to be signed off on by Franchisee.

a. **Print and digital creative**

b. **Video Production and Photography (to be provided by Margaritaville-approved partners)**

c. **Creative Asset Management (library/DAM)**

It is recommended that the Property identify a resource for creative services to produce the materials necessary for the Property's marketing needs. This resource can be a qualified Property team member or a third party individual or agency. That resource shall undergo a marketing training with the Margaritaville brand.

6. Public Relations

a. Inclusion in brand PR and national/international press outreach

This may include visibility in travel and tradeshows attended by Marketing, where relevant and appropriate.

b. Local and ongoing Property-specific PR post-opening will be a function of the Property's PR team, or Property's PR firm, in collaboration and guidance by Margaritaville's PR. team

The Property's PR representative or firm must be vetted and approved by Marketing and all parties must operate under brand PR guidelines.

c. **Media placement**

Where relevant and appropriate.

d. **Inclusion in Marketing press releases and media outreach**

When relevant and appropriate.

7. Cross Marketing

a. **Sweepstakes, contests, and promotions**

Opportunities with Margaritaville consumer brands and licensees

b. **Uncovering synergistic opportunities**

Opportunities to promote the Property through collateral, sweepstakes, contests, and cross promotion with other Margaritaville-branded products, locations, strategic partners and retailers.

Assist with internal cross promotions

8. College Ambassador Program

a. **Campus communication**

b. **Promotion**

c. **Email acquisition for Margaritaville**

d. **College Ambassadors are educated on all Margaritaville-branded products and properties.**

Margaritaville will use commercially reasonable efforts to include the Property in ambassador promotions when relevant and brand appropriate, and with similar frequency as other similar Margaritaville-branded properties.

* * *

It is understood and agreed that the foregoing assets are examples of the types of marketing support that Margaritaville may provide; however, such support shall be tailored to the Property in the sole discretion of Marketing, with a view toward creating a greater impact by promoting and advertising the Margaritaville brand for the benefit of all franchisees and may change as Margaritaville's resort division evolves. Further, if requested marketing assets exceed the normal scope of Margaritaville's marketing efforts, Franchisee may incur commercially reasonable charges in connection with such services. If any of the aforementioned marketing support items becomes commercially unreasonable, Margaritaville may in its sole discretion pause or limit the support.

To the extent any third-party approval is required for Margaritaville to provide a particular marketing asset (e.g., signage at other venues), Margaritaville shall use commercially reasonable efforts to secure such approval, it being understood that Margaritaville's failure to secure such approval shall not be a breach of this Agreement.

EXHIBIT F TO THE FRANCHISE AGREEMENT

CRS AGREEMENT

MARGARITAVILLE HOTELS & RESORTS
CENTRAL RESERVATIONS AGREEMENT

1. **THIS CENTRAL RESERVATIONS AGREEMENT** (the "**Agreement**") is entered into as of this [ ] day of __________ 2023 (the "**Effective Date**"), by and between Margaritaville Enterprises, LLC, a Delaware limited liability company having its principal place of business located at 6900 Turkey Lake Road, Orlando, Florida 32819 (the "**Margaritaville**"), and [COMPANY NAME], a [STATE] limited liability company doing business as [NAME], having a place of business located at [ADDRESS] ("**Customer**"). The terms "**Property**" or "**Properties**" refers to the Customer's hotel, resort, or lodging facility that will become a user of any CRS Services. The Terms and Conditions attached hereto are incorporated herein and made a part hereof by reference.

2. **Central Reservations and Call Center Reservation Services**. Margaritaville agrees to provide Customer, as a Margaritaville participating property with a branding agreement in place between Customer and Margaritaville (the "**Branding Agreement**"), with access to and use of the features ("**CRS Services**") of Margaritaville's Central Reservations system ("**CR System**") for Customer's Properties listed on this Agreement as agreed by the parties. Margaritaville, directly or through its CRS Supplier, will provide training, customer support and PMS Interface as more fully covered in Section 2 of the Terms and Conditions. Additionally, Margaritaville agrees to provide Customer with call center services pursuant to the terms and conditions of Attachment C to this Agreement, which services, shall be deemed to constitute a part of the CRS Services.

3. **CR System**. Margaritaville, through its CRS Supplier, shall use commercially reasonable efforts to ensure CR System availability over the Internet twenty-four hours a day, three hundred sixty-five days a year excluding downtime for maintenance, GDS and Switch outages, telecom provider failures and events of Force Majeure, and per Attachment B – Service Level Attachment. Customer acknowledges that the foregoing performance obligations are provided by Margaritaville to Customer on a pass-through basis based upon terms and conditions provided to Margaritaville by its underlying central reservations systems supplier (the "**CRS Supplier**"), and that Customer's rights with respect thereto shall be limited to the rights, benefits and privileges accorded to Margaritaville by the CRS Supplier.

4. **Payment for Services**. Fees for the CRS Services shall be as detailed in Attachment A, attached hereto and incorporated herein by this reference. Commencing from Margaritaville's or its CRS Supplier's activation of Customer's account(s) at the Property, Customer shall be liable for all fees and charges to be incurred for the Property at the rates indicated at Attachment A in U.S. Dollars ($) for the CRS Services. Attachment A lists all applicable onetime set-up fees or other non-recurring charges for the Properties when they are initially implemented to the CR System. Properties may be added to this Agreement via addendum and payment of any application set-up fees shall be due when invoiced after implementation.

5. **Binding Commitment and Non-Implementation Fee**. Customer and Margaritaville agree that services shall commence upon Margaritaville's or its CRS Supplier's completion of property integration functions that allows reservations to be electronically delivered from the CR System to the applicable Property Management System for the Property. In the event that Customer, through no fault of Margaritaville or its CRS Supplier, does not implement any of the CRS Services indicated or selected on Attachment A (such as, without limitation, any of Channel Connect,

GDS/IDS, or Booking Engine if selected) within 120 days of execution of this Agreement, Customer agrees to pay a Non-Implementation Fee equal to the value of the CRS Services to have been due for the Property pursuant to the terms hereof for the first six months of the Term ("Non-Implementation Fee"). In the event that Customer owes Margaritaville an Early Termination Fee (under section 9.E), the Early Termination Fee will be reduced by the Non-Implementation Fee already paid. The parties agree that the Non-Implementation Fee is not a penalty but is intended to cover Margaritaville's costs (on a pass-through basis) due to Customer's failure to implement any agreed upon CRS Service.

IN WITNESS WHEREOF, the undersigned representatives of Customer and Margaritaville have each executed this Central Reservations Agreement as of the date first set forth above.

CUSTOMER:	**MARGARITAVILLE ENTERPRISES, LLC**
[COMPANY NAME]	
BY: ______________________________	BY: ______________________________
NAME: ___________________________	NAME: ___________________________
TITLE: ___________________________	TITLE: ___________________________

TERMS AND CONDITIONS TO
CENTRAL RESERVATIONS AGREEMENT

1. **Access Rights**. Margaritaville grants to Customer a limited, nonexclusive, non-sublicensable license to access and use the Margaritaville Central Reservations system during the Term. Customer may not sublicense the CR System. Access shall be delivered by Margaritaville and its CRS Supplier to Customer in the form of online access to activated accounts on the CR System. Customer may allow its hotel management agent to access the CR System and CRS Services.

2. **Margaritaville Undertakings**.

A. The CR System provides a number of standard interfaces to many standard Property Management Systems ("**PMS's**"), Revenue Management Systems **("RMS's**"), and Customer Relationship Management systems ("**CRM's**") that allow the electronic transfer of reservation and/or guest data from the CR System to the PMS, RMS and/or CRM system(s). Margaritaville intends to offer access to a CRM system, which shall be provided pursuant to the terms of an addendum or schedule hereto. Margaritaville, through its CRS Supplier, provides an interface from the CR System to the Property Management System. Additional charges may apply for a nonstandard interface, and separate charges may be applicable for any PMS, RMS or CRM that is not provided by Margaritaville or is not a Margaritaville preferred system. Customer shall confirm, prior to Customer's license of the CR System for the Property, whether its existing PMS interfaces with the CR System based upon the list of preferred PMS's set forth at Attachment D, which may be updated by Margaritaville to add additional PMS from time to time. In the event that Customer's PMS does not constitute a preferred PMS, Customer shall be responsible for purchasing and installing a brand approved system. System providers also may assess interface implementation and maintenance charges. Customer acknowledges that the interface cannot become fully functional without the cooperation of Customer's system provider and that any target Operational Date for the interface is dependent upon the system provider's completion of functionality to receive and process data from Margaritaville and its CRS Supplier.

3. **Intentionally omitted**.

4. **Term**. The term of this Agreement shall commence on the Effective Date and be co-terminus with the Branding Agreement (the "**Term**") unless earlier terminated pursuant to Section 9 hereof. This Agreement shall automatically terminate upon any termination of the Branding Agreement. Notwithstanding the foregoing, in the event that the CRS Supplier Agreement terminates for any reason, Margaritaville shall have the option, in its sole discretion, of terminating this Agreement upon the lesser of: (a) sixty (60) days prior written notice; or (b) the termination period provided under the CRS Supplier Agreement (which shall not be less than 30 days). Margaritaville will give Customer prompt written notice if Margaritaville gives or receives a termination notice for the CRS Supplier Agreement. No termination fee will be owed by Customer if this Agreement is terminated as provided in this Section 4.

5. **Exclusivity**. Customer agrees that the Property shall exclusively use the CR System for booking all reservations through the channels listed on Attachment A, including, but not limited to, the Global Distribution System, the Internet Distribution System, and CRS Booking Engine for the Property's website. In any event, Customer shall ensure that all reservation systems for the Property are synchronized to the fullest extent practicable through Customer's PMS and that the CR System interface connects with such PMS and the call center.

6. **Channel Connect**. Customer agrees to use Channel Connect as its main distribution channel to Online Travel Agency's ("**OTA's**"), for which Margaritaville or its CRS Supplier has a Direct Connect interface via the Channel Connect booking channel (i.e. Travelocity, Expedia, etc.). Additionally, bookings generated by OTAs without a Direct Connect interface but instead using the DHISCO switch, shall be recorded and charged as IDS transactions.

7. **Fee Increases**. Customer understands that Margaritaville may increase pricing for all costs set forth herein on a systemwide basis by up to three percent (3%) on an annual basis. Margaritaville shall provide Customer an updated schedule of fees annually.

8. **Third Party Fees and Fee Increases**.

A. The fees and charges for third-party providers, including but not limited to GDS, IDS, switch, Travel Industry ID fees, and connecting interface usage, are in addition to and not included in Margaritaville's charges imposed pursuant to Attachment A of the Agreement, and shall be passed through to Customer at cost, and may be increased at any time those fees to Margaritaville are increased; provided that such fees, charges and increases shall have been advised to Customer with at least thirty (30) days prior written notice. These increases are in addition to the annual fee increases allowed by the preceding paragraph.

B. Certain third parties may charge Margaritaville for additional services on behalf of Customer during the implementation process, or for work requested by Customer during the Term of this Agreement. Margaritaville will bill these charges to Customer at its cost; provided that Margaritaville shall have advised Customer with at least thirty (30) days prior written notice of such charges (unless such charges relate to work requested by Customer).

9. **Termination.**

A. **Termination for Breach**. Either party may terminate this Agreement in the event of a material breach by the other party that remains uncured after sixty (60) days following written notice to the defaulting party of the breach.

B. **Suspension for Non-Payment**. In the event Customer does not pay undisputed amounts within thirty (30) days of the date of Margaritaville's invoice, Margaritaville shall have the right to suspend access to CRS Services with fifteen (15) days prior written notice to Customer until payment of such overdue amounts has been made.

C. **Property Termination**. Customer may terminate this Agreement, without liability of any kind or nature, in the event that the Property is sold to an unrelated third party as and if permitted by the Branding Agreement. Customer will give Margaritaville at least ninety (90) days advance written notice (unless a shorter notice period is allowed by the Branding Agreement) and will ensure that all invoices for services for such Property have been paid through the termination date.

D. **Effects of Termination**. Upon expiration or termination of this Agreement, Customer shall cease to utilize the CR System. In no event shall Customer use the CR System to promote or book rooms for any re-brand of the Property after the Term.

E. **Early Termination Fee**. Customer will remain liable for all amounts due to Margaritaville under this Agreement if this Agreement is terminated early by Customer as permitted herein or by Margaritaville due to Customer's material breach. In the event this Agreement is terminated prior to the expiration of any Term for any reason other than due to a material breach of the Agreement by Margaritaville, Customer agrees to pay a termination fee equal to the average of the monthly payments due under this Agreement multiplied by the number of months remaining in the Term (less any Non-Implementation Fee paid).

10. Confirmation of Reservations, Honoring Reservations, Commissions and Customer Service Issues.

A. Margaritaville and the CRS Supplier will offer a Property's rooms for bookings under a proprietary Chain Code (currently YX in all GDS's) using the availability, rates and descriptive content supplied or entered into the CR System by Customer or the Property. The CRS Supplier will issue a confirmation for all reservation requests made through the GDS, the IDS, Channel Connect, Call Center and CRS Booking Engine, or through any other reservation accepting function of the CR System at the rates and availability entered or supplied by Customer or a Property. Customer agrees that it has the obligation to keep all Property information current, up-to-date and accurate in all databases and to keep the holder of a confirmed reservation (or his agent or representative) informed of any developments affecting the reservation.

B. Except in the event of CR System errors attributable to Margaritaville or its CRS Supplier, to include any delay or breach of a Service Level Agreement or failure by Margaritaville or the CRS Supplier to reconcile Customer's PMS to the CR System, Customer understands and agrees with Margaritaville, to honor the confirmed reservation of the holder of a reservation confirmed on behalf of a Property through the CR System at the rate, terms and for the period of the stay so confirmed. Customer agrees that it will be responsible to obtain comparable accommodations, goods or services, at no greater cost, for any holder of a reservation for whom a booking has been confirmed and for whom no accommodations, goods and/or services are available upon the terms confirmed upon arrival. Customer also agrees to cover the reasonable expenses incurred by the guest in obtaining such accommodations and services. Margaritaville acknowledges and agrees that, to the extent any such discrepancy in availability is due to a failure of Margaritaville's or its CRS Supplier's interface or other breach of Margaritaville's or its CRS Supplier's obligations, Margaritaville shall be liable for the costs of such comparable accommodations and reasonable expenses.

C. Subject to liability assumed by Margaritaville pursuant to the exclusions set forth in subparagraph (B) above, Customer and the Property agree to indemnify and hold Margaritaville harmless from any liability in connection with Customer's or a Property's failure to honor a reservation that is confirmed through the CR System, or any costs a holder of such a reservation is improperly charged, and in the event Margaritaville or its CRS Supplier makes any payment to, or enters into settlement with, a holder of a reservation with respect to a claim that the Customer or a Property failed to provide accommodations, goods or services as confirmed through the CR System, or charged a holder of a reservation improperly.

D. Commission payments on rates designated as commissionable should be paid by Customer within 30 days from guest departure. Customer is responsible for resolving all commission disputes directly with guests, travel agencies, GDS's, and other stakeholders.

E. Customer will work with Customer Care to resolve customer service issues in an expeditious and timely manner. Margaritaville or its CRS Supplier may choose to pay travel agencies, guests, GDS's, or other stakeholders on cases that remain unresolved for more than 45 days. Subject to liability assumed by Margaritaville pursuant to the exclusions set forth in subparagraph (B) above, Margaritaville will recoup any monies it or its CRS Supplier pays on behalf of Customer by adding the amount of such payment to Customer's subsequent invoice.

F. If Customer fails to adhere to the above outlined procedures, its distribution may be restricted through one or multiple channels.

11. **Proprietary Rights**. The CRS Services may include proprietary services of the CRS Supplier, to include SynXis® CR, "**SynXis**®", "**CRS Voice Agent**", and "**SynXis Booking Engine**", which are a part of the CR System and CRS Services. These terms and other terms are registered trademarks and/or trade names owned and used by the CRS Supplier. In the event Margaritaville selects an alternative CRS Supplier, the CR System and CRS Services shall include alternative proprietary services bearing alternative trademarks and trade names. The functions comprised within the CR System are the subject of pending patent applications. The CRS Supplier holds copyright protection for all software programs and content related to the CR System hosted via Margaritaville's or the CRS Supplier's websites. Software documentation and copy, including all web page copy and arrangements, are subject to trademark, copyright and patent protection. Customer acknowledges that it acquires no rights or licenses with regard to the CR System, website content, software and copy except as granted under this Agreement. Customer will not allow the CR System to be used by any property or facility other than the Property and Customer will not alter any software code or use the CR System to avoid payment. Customer will not reproduce or decompile the software code, documentation or any other proprietary technology owned or licensed by Margaritaville or the CRS Supplier. Notwithstanding the foregoing, Customer retains all right, title and interest in and to any content that Customer provides to the CR System, excluding the Margaritaville Intellectual Property and Guest Profile Data, as defined in the Branding Agreement.

12. **Guest Information and Reservation Data**.

A. Nothing in this Agreement is intended to prevent the CRS Supplier from disclosing, marketing, publishing, or otherwise using Customer's and Properties' aggregate reservations data, as long as the CRS Supplier ensures that such marketing, use and disclosure is solely in anonymized and aggregate form and that such aggregate data are blended with substantial other aggregated data, collected from other Margaritaville and CRS Supplier customers and maintained by the CRS Supplier in an anonymized format ("**Supplier Aggregate Data**"). CRS Supplier has assured Margaritaville that: (i) such Supplier Aggregate Data does not include any Guest Information or other personal data, (ii) such Supplier Aggregate Data does not include any information from which one could identify Customer or any of its Properties or guests, and (iii) CRS Supplier's use or disclosure of such Supplier Aggregate Data is in compliance with all applicable laws and regulations, as applied to either Customer, Customer's Properties, Margaritaville or CRS Supplier.

B. CRS Supplier has assured Margaritaville that it will implement and maintain appropriate administrative, technical and physical safeguards designed to ensure the security or integrity of Customer Confidential Information including any Guest Information and Reservation Data and shall protect against unauthorized access to or use of such Customer Confidential Information including Guest Information and Reservation Data.

C. In the event of a data security incident involving Guest Information and Reservation Data, the CRS Supplier has assured Margaritaville that it shall be responsible for the reasonable and documented costs incurred by Customer in connection with such incident, including, but not limited to, the following items: (a) costs of any required forensic investigation to determine the cause of the data security breach, (b) providing notification of the security breach to applicable government and relevant industry self-regulatory agencies, to the media (if required by applicable Law) and to individuals whose personal information may have been accessed or acquired, (c) providing credit monitoring service (if required by applicable law or any enforcement order, decree or consent) to individuals whose personal information may have been accessed or acquired for a period of one year, and (d) operating a call center to respond to questions from individuals whose personal information may have been accessed or acquired for a period not to exceed one year.

D. Customer acknowledges that CRS Supplier has set forth certain protections for Margaritaville with respect to Guest Information and Reservation Data in connection with the matters set forth in this Section 12 and in this Agreement, and that Margaritaville has extended the same to Customer pursuant to this Section 12 on a pass-through basis. Notwithstanding the foregoing, Customer is not a third-party beneficiary of any commitment by or agreement with CRS Supplier, and only Margaritaville maintains privity with CRS Supplier for any matter set forth in these Terms and Conditions. In no event shall Margaritaville be held liable to the extent a commitment or obligation of CRS Supplier has not been fulfilled through no fault of Margaritaville. Margaritaville will reasonably assist Customer with respect to any issues, questions or conflicts with the CRS Supplier arising under this Agreement and the CRS Supplier Agreement, including, but not limited to, enforcing the CRS Supplier's obligations with respect to a data security breach affecting Customer.

E. Customer's use of the CRS Services shall at all times be subject to the terms of the Branding Agreement. Notwithstanding the foregoing, when receiving or accessing Guest Information and Reservation Data, Customer agrees to: (i) collect, receive, transmit, store, dispose, use and disclose such Guest Information and Reservation Data in accordance with the terms of the Branding Agreement and all privacy and data protection laws, as well as all other applicable regulations, (ii) keep and maintain such Guest Information and Reservation Data in strict confidence, using such degree of care as is appropriate to avoid unauthorized access, use or disclosure and (iii) use and disclose such Guest Information and Reservation Data solely and exclusively for the purposes for which the Guest Information and Reservation Data, or access to it, is provided. Customer shall be responsible for, and remain liable to, Margaritaville for the actions and omissions of all employees, contractors or other representatives who are engaged by Customer concerning the treatment of Guest Information and Reservation Data as if they were Customer's s own actions and omissions. Customer shall notify Margaritaville of (i) any act or omission that compromises either the security, confidentiality or integrity of Guest Information and Reservation Data collected from end users in connection with this Agreement or (ii) a breach or alleged breach of this Agreement relating to the privacy practices of Customer in accordance with the terms of the Branding Agreement. Customer shall likewise promptly notify Margaritaville any suspicious or malicious activity, potential vulnerabilities, or security weaknesses of which it becomes aware by emailing Margaritaville contact and in accordance with the terms of the Branding Agreement. Customer shall cooperate with Margaritaville as reasonably requested to investigate any security breach, and Customer shall use best efforts to remedy any security breach attributable to Customer as soon as commercially possible and prevent any further security breach at Customer's expense in accordance with applicable privacy rights, laws, regulations, and standards. In the event of any unauthorized access to and acquisition of Guest Information and Reservation Data by a third party while in the possession of Customer or in transit from Customer, which materially compromises the security, confidentiality or integrity of such Guest Information and Reservation Data ("**Data Security Breach**"), Customer shall promptly investigate the cause of such Data Security Breach and shall at its sole expense take all reasonable steps to: (i) mitigate any harm caused to affected individuals, (ii) prevent any future reoccurrence, and (iii) comply at its sole expense with applicable data breach notification laws.

13. **Publicity**. During the Term and any renewal term: (a) Customer may use Margaritaville trade names, name and logo when identifying or advertising that Customer uses CRS Services in print or online advertising, press releases or publicity in accordance with the Branding Agreement; and (b) Margaritaville and the CRS Supplier may use Customer's name, logo and Property descriptions including number of rooms and Properties by name in print or online advertising, press releases or publicity subject to Customer's commercially reasonable approval. Additionally, Customer grants to Margaritaville and to CRS Supplier a non- exclusive, worldwide, royalty-free license to use digital images provided by Customer, which may include digital film clip(s), animation, audio clip(s) and associated material ("Images") related to a Property (including, but not limited to, a picture that accurately depicts the exterior of the Property and pictures that accurately depict each room type), and the right to allow Margaritaville and CRS Supplier to re-license or sub-license such to the GDS's, IDS's and others who further distribute the Property description and reservations. Customer warrants that it is the owner or otherwise has the right to provide this license grant and that such Images accurately depict the Property. Customer shall maintain the timeliness and the accuracy of all Images supplied hereunder.

14. **Taxes**. Customer will be responsible for and will reimburse and indemnify Margaritaville for all sales, use, value added, goods and services and other similar taxes (including, without limitation, penalties, interest, additions to tax and similar amounts), whether federal, state, local, foreign or otherwise, which are related to the CRS Services, other than taxes imposed on the net income of Margaritaville (collectively, "Taxes"). All payments due to Margaritaville under this Agreement shall be made free and clear of any Taxes. If Customer is required by law to make any deduction or withholding of Taxes from any payment due to Margaritaville under this Agreement, Customer will (i) timely and properly prepare and submit any necessary filings and remit such Taxes to the appropriate taxing authority, and (ii) provide Margaritaville with governmental receipts evidencing Customer's withholding and payment to the appropriate tax authorities in a timely manner.

15. **LIMITATION OF LIABILITY**.

A. NEITHER PARTY WILL BE LIABLE FOR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS, REVENUE OR SAVINGS) ARISING OUT OF CUSTOMER'S USE OF CRS SERVICES WHETHER FOR BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH PARTY HAD BEEN ADVISED OF, KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY THEREOF.

B. EXCEPT FOR CUSTOMER'S LIABILITY ARISING UNDER SECTION 9.E. (EARLY TERMINATION), AND CLAIMS ARISING UNDER SECTION 12 (GUEST INFORMATION AND RESERVATION DATA), , IN NO EVENT WILL A PARTY'S LIABILITY FOR ANY REASON EXCEED THE GREATER OF THE AMOUNT PAID

TO MARGARITAVILLE UNDER THIS AGREEMENT DURING THE 12 MONTHS PRECEDING THE OCCURRENCE OF THE CLAIM OR US $1,000,000.

C. WITH RESPECT SPECIFICALLY TO ANY CLAIMS ARISING IN CONNECTION WITH A BREACH OF MARGARITAVILLE'S OBLIGATIONS UNDER SECTION 12, MARGARITAVILLE'S AGGREGATE, CUMULATIVE LIABILITY FOR ANY REASON SHALL NOT EXCEED THE GREATER OF THE AMOUNT PAID BY CUSTOMER TO MARGARITAVILLE UNDER THIS AGREEMENT DURING THE 24 MONTHS PRECEDING THE OCCURRENCE OF THE CLAIM OR US $100,000.

D. NO CLAIM MAY BE BROUGHT MORE THAN THIRTY-SIX (36) MONTHS AFTER A PARTY KNEW OF OR REASONABLY SHOULD HAVE KNOWN OF THE CLAIM.

16. Indemnification. This Agreement shall be subject to the indemnification provisions of the Branding Agreement between the parties**.**

17. DISCLAIMER OF WARRANTIES. CRS SERVICES ARE PROVIDED "AS IS". MARGARITAVILLE MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO REPRESENTATION OR OTHER AFFIRMATION OF FACT SHALL BE DEEMED A WARRANTY FOR ANY PURPOSE OR GIVE RISE TO ANY LIABILITY OF MARGARITAVILLE WHATSOEVER. THE PARTIES AGREE AND ACKNOWLEDGE THAT THIS PROVISION IS MATERIAL TO THE AGREEMENT AND IS A SIGNIFICANT CONSIDERATION IN MARGARITAVILLE'S WILLINGNESS TO ENTER INTO THIS AGREEMENT.

18. Governing Law and Compliance with Law.

A. This Agreement and any dispute arising hereunder shall be construed in accordance with the procedural, evidentiary and substantive laws of the State of Delaware without regard to principles of conflict of laws. This Agreement will not be governed by the U.N. Convention on the International Sale of Goods, the application of which is expressly excluded. Each party consents to the jurisdiction of, and agrees that the exclusive venue for any litigation arising hereunder shall be, the federal or state courts in Palm Beach County, Florida. Each party waives any objection which it may have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in such courts. Notwithstanding anything herein to the contrary, in the event of an actual or threatened breach of the use restrictions placed on the CR System or related software or the Confidentiality provisions contained herein, the non-breaching party will be entitled, without waiving any other rights and remedies and without obligation to post a bond, to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.

B. Customer and Margaritaville agree to comply with applicable U.S. and foreign laws and regulations in its performance of this Agreement, including import and export laws. Providing services to, or for use by any person, entity or country on the U.S. Department of Commerce Denied Persons List or the U.S. Department of Treasury's lists of Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, is prohibited, and shall be a material breach of the Agreement.

19. **Assignment**. Customer may not assign, transfer, license, sublicense, delegate or otherwise convey any of Customer's rights or obligations under this Agreement without the prior written consent of Margaritaville, except to an affiliate or third party acquiring substantially all of the assets of Customer as and if permitted by the Branding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors and assigns.

20. **Severability**. In the event that any provision of this Agreement is found invalid or unenforceable pursuant to a judicial decision, the remainder of this Agreement shall remain valid and enforceable.

21. **Survival**. All provisions of this Agreement relating to payment, confidentiality, nondisclosure, indemnification, data protection and security, and proprietary rights shall survive the Termination of this Agreement.

22. **Notice**. Any notice under this Agreement shall be in writing and shall be deemed given when received and may be delivered (i) by hand, fax or email, (ii) by mail, in Official Government Mail, postage prepaid, or (iii) by overnight delivery service.

23. **Entire Agreement**. This Agreement is the complete agreement of the Parties and supersedes all prior oral or written agreements, contracts, proposals, understandings, offers and discussions. This Agreement may not be modified or altered except by written instrument executed by both Parties.

24. **Force Majeure**. No party shall be liable to any other party for any delay or failure to perform due to causes beyond its reasonable control including, without limitation, fire, flood, wind, lightning, strike, work stoppage, war, insurrection or terrorist acts, pandemic, failure of any local, state, national or international telecommunications carrier, GDS, IDS, computer hosting facility or Switch Provider to provide reservation messaging or connectivity, or act of God or public enemy. CRS Supplier has agreed to use commercially reasonable efforts to ensure system availability over the internet twenty-four (24) hours a day and three hundred sixty-five (365) days a year, absent certain exclusions out of their control. Margaritaville will use reasonable efforts to assist CRS Supplier in the event that downtime occurs due to an incident referenced herein.

25. **Counterparts**. This Agreement may be executed in counterparts delivered electronically, each of which shall constitute an original and together shall constitute one and the same instrument.

26. **Confidentiality.**

A. The Confidential Information of each party and of CRS Supplier will remain its sole property. All Confidential Information shall be held and protected by the recipient in strict confidence and shall be used by the recipient only as required to render performance or to exercise rights and remedies under this Agreement. Each party will protect the Confidential Information from unauthorized use, access or disclosure with the same measures that the recipient takes to protect its own proprietary information of like importance, but in no event less than reasonable care. No Confidential Information will be disclosed to any third party by the recipient party without the prior written consent of the disclosing party, except that each party may disclose this Agreement and the Confidential Information to its affiliates and their respective directors, employees, attorneys, agents, auditors, financing sources, insurers and subcontractors who require access to such information in connection with their employment or engagement and who are obligated to keep such information confidential in a manner no less restrictive than set forth in this Section. The party employing or engaging such persons is responsible and liable for their compliance with such confidentiality obligations. Customer agrees to hold all the terms, fees, prices, transactional and billing details, and contents of this Agreement in strict confidence. Customer may disclose the terms of the Agreement to their responsible employees, advisors and consultants with a bona fide need to know who agree to maintain confidentiality.

B. Required Disclosures. Each party may disclose the Confidential Information in response to a request for disclosure by a court or another governmental authority, including a subpoena, court order, or audit-related request by a taxing authority, if that party; (i) promptly notifies the owner of the Confidential Information of the terms and the circumstances of that request, (ii) consults with the owner of the Confidential Information, and cooperates with the owner of the Confidential Information's reasonable requests to resist or narrow that request, (iii) furnishes only information that, according to written advice of its legal counsel, that party is legally compelled to disclose, and (iv) uses reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded the information disclosed.

List of Margaritaville Product Descriptions:

A. **Subscription Fee for CR System, Customer Support, and Account Management**. The CR System provides Customer with the basic operating system necessary for reservation management.

B. **Global Distribution System ("GDS") Channel**. This booking channel or computerized reservation system provides Customer with reservations originating from travel agents and users of the Sabre, Amadeus, WorldSpan, Galileo and Travelport reservation networks and Internet sites. A GDS collects, stores, processes, displays and distributes information concerning hotel services and enables its users to: (i) inquire about, reserve or otherwise confirm the availability of services and (ii) purchase such services. GDS reservations are subject to a commission payable by the Property after each completed stay.

C. **Internet Reservation Channel ("Internet Distribution System" or "IDS")**. Connects Customer to DHISCO ADS (alternate distribution system) partners who are online travel agencies and hospitality websites. New sites offered at a later time may have different costs and an addendum may be required. The terms and costs for setting up and maintaining these connections may vary. IDS bookings also involve commissions or merchant discount fees to the originator / OTA.

D. **CR Booking Engine**. Allows Customer to receive reservations from Customer's website by guests making online bookings via a computer or mobile device. Customer may implement Standard URL Tracking Codes at any time (i.e. for the purposes of web analytics, remarketing, personalization, behavioral marketing, price widgets, review widgets, etc.) for a fee of $100.00 per implementation.

E. **CRS Voice Agent (Direct Entry Channel)**. CRS Voice Agent allows Customer to enter bookings from a call center.

F. **Net Rate Reservation Channel**. Priceline Merchant Travelweb Program. Allows Customer to provide net rates to specified hospitality websites, travel portals and distributors. The transaction fee is waived so long as the fee to Margaritaville and the CRS Supplier is waived.

G. **Channel Connect**. Manages and distributes availability rates and inventory from the CR System to online distribution channels, including, but not limited to, Online Travel Agencies (OTAs), Wholesalers, Tour Operators and Meta Search companies. Where applicable, receives reservations delivery via the CR System. May require additional paperwork with the OTA's; bookings may also involve commissions or fees to the originator. Channel Connect online distribution channels are subject to change and Margaritaville reserves the right to revise the available channels for its customers at any time.

H. **Support for Travel Agent Commission Processing Services (Optional)**. Margaritaville monthly Support Fee for Travel Agent Commission Processing Services includes automated reservations data transfer from the CR System to a third-party commission processing service provider. Commission processing services are available through a separate contract with a third-party provider. The third-party commission processing services provider will invoice Customer directly for the commission processing services.

Definitions. Defined terms are identified through this Agreement. In addition, the following terms have the following meanings:

1. "**Booking Channel**" means a source, mechanism or system generating or sending inquiries and requests for bookings through CR System. A Booking Channel may include the GDS channel, IDS channel, Channel Connect, Margaritaville' Internet booking engine ("**CR Booking Engine**"), direct entry reservations ("**CR Voice Agent**") or other source of guests delivered to Customer through the CR System.

2. **"Branding Agreement"** means that certain license, sub-license, franchise or other branding agreement between Customer and Margaritaville pursuant to which Customer has, inter alia, licensed rights to Margaritaville's trademarks and trade name in connection with the Property(ies).

3. **"Confidential Information**" means the terms and conditions of this Agreement, any and all applicable IP Rights, proprietary and confidential information of CRS Supplier, Margaritaville, or Customer, their affiliates, subsidiaries, successors or assigns concerning their past, present or future industrial, corporate, and trade secrets, research, development, business activities or affairs, finances, methods of operation, processes and systems, and agreements related to the business of CRS Supplier, Margaritaville, or Customer disclosed under this Agreement. Confidential Information does not include any information that (1) is or becomes generally known to the public, (2) which was in the receiving party's possession or was known by it prior to receipt by the disclosing party, (3) was rightfully disclosed to the receiving party without restriction, or (4) was independently developed by a party without the use of the other party's Confidential Information. For the sake of clarity, Supplier Aggregate Data (that does not identify any specific Property, person or Customer and that does not constitute Guest Information) is not Confidential Information and CRS Supplier may use such data at its sole discretion.

4. **"CRS Supplier**" means the third-party system provider of the CR System with whom Margaritaville has contracted, from time to time, to provide the CR System and CRS Services in accordance with the terms hereof.

5. **"CRS Supplier Agreement**" refers to that certain agreement, by and between Margaritaville and CRS Supplier, pursuant to which Margaritaville subscribes to use the CR System of CRS Supplier and to sublicense the CR System to Customer pursuant to the terms hereof.

6. **"Customer Care**" means customer support provided by Margaritaville.

7. **“Guest Information**” is personally identifiable information of a natural person entered into the CR System with respect to a guest.

8. **“Operational Date**” is the date on which reservation messaging is established through the CR System. For purposes of this Agreement where Customer has more than one Property, the Operational Date is the first Operational Date for any of Customer’s Properties.

ATTACHMENT A - Initial Property; Pricing

Initial Property: Below is the Initial Property that will use the CR System under this Agreement.

Property Name	Property Address	Rooms	Current CR System*	Services Required
[COMPANY NAME]	[ADDRESS]	[###]	[NAME]	[INSERT SERVICES]

Pricing:

Central Reservation Fees			
Channel	**Description**	**Per Transaction**	**Addtl. Notes**
Call Center Reservation	Reservations made via a reservation agent calling a toll free number based in one of our contracted call centers.	7% of booked revenue	Additional languages will be priced separately based on property needs.
Voice agent Application	For reservations created using the call center software application only	$1.75	Cost per generated reservation regardless of completion of booking. Additional addendum to agreement is required.
Booking engine reservations	Reservations made directly on the hotel's booking page on Desktop or Mobile devices or Margaritaville.com	$4.90	Cost per actualized reservation.
GDS Reservations	Reservations made via Global Distribution System used by travel agents worldwide, such as Sabre, Galileo, Apollo, Amadeus or Worldspan.	$12.90	Cost per actualized reservation.
IDS Reservations	Reservations made via Opaque online travel agencies that require a GDS switch connection	$11.35	Cost per actualized reservation.

Central Reservation Fees			
Channel	**Description**	**Per Transaction**	**Addtl. Notes**
	to access rates and inventory (like Priceline, Hotwire, etc.)		
Channel Connect	Cost per reservations made via Online Travel Agencies like Expedia.com, Booking.com, Hotels.com, etc. This fee is for connectivity only and exclusive of net rates/mark ups.	$2.60	Cost per actualized reservation.
System Maintenance	Monthly system maintenance and account management fee	$500.00	Charged once a month
Annual call center agent training	Mandatory training, required at least one day per year.	$2,000.00	Per day.

Central Reservation Fees			
Channel	**Description**	**Per Transaction**	**When Payable**
Travel agent commission payment automated system	This is an optional platform provided by our CRS provider. It's a settlement solution that needs to be contracted separately. Please reach out to Margaritaville Revenue Strategy team for information.	$0.75	Per transaction (optional) + set up fee
Confirmations sent to guest via txt message	This is only when used via SynXis.	$0.25	per text (optional)

ATTACHMENT B – Service Level Agreement

1. INTRODUCTION

a. This Service Level Attachment (the "**SLA**") describes the service levels applicable to the performance of the Central Reservation system (the "**CR System**") provided by Margaritaville under the Agreement.

b. This SLA shall not apply to non-production, test systems or locally installed system(s). The defined Service Levels are measured only for environments where Margaritaville has full hosting control.

c. The Service Levels for the CR System are set forth in Section 4 below. Margaritaville's failure to achieve a Service Level Commitment will result in a Service Credit as outlined in Section 4 below.

d. The Service Levels set forth in this SLA will commence ninety (90) days following the Operational Date.

e. Where there are CR System changes or other changes which adversely affect the CR System' performance, the Service Levels may be revised through mutual agreement of the parties (such agreement to be negotiated in good faith).

f. Customer acknowledges that this Service Level Agreement is provided on a pass-through basis on terms provided to Margaritaville by, and on the basis of the performance of, the CRS Supplier.

2. MONITORING AND REPORTING

By the end of the following month, Margaritaville will provide Customer with a monthly availability report outlining the actual performance of the CR System. The data and detailed supporting information shall be Margaritaville Confidential Information and may be used solely for purposes of confirming Margaritaville's compliance with this SLA. Additional data can be provided upon request for comparison to the Service Levels.

3. SCHEDULED DOWNTIME

Margaritaville may schedule downtime for System maintenance or modifications, hardware, upgrades, facility modification, and similar reasons ("**Scheduled Downtime**"). Margaritaville will endeavor to give Customer at least twenty-four (24) hour advance notice of Scheduled Downtime and its anticipated duration.

4. SERVICE LEVEL COMMITMENT

Margaritaville shall maintain a Minimum Total System Availability of 99.5% for the CR System. "**Availability**" refers to the percentage of time the CR System is available for Customer to access and use the functionality of the CR System, including, but not limited to, the ability to (i) manage rates and inventory feature, (ii) receive reservations via booking engine, voice, GDS, and IDS channels, and (iii) use other portions of the CR System specifically contracted for use by Customer. Availability is measured for Customer and its Properties at the CRS Supplier data center from which the System is hosted, shall be determined over a calendar month period using the weighted average calculations as described below, and shall be measured in percentage points to two (2) decimal places.

For any period that the CR System is not available other than for Scheduled Downtime (“**Unscheduled Downtime**”), the period of such Unscheduled Downtime shall be measured from the point in time when the CRS Supplier determines that the Unscheduled Downtime began, which shall be the earlier of:

- the point in time that such Unscheduled Downtime is detected by CRS Supplier through its monitoring system; or

- Customer reports such Unscheduled Downtime to the CRS Supplier Customer Care Desk, which will be available 24x7x365; or

- any other manner in which CRS Supplier has actual knowledge that the CR System is not available to Customer.

Unscheduled Downtime shall end at the point in time which is earlier of the time CRS Supplier registers in its monitoring system that the CR System is Available, or the time the CRS Supplier registers traffic from Customer which generates responses from the CR System.

a. The CR System is comprised of several semi-independent components that may have different states of Availability. The lack of Availability of certain of these components would have a greater impact on Customer’s business than others, so the Total System Availability is determined using a weighted average calculation of the Availability of individual CR System components. The weightings and criteria to determine each component’s availability are as follows.

CR System Component	**Weighting**	**Criteria to Determine Component is Unavailable**
Control Center	10%	Users of the public Internet cannot enter the Control Center tool
Booking Engine	15%	Users of the public Internet cannot access SynXis-powered booking engines
GDS Distribution	30%	CR System logs show that the CR System has not processed reservations made through GDS channels
IDS Distribution	30%	CR System logs show that the CR System has not processed reservations made through IDS channels
Voice Agent	15%	Customer is unable to access Voice Agent application

b. A sample calculation for a given month with a total of 31 days (i.e., 744 hours in the month)

CR System Component	Hours Available during month	Weighting	Weighted Availability
Control Center	730	10%	.1 * 730 = 73
Booking Engine	740	15%	.15 * 740 = 111
GDS distribution	744	30%	.3 * 744 = 223.2
IDS Distribution	744	30%	.3 * 744 = 223.2
Voice Agent	744	15%	.15 * 744 = 111.6

Adding the Weighted Availability scores gives a total of 742.The total is then divided by the total hours in the month (i.e., 744) to determine the Total System Availability for the month of 99.7% (i.e., 742/744 = 99.7%).

For any month in which Total System Availability for the month is less than 99.5%, Margaritaville shall apply a corresponding Service Credit to the charges on the following month's invoice. For example, if the Total System Availability was 98%, the corresponding Service Credit would be equal to 2%, calculated as follows: 100% - 98% = 2%.

Notwithstanding the above, if the Availability for the CR System is at or below 95% for three (3) consecutive months, such failure may be considered to be a material breach entitling Customer to terminate this Agreement in accordance with Section 10 of the Agreement. In that event, Customer must exercise its termination right within thirty (30) days from the end of such three (3) month period.

5. EXCEPTIONS TO SERVICE LEVEL COMMITMENTS

Margaritaville shall be excused for its failure to meet any Service Level, and no Service Credit shall be provided, if such failure is attributable to any of the following:

(i) Customer's failure to perform its obligations under the Agreement that affects the performance of the CR System;

(ii) a Force Majeure event;

(iii) the performance of a third party not under Margaritaville's control, including but not limited to third party software, hardware, telecommunications or utility provider(s), but excluding Margaritaville subcontractors and the CRS Supplier;

(iv) Customer's internal software, including, but not limited to, any improper or excessive Customer-related robotic activity; or

(v) a faulty, bad or incomplete data feed from Customer.

As performance of the CR System is dependent on performance of local area and wide area networks, and software and hardware of third parties and Customer, Margaritaville shall not be responsible for problems or delays due to technical matters beyond its control.

6. RESPONSE TO SERVICE ISSUES

Customer should report any CR System issues to the CRS Supplier Customer Care Desk. The CRS Supplier will respond to the Customer based on the Priority definitions and escalations defined below. Margaritaville will use commercially reasonable efforts to ensure that Customer receives a similar level of service and support as is provided to other full-service Margaritaville-branded hotels.

Priority	Description	Supplier Commitment
Priority A	CR System is down for some or all customers. A severe business disruption – namely, a system-wide problem/outage affecting one or more external user communities to the extent that such user communities are unable to operate the CR System.	➢ Initial notification to Customer upon in the event of Unscheduled Downtime ➢ Updates provided every 2 hours until resolution
Priority B	Property(s) is not bookable on GDS, IDS, Voice or BE channels Critical issue affecting multiple customers	➢ Customer initiates notification to Customer Care ➢ Updates provided until resolution
Priority C	Isolated issue with revenue impact for customer	➢ Customer initiates notification to Customer Care ➢ Updates provided until resolution
Priority D	Isolated issue with no revenue impact for customer	➢ Customer initiates notification to Customer Care ➢ Logged in Tracking System and potential evaluation for future development

[END OF SLA]

Attachment C

Call Center Reservation Services Agreement

CALL CENTER RESERVATION SERVICES ADDENDUM

This Call Center Reservation Services Addendum (this "**Addendum")** is entered into by and between **Margaritaville Enterprises, LLC**, a Delaware limited liability company ("**Margaritaville**"), and [INSERT COMPANY NAME], a [STATE] [limited liability] company ("**Customer**") on ________________, 2023 ("**Effective Date**"). The terms of the CRS Agreement (as defined below) are made a part hereof and deemed incorporated herein by reference. Capitalized terms used but not defined here shall have the meaning ascribed to them in the CRS Agreement.

WHEREAS, Margaritaville and Customer entered into a Central Reservations Agreement, of effective date ___________ (hereafter the "**CRS Agreement**"), pursuant to which Margaritaville provides Customer with access to the features and functionality of the Central Reservations System as defined in the CRS Agreement ("**CR System**"); and

WHEREAS, Customer now desires Margaritaville to provide, and Margaritaville agrees to provide, services and sales support related to in-bound telephone hotel reservations ("**Call Center Services**") for Customer's Property (as defined in the CRS Agreement) under the terms and conditions of this Agreement.

NOW THEREFORE, the Parties agree as follows:

A. **Call Center Services.**

1. Margaritaville agrees to provide Call Center Services to Customer. Margaritaville may provide such Call Center Services, from time to time in its discretion, through an affiliate or third-party supplier (a "**Third-Party Call Center Provider**").The Third-Party Call Center Provider may provide Call Center Services directly to Customer, on behalf of Margaritaville, in accordance with the terms and conditions herein.

2. Such Call Center Services shall include the following:

   (a) To establish and maintain exclusive local toll-free number(s) for Customer for making room reservations at the Property. The number(s) will connect callers to the call center. Such numbers should be for the exclusive purpose and use by callers for making reservations at Customer's Property. The Call Center Services shall be provided 24 x 7 during the term of this Addendum.

   (b) to provide sufficient agents at the call center and ensure that:

      (i) the agent(s) shall be fluent in the languages specified on Attachment 1;

      (ii) all calls will be answered with the standard greetings of Customer in the language specified by Customer as listed on Attachment 1.

   (c) after the first ninety (90) days following commencement of Call Center Services, to use reasonable efforts to achieve a monthly call response time of no less than 75% of the calls received to be answered within 20 seconds of the call having been routed to the appropriate agent. The Service Level Agreement set forth at

Attachment 2 shall govern Margaritaville's and the Third-Party Call Center Provider's service level commitment;

(d) to record all necessary information from callers to the toll-free numbers ("**Callers**") for room reservations ("**Reservation Information**"), and to transmit the Reservation Information to the Property;

(e) to use the CR System for recordation of reservation information;

(f) to use commercially reasonable efforts to convert calls to the toll- free numbers into booked reservations;

(g) to provide a billing report to Customer showing information for the Property stating the following in relation to each toll- free number:

(i) the total number of Callers;

(ii) the total number of room reservations made;

(iii) the total number of cancellations;

(iv) the average time required to answer calls;

(v) the number of abandoned calls; and

(vi) average length of calls;

(h) to provide or make available to Customer online access for the purpose of monitoring utilization of the Call Center Services and phone lines, and use of the CR System;

(i) to bill Customer separately for all local and long- distance fees that are billed to Margaritaville for Customer's phone lines, if applicable;

(j) to issue a monthly invoice to the Customer on or before the 20th day of the next calendar month to which the invoice relates.

3. Customer agrees that, during the Term, Margaritaville (including any Third-Party Call Center Provider) will serve as exclusive third-party provider of call center reservation services for the Customer's Property. The Parties may agree to add languages, toll free numbers and/or Properties as mutually agreed to by the parties. Any such change shall be agreed to in good faith between the Parties and shall be made by amendment to Attachment 1.

4. Customer acknowledges that Third-Party Call Center Provider has agreed to provide certain services to Margaritaville with respect to Call Center Services, and that Margaritaville has extended the same to Customer pursuant to this Section A on a pass-through basis. Notwithstanding the foregoing, Customer is not a third-party beneficiary of any commitment by or agreement with Third-Party Call Center Provider, and only Margaritaville maintains privity with Third-Party Call Center Provider for any matter set forth in this Addendum. In no event shall Margaritaville be held liable to the extent a

commitment or obligation of Third-Party Call Center Provider has not been fulfilled through no fault of Margaritaville.

B. <u>Customer Obligations.</u>

1. Customer acknowledges that the Call Center and its agents have the primary duty of converting calls from Callers into booked reservations at Customer's Properties and that the phone numbers to be used by Customer for receiving such calls will not be used for any other purpose.

2. Customer hereby agrees to supply Margaritaville with full, accurate and timely hotel information for the Property to be bookable by the call center. Customer shall be responsible for the accuracy of data provided to Margaritaville and any Third-Party Call Center Provider or entered directly into the system.

3. Customer shall provide rates to be loaded and bookable by the call center for at least twelve (12) months into the future at all times. In the event that Margaritaville becomes aware that Customer has not loaded rates for at least six (6) months into the future from the date the observation is made, Margaritaville shall notify Customer and request that the rates be loaded as required. Margaritaville shall supply Customer with procedures for modifying rates.

4. Customer agrees to honor each reservation at the confirmed rate, terms and reservation period, provided that such reservation holder has complied with the applicable rules relating to such reservation. In the event that Customer cannot provide a room to a guest due to overbooking, lack of reservation record, human errors or any other reasons, Customer will be responsible for providing an alternative accommodation for such guest. Customer also agrees to cover the reasonable expenses incurred by the guest in obtaining such accommodations; provided that Margaritaville shall be liable for any such costs, up to an amount not to exceed one percent of the invoice for services rendered under this Agreement for the then-current month, in the event Margaritaville (or the Third-Party Call Center Provider) has failed to input proper information into the CR System or other applicable reservation system. Customer agrees to indemnify and hold Margaritaville harmless from any liability in connection with Customer's failure to honor a confirmed reservation, or in connection with improper charges imposed on a reservation holder. Subject to Margaritaville's (or the Third-Party Call Center Provider's) obligation to input proper information into the CR System, if Margaritaville makes any payment to or enters into settlement with a holder of a reservation with respect to a claim that Customer or Property failed to provide accommodations as confirmed, or charged a holder of a reservation improperly, Customer and the Property will immediately, on demand, pay such amounts to Margaritaville.

C. <u>Fees.</u>

1. Customer shall pay Margaritaville the Set-Up Fees and other fees and charges for Call Center Services as required pursuant to Attachment A of the CRS Agreement. Fees for Call Center Services shall be subject to fee increases as set forth in Sections 7 and 8 of the CRS Agreement.

2. In the event Customer does not pay within 30 days of notice of an overdue payment, Margaritaville shall have the right to suspend the Call Center Services for any applicable

Property(ies) until the overdue payment has been made (save for any amount disputed in good faith). A reactivation fee of $250 will be assessed if service has been disconnected or suspended due to non-payment. Failure by Margaritaville to invoice Customer promptly for any portion of the Call Center Services does not constitute a waiver by Margaritaville of its right to invoice Customer at a later time.

3. **Early Termination**. In the event this Addendum is terminated prior to the expiration of the initial Term of the CRS Agreement for any reason other than due to material breach by Margaritaville, Customer shall pay to Margaritaville an Early Termination Fee in an amount equal to the average monthly revenue over the prior year due to Margaritaville under this Agreement, multiplied by six months. Customer shall pay Margaritaville for services provided under this Agreement up to the termination date.

D. <u>Term of Addendum.</u>

1. The term of this Addendum shall be co-terminus with the CRS Agreement. This Addendum shall automatically terminate upon any termination of the CRS Agreement.

2. This Addendum may be terminated by either Party in the event of a material breach that is not remedied within sixty (60) days following the delivery of written notice of the breach.

3. A Party shall have the right to terminate this Addendum by giving thirty (30) days written notice to the other Party upon the happening of any of the following events:

   (a) If such other Party ceases to conduct business in the ordinary course, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, avails itself of or becomes subject to any petition or proceeding under any statute of any state or country relating to insolvency or the protection of the rights of creditors, or any other insolvency or bankruptcy proceeding or other similar proceeding for the settlement of the other Party's debt is instituted.

   (b) If a Force Majeure Event (as defined in Section D(4) below) makes it illegal or impossible for such Party to meet its obligations hereunder, then either Party may give notice of termination, which shall not be considered a default under this Agreement and shall be termination without penalty.

4. In no event shall either Party be liable to the other for any delay or other failure to perform hereunder that is due to circumstances beyond its reasonable control. Such delays include, but are not limited to, fire, explosion, flood or other natural catastrophe, governmental legislation, acts, orders, or regulation, pandemics, strikes or labor difficulties, third party failures to the extent not occasioned by the fault or negligence of the delayed Party ("**Force Majeure Event**"). If Margaritaville cannot provide the Call Center Services due to a Force Majeure Event for thirty (30) days from the start of the Force Majeure Event or cannot provide a reasonable substitute, then either Party shall have the right to terminate this Agreement with no further liability to the other Party except for payment for Services provided prior to such termination.

E. <u>Upon termination:</u>

   (a) Any fees due to Margaritaville shall be paid by Customer.

(b) Margaritaville shall cooperate with Customer (and its new call center provider, if applicable) to assist in transferring all toll-free numbers used by the Customer.

(c) Margaritaville shall not claim ownership, nor rights to, nor encumber, nor delay the transfer of toll-free numbers to the new provider.

F. Governing Law and Compliance with Law.

(a) This Agreement and any dispute arising hereunder shall be construed in accordance with the procedural, evidentiary and substantive laws of the State of Delaware without regard to principles of conflict of laws. This Agreement will not be governed by the U.N. Convention on the International Sale of Goods, the application of which is expressly excluded. Each party consents to the jurisdiction of, and agrees that the exclusive venue for any litigation arising hereunder shall be, the federal or state courts in Palm Beach County, Florida. Each party waives any objection which it may have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in such courts.

(b) Customer agrees to comply with applicable U.S. and foreign laws and regulations in its performance of this Agreement, including import and export laws. Providing Call Center Services to, or for use by any person, entity or country on the U.S. Department of Commerce Denied Persons List or the U.S. Department of Treasury's lists of Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, is prohibited, and shall be a material breach of this Addendum and the CRS Agreement.

G. **Successors in Interest**. Customer may not assign, transfer, license, sublicense, delegate or otherwise convey any of Customer's rights or obligations under this Addendum without the prior written consent of Margaritaville, except to an affiliate or third party acquiring substantially all of the assets of Customer as and if permitted by the Branding Agreement. In the event of any approved assignment, the assignor shall remain liable for the assignee's continuing performance. This Addendum shall be binding upon, and shall inure to the benefit of, the parties and their respective successors and assigns.

H. **Severability**. In the event that any provision of this Agreement is found invalid or unenforceable.

I. **Entire Agreement**. This Addendum and the CRS Agreement represent the complete agreement of the Parties with respect to the Call Center Services. The terms of this Addendum shall apply to the Call Center Services in the event of any conflict with the terms of the CRS Agreement.

J. **Counterparts.** This Addendum may be executed in counterparts delivered electronically, each of which shall constitute an original and together shall constitute one and the same instrument.

Margaritaville and Customer agree to all terms of this Call Center Reservation Services Addendum included in the Terms and Conditions attached hereto. Persons executing this Agreement on behalf of Customer and Margaritaville each certify that he or she is an officer of Customer or Margaritaville, or that he or she has been granted full authority to execute this Agreement.

CUSTOMER:	**MARGARITAVILLE ENTERPRISES, LLC**
BY: ______________________________	**BY: ______________________________**
NAME: ___________________________	**NAME: ___________________________**
TITLE: ___________________________	**TITLE: ___________________________**

ATTACHMENT 1 – Scope of Service; Pricing

Hours of Service*:	24 hours/day; 7 days week
Language(s) Requested by Customer:	English, Spanish

*NOTE: The 24/7 service is only applicable to calls answered in English. All other languages are available only during designated business hours appropriate for those languages.

FEES and CHARGES

Margaritaville or a Third-Party Call Center Provider will provide Customer with shared Call Center Services from a call center location(s) during the designated hours of operation. All payments made to Margaritaville will be in U.S. Dollars.

Call Center (optional) Bookings:

- Fees shall be as detailed in Attachment A of the CRS Agreement.
- Notwithstanding the above, Customer acknowledges that the mix of calls received must be a max of 55-45 convertible versus non-convertible calls. Should the mix increase for a period of six (6) months or more, Margaritaville reserves the right to switch billing to a per minute/ transaction basis.

*NOTE: Both inbound and outbound calls are billed on a per-minute basis. The total number of minutes an agent is engaged in a transaction includes handle time, hold time and after call work time.

ATTACHMENT 2 – Service Level Agreement

Margaritaville

Service Levels for Call Center Services.

1. Margaritaville will achieve SLAs listed in the Table of Service Levels below, for Customer's Property, given volume remains within 110% of the forecast. If the monthly call volume exceeds 110% of the mutually agreed forecast, that month will be exempt from SLA calculation.

Customer understands and acknowledges that variations in service levels may exist from time to time. Should SLAs not be reached for period of twelve (12) consecutive months, Margaritaville shall conduct a root cause analysis and the parties agree to work together to review the SLAs and find a resolution to mitigate any revenue losses proven to be a result of missed SLA targets.

2. Table of Service Levels

#	SERVICE LEVEL CATEGORY	MONTHLY SERVICE LEVEL	SERVICE LEVEL PERIOD	MONTHLY CALCULATION
1.	Telephone Service Level	75/20, where team must answer seventy-five percent (75%) of all Calls in twenty (20) seconds or less.	Monthly	Number of Calls answered in 20 seconds or less / Number of Calls offered in the month x 100
2.	Call Abandonment Rate	No more than five percent (5%) of all calls should be abandoned for any reason or cause, excluding Force Majeure Events. Calls dropped within 20 seconds after greeting has concluded will not be counted as abandoned.	Monthly	Number of Calls in the month that hang up before connecting to an Agent / Number of Calls offered in the month x 100

Attachment D - Preferred Property Management Systems

The CR System includes an API that is expected to facilitate an interface with the following Property Management Systems without modification:

Oracle Opera PMS

Infor HMS

EXHIBIT G TO THE FRANCHISE AGREEMENT

CRM AGREEMENT

(Attached)

Customer Relations Management System Agreement

By and Between:

Between Margaritaville Enterprises, LLC

and

[COMPANY NAME]

[DATE]

This agreement (the "**Agreement**") is made as of ______________ (the "**Effective Date**") by and between Margaritaville Enterprises, LLC ("**Margaritaville**") and [COMPANY NAME], a [STATE] limited liability company doing business as [NAME], having a place of business located at [ADDRESS] ("**Customer**"). The terms "**Property**" or "**Properties**" refers to the Customer's hotel, resort, or lodging facility that will become a user of any CRM Services as defined below in the Terms and Conditions of this Agreement, attached hereto are incorporated herein and made a part hereof by this reference.

BACKGROUND

Margaritaville has in place a Master Services Access Agreement (the "**CRM Provider Agreement**") with a CRM service provider (the "**CRM Provider**"), pursuant to which the CRM Provider has agreed to provide the CRM Services to Margaritaville for implementation with Margaritaville branded properties. Margaritaville wishes to make the CRM Services available to Customer, as a Margaritaville participating property with a branding agreement in place between Customer and Margaritaville (the "**Branding Agreement**"), and Customer wishes to receive such CRM Services, on the terms set forth in this Agreement. Customer acknowledges and agrees that (i) Customer's Property(ies) must connect to the CRM Services as designated by Margaritaville through Margaritaville's third party middleware connection platform (hereinafter "**Connection Platform**"); (ii) support provided for the CRM Services will be provided by the Connection Platform as indicated in Exhibit C, attached hereto and incorporated herein by this reference; and (iii) use of the CRM Services and the Connection Platform shall be subject to the terms of Margaritaville's individual agreements with CRM Provider and Connection platform and to the CRM Provider's and Connection Platform's terms and conditions as detailed in Exhibit B.

1. WHAT IS A CUSTOMER RELATIONS MANAGEMENT SYSTEM (CRM)?

A Customer Relations Management System ("**CRM**") collects profile data and deposits it in a single database. These data points are then cleaned up, sorted, merged and appended to the guest profiles, which allows Margaritaville and Customer to share valuable guest profile information. Using a single, measurable view of our guest, we will progress three principal business goals:

(i) Better recognize and acknowledge our guests before, during and after their stays, so personalized and elevated service can be delivered.

(ii) Develop a standardized and accurate profile of guests' purchasing habits, preferences, and monetary value such that we can generate and deliver highly targeted and relevant marketing messages.

(iii) Establish the data baseline for Margaritaville's guest recognition and loyalty program ("Margaritaville Brand Affinity and Perks"). Through Margaritaville Brand Affinity and Perks, we will realize higher levels of guest brand loyalty, brand advocacy, and enhanced the brand value.

2. BRAND APPROACH

The CRM will allow us to fulfill our vision of a single view of our guests with:

- Individual brand-value rankings
- Data sharing compliance across the hotel portfolio
- Real-time guest booking and stay information from which to execute highly personalized marketing communications
- Automated, brand standard transactional communications
- Campaigns including upselling, customized packages and add-ons and more

- Guest data quality, completeness and accuracy monitoring
- System rationalization and standardization opportunities

3. WHAT IS INCLUDED

Connectivity: This is a secure interface between the Property Management System (PMS) that is installed directly on the property server and transmits the guest profile and reservation data to the CRM. In most cases, this interface is a two-way communication bridge that requires a one-time mapping effort and little maintenance afterwards.

Insight: Once the data is in the CRM, a dashboard is populated with profile information for each of the guests in the PMS transfer. The CRM is where the profile data is attributed to each profile and organized to show values like: visits, stays, room nights, spend, preferences, etc.

Transactional Emails: Once a hotel's PMS is connected to the CRM, the system can automatically send all transactional emails directly to guests:

- Confirmation, Edit, and Cancellation letters
- Pre-Stay letters (including offers or amenity information)
- Post-Stay letter and guest satisfaction survey (with Medallia Integration)

Loyalty: The platform of our Margaritaville Brand Affinity and Perks is integrated with the CRM Service.

Marketing Email templates: Along with the access to your database and guest profiles, you can also use the brand approved and preloaded e-mail marketing campaign templates to send your past guests or marketing lists communications based on your needs and seasonality. You can send up to 250,000 emails a month at no additional cost.

4. SUPPORT

The Customer Relations Management System provided by Margaritaville includes 24/7/365 technical support by contacting the Connection Platform via a help ticket or emailing the Connection Platform directly. Additionally, you can contact the Margaritaville home office team in Orlando for strategy consultations, operational questions or any other areas, such as:

- Data integrity and entry guidelines
- Data governance and sharing rules
- Best practices and tips on the best use of the CRM tools
- Reports and data trends
- Strategies and tactics to improve results
- Revenue opportunities
- Packaging and optimization

5. PRICING AND PARTICIPATING PROPERTIES

Only Margaritaville-licensed/franchised hotels and resorts will have access to the CRM Services. Pricing shall be as detailed in Exhibit D, attached hereto and incorporated herein by this reference. Customer understands that Margaritaville may increase pricing for all costs set forth herein on a systemwide basis by up to three percent (3%) on an annual basis. Margaritaville shall provide Customer an updated schedule of fees annually.

6. ADDITIONAL TERMS AND CONDITIONS

This Agreement will be subject to the terms and conditions attached hereto as Exhibit A and incorporated herein by this reference. This Agreement shall at all times be subject to the Branding Agreement between the parties. If there is any conflict between the terms of this Agreement and the terms of the Branding Agreement, the terms of the Branding Agreement shall prevail.

IN WITNESS WHEREOF, the undersigned authorized representatives of Margaritaville and Customer have executed this Agreement, effective as set forth above.

MARGARITAVILLE:	**CUSTOMER:**
Margaritaville Enterprises, LLC	**[COMPANY NAME]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

<u>EXHIBIT A</u>
Terms and Conditions

1. Definitions.

"**Affiliate(s)**" shall mean any entity or person directly or indirectly, through one or more intermediaries, owns, controls, is controlled by or is under common control with, aligned with, or under the influence of any person or entity to which the reference is made. For the purposes of this definition "owned, controlled, aligned with, or under the influence of" shall mean more than fifty percent (50%) ownership of voting power or beneficial interest, or an officer, director, trustee, employee, stockholder of fifteen percent (15%) or more of the voting stock or interests (each an "Affiliate"). The Customer is jointly and severally liable for the acts of its Affiliates in relation to this Agreement and access and use of the CRM Services and Connection Platform.

"**Branding Agreement**" means that certain license, sub-license, franchise or other branding agreement between Customer and Margaritaville pursuant to which Customer has, inter alia, licensed rights to Margaritaville's trademarks and trade name in connection with the Property(ies).

"**CRM Appliance**" shall mean the required hardware, which may be provided by CRM Provider for installation at Customer location(s) to enable use of the CRM Services.

"**CRM Service(s)**" shall mean the CRM owned and licensed software system(s) provided by the CRM Provider, licensed to Margaritaville, and extended to Customer for use at Customer's Properties subject to the Branding Agreement between Margaritaville and Customer. CRM Services include the services listed in the Section 3 of the front pages hereof, including any optional services added by Customer.

"**Configuration(s)**" shall mean (a) the initial creation of templates, data, files, processing, usernames and passwords; and/or (b) any initial changes to the CRM Services requested by a Customer or its Affiliate and performed by CRM Provider during implementation, which do not affect the core functionality or core code of the CRM Service.

"**Connection Platform**" shall mean Margaritaville's third party middleware connection platform that connects Property's PMS to the CRM Services.

"**Customer Data**" shall mean data retrieved from, or inputted by, the Customer or end users of the CRM Services, data added by Customer or an end user to a CRM Services application as a result of Customer or end user access to the CRM Service(s) via the Connection Platform, data acquired for Customer by Margaritaville or CRM Provider and loaded into a CRM Services application, or any other data or information of Customer or end user accessed, obtained or provided to Margaritaville or CRM Provider by Customer or an end user pursuant to this Agreement. In no event shall Disaggregated Data be considered as, or comprised of, Customer Data.

"**Customer Documentation**" shall mean the technical specifications and functionality that CRM provider shall incorporate into the CRM Services, as may be amended from time to time.

"**Disaggregated Data**" shall mean numerical or non-numerical data that has been: (1) aggregated from multiple sources and/or on multiple measures, variables and individuals including the Customer, end user and Customer Data broken down into component parts or smaller units of data that are masked or are otherwise anonymous and no longer identifiable as to its source. All Disaggregated Data shall be the sole property of Margaritaville. In no event shall Disaggregated Data be considered as, or comprised of, Confidential information pursuant to Section 4 of this Agreement or Customer Data.

"**Documentation**" shall mean collectively all documentation given to Customer hereunder, including any end-user manual(s) and Customer Documentation.

"**Enhancements**" shall mean additional functionality to the CRM Services.

"**Error(s)**" shall mean a reproducible failure of the CRM Services that causes the CRM Services to not perform in substantial accordance with the description outlined in the Documentation.

"**Fees**" shall mean the Configuration fees, monthly subscription, marketing, support, maintenance fees and any other fees paid by the Customer to Margaritaville pursuant to this Agreement.

"**Privacy Information**" shall mean collectively: (a) data related to the Customer's operations, (b) personally identifiable information; (c) protected health information as defined pursuant to the Health Insurance Portability and Accountability Act (HIPAA), as amended; and (d) credit card information and related data, as further defined pursuant to the Payment Card Industry (PCI) Data Security Standards. Disaggregated Data shall not be considered as, or comprised of, Privacy Information.

"**Support Services**" shall mean the logging, tracking and resolution of Errors reported by Customer pursuant to Section 3 of this Agreement.

"**Updates**" shall mean Service versions produced to correct Errors or to accommodate upgraded versions of system operating environments.

2. Access to Services

(i) Subject to the Customer's continual timely payment of all Fees owed to Margaritaville and abidance by the terms of this Agreement, as of the Effective Date Margaritaville grants to Customer limited, non- exclusive, non-transferable, non-assignable, royalty-free, permission to access, display and use the CRM Services via the Connection Platform solely for internal business purposes in strict accordance with the terms of this Agreement. All rights to Disaggregated Data, Customer Data, and all rights not expressly set forth in this Agreement are reserved by, and automatically inure to the sole ownership and benefit of, Margaritaville. Customer acknowledges neither Margaritaville, CRM Provider, nor Connection Platform will not deliver copies of any software or code to Customer as part of the CRM Services.

(ii) Customer acknowledges the CRM Services and Connection Platform and their structure, organization, software code, binary code, compiled code, source code, scripting, code and associated Documentation constitute valuable trade secrets and intellectual property of CRM Provider. Accordingly, Customer agrees not to (i) copy, download, use offline, modify, adapt, alter, translate, or create derivative works, customizations or enhancements from the CRM Services or Connection Platform; (ii) merge, or in any way alter the CRM Services or Connection Platform with or without other software; (iii) sublicense, lease, rent, or loan the CRM Services or Connection Platform to any third party; (iv) reverse engineer, decompile, disassemble or otherwise attempt to derive or reveal the software code, binary code, compiled code, source code or the scripting code for the CRM Services or Connection Platform; or (v) otherwise use the CRM Services or Connection Platform except as expressly allowed in this Agreement.

(iii) CRM Provider and Connection Platform and its licensors retain and reserve exclusive ownership of all worldwide copyrights, trademarks, trade secrets, patent rights, proprietary rights, moral rights, property rights and all other industrial or intellectual property rights in the CRM Services and/or Connection Platform, Deliverables and Documentation, including any derivative works, modifications, Updates or Enhancements made by CRM Provider and/or Connection Platform, or by Customer in violation of this Agreement. Customer acknowledges CRM Provider and/or Connection Platform and their licensors reserve all statutory, common law and international ownership, intellectual property rights, property rights, proprietary rights and moral rights in and to the CRM Services and/or Connection Platform, Deliverables and Documentation. Nothing in this Agreement will be deemed to grant, by implication, estoppel or otherwise, any ownership or license of any part of the CRM Services and/or Connection Platform or under any of CRM Provider and/or Connection Platform's existing or future patents, copyrights, trademarks or intellectual property. Customer agrees not to remove, alter, or obscure any copyright, trademark or other proprietary rights notice on or in the CRM Services and/or Connection Platform or Documentation.

(iv) Margaritaville is and will remain the sole and exclusive owner of all right, title, and interest in and to all Customer Data. Customer acknowledges and understands that Margaritaville has granted CRM Provider and Connection Platform a non-exclusive, fully paid, world-wide and irrevocable license to use the Customer Data as required to ensure provision of the CRM Services, and to copy, anonymize, aggregate, process, disaggregate, and display Disaggregated Data for the sole purposes of deriving or compiling or incorporating such Disaggregated Data with or into other similar data and information available, derived or obtained from other clients, customers, licensees or users of the CRM Services for internal statistical or performance analysis by CRM Provider and/or Connection Platform. Customer acknowledges and understands that Margaritaville's grant of license to CRM Provider and Connection Platform hereunder to the Disaggregated Data shall survive the expiration or termination of this Agreement.

(v) Customer agrees not to use the CRM Services and/or Connection Platform, Deliverables or Documentation in any manner that violates any local, state, federal or any law of other nations including but not limited to, any laws related to the posting or production of information that may violate third party rights, defame a third party, be obscene or pornographic, harass or assault others, violate hacking, privacy or computer crime regulations or laws. Customer will defend, indemnify and hold Margaritaville and CRM Provider and/or Connection Platform, their officers, contractors, directors, shareholders, agents and employees harmless, including the payment of reasonable attorney's fees, from and against any such actions or violation of such laws or regulations by Customer or any of its agents, officers, directors, shareholders, contractors or employees.

(vi) Customer's end users are required to provide login information to CRM Provider in order to access the CRM Services. CRM Provider will assign Customer a confidential identification number and password to allow only an authorized officer, partner or principal representative of Customer to manage the Customer account, including requesting additional login information ("Administrative Login"). CRM Provider will provide additional login information for use by end users designated by the Customer, as requested from time to time by Customer through the use of the Administrative Login. Customer is solely responsible to secure, maintain and protect its login information and for all actions authorized or undertaken by an end user. Customer will: (i) protect the confidentiality of all login information, (ii) notify CRM Provider and Margaritaville of any breach of the confidentiality of any login information, and (iii) notify CRM Provider and Margaritaville if any individual who knows the login information leaves the employment of Customer, is no longer authorized to use the login information or misuses the login information. Customer will not provide login information to any person that is not a user designated by a Customer as set forth herein. Customer agrees to indemnify, defend and hold Margaritaville and CRM Provider, its employees and agents harmless from any and all claims, demands, lawsuits, legal proceedings and judgments that directly or indirectly arise from, or relate to, a breach of this paragraph by the Customer. This subsection shall survive the termination or expiration of this Agreement.

3. Support Services. Customer agrees to promptly communicate to Margaritaville and Connection Platform of all Errors by emailing a report of the problem to Margaritaville contact and Connection Platform as detailed in Exhibit C and complying with Margaritaville and/or any requests from Connection Platform in its performance of support services.

4. Confidential Information.

(i) Margaritaville and Customer shall each retain in confidence all information transmitted to it by or under authorization of the other party pursuant to or in connection with this Agreement in which the disclosing party identifies as being proprietary or confidential or that, by the nature of the circumstances surrounding the disclosure, would in good faith be treated as proprietary and/or confidential ("Confidential Information"). Neither party will make use of the other's party's Confidential Information except pursuant to the terms of this Agreement. By way of example, but not limitation the following information is considered Confidential Information: (a) this Agreement and its terms, (b) the technology, ideas, formulae, knowhow, documentation, procedures, algorithms and trade secrets embodied in the CRM Services and/or Connection Platform, technical documentation, solution methodology, end user manuals, Documentation and Deliverables, (c) Customer Data, end user ID's and passwords; and/or (d) any other information, in any form identified in writing as confidential. If Customer obtains information relating to Margaritaville or CRM from third parties to whom it is directed by Margaritaville, then Customer shall treat such information as Margaritaville's Confidential Information under this Agreement. Customer agrees, without limitation, that Customer Data is part of the Customer's Confidential Information.

(ii) The receiving party shall not disclose Confidential Information or use it in any manner not expressly authorized by this Agreement. Unless written authorization is received from the disclosing party, the receiving party shall not: (a) disclose the disclosing party's Confidential Information or allow it or cause it to be disclosed to any third parties; (b) destroy any disclosing party Confidential Information or cause it to be inaccessible to the disclosing party (other than in accordance with its standard document retention policy); or (c) use the disclosing party's Confidential Information or allow it to be used for purposes other than in furtherance of this Agreement.

Either parties written or oral designations of confidentiality may include the designations "confidential," "proprietary," "secret," "not subject to disclosure," or words of similar import. Such designations may appear on or in the subject document, item, or information. However, absence of a designation shall not support a presumption information provided is not Confidential Information. Rather, both parties will assume information provided in such a manner is Confidential Information.

(iii) The receiving party shall immediately inform the disclosing party in writing of any suspected, actual or threatened disclosure or unauthorized use of the disclosing party's Confidential Information. If a third party seeks disclosure of Confidential Information from the receiving party, through discovery in a judicial process or otherwise, the receiving party shall, except to the extent prohibited by applicable law, immediately notify the disclosing party and shall cooperate with the disclosing party's attempts, at its sole cost, to prevent such disclosure via a protective order or similar means. If a disclosure is ordered by a court or similar tribunal with jurisdiction, an all appeals have been waived or exhausted by the disclosing party, such disclosure is limited to only such Confidential Information necessary to comply with the order.

(iv) Confidential Information shall not include any information: (i) generally known to the public or otherwise publicly available without restriction (other than through the wrongful act of the party receiving the information, e.g., breach of this Agreement); (ii) is lawfully received from a third party source without restriction and without violation of this Agreement; (iii) as demonstrated through documentary evidence, contemporary at the time of the development, was developed independently by the receiving party without the use of or access to Confidential Information; (iv) as demonstrated through documentary evidence, contemporary at the claimed pre-Agreement or pre-disclosure period, was known to the receiving party prior to the date of this Agreement (or first disclosure by the disclosing party, if earlier); or (v) is released generally by the owner of the rights in the Confidential Information to other persons, firms, or entities without any restrictions. The public availability of some information, separately, or in an uncollected or incomplete form, shall not support a presumption against the confidential status on such information as part of a confidential compilation or collection.

(v) Upon termination or expiration of this Agreement, or upon the disclosing party's request, the receiving party shall immediately deliver to disclosing party all disclosing party Confidential Information in its custody or under its control, except where this Agreement provides for retention of such Confidential Information.

5. Warranties; Limitation of Liability. The following warranties shall constitute Customer's sole and exclusive warranties at law, common law, implied, expressed in this Agreement or otherwise.

(i) LIMITED WARRANTY. THE CRM SERVICES AND CONNECTION PLATFORM, INCLUDING, BUT NOT LIMITED TO CONFIGURATION(S), ENHANCEMENTS AND UPDATES, ARE PROVIDED "AS-IS" WITHOUT ANY EXPRESS, IMPLIED OR STATUTORY WARRANTY WHATSOEVER. MARGARITAVILLE DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, REGARDING THE CRM SERVICES AND CONNECTION PLATFORM INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NO REPRESENTATION, STATEMENT, OR OTHER AFFIRMATION OF FACT REGARDING THE CRM SERVICES AND/OR CONNECTION PLATFORM SHALL BE DEEMED A WARRANTY FOR ANY PURPOSE OR GIVE RISE TO ANY LIABILITY OF MARGARITAVILLE WHATSOEVER. CUSTOMER ACKNOWLEDGES AND AGREES IT HAS NOT RELIED ON ANY REPRESENTATION, STATEMENT OR OTHER AFFIRMATION OF FACT OTHER THAN THE EXPRESS WARRANTIES IN THIS SECTION.

(ii) LIMITATION OFLIABILITY: NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, REMOTE, UNFORESEEABLE, INDIRECT, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES, UNDER ANY CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, INDEMNIFICATION, LOST PROFITS, REVENUE, DATA OR SAVINGS, LOSS OF GOODWILL, OR THE LOSS OF USE OF ANY DATA OR REVENUE. EXCEPT FOR VIOLATIONS OF SECTION 4 AND 8, UNDER NO CIRCUMSTANCE SHALL EITHER PARTY'S AGGREGATE CUMULATIVE LIABILITY HEREUNDER WHETHER STATUTORY, IN CONTRACT, TORT OR OTHERWISE, EXCEED AN AMOUNT EQUAL TO THE FEES ACTUALLY PAID TO MARGARITAVILLE UNDER THIS AGREEMENT FOR THE PRECEDING TWELVE (12) MONTH PERIOD. THE PARTIES ACKNOWLEDGE THE FEES PAID BY THE CUSTOMER ADEQUATELY REFLECT THE ALLOCATION OF RISK SET FOR IN THIS AGREEMENT AND MARGARITAVILLE WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THESE LIMITIATIONS ON ITS LIABILITY. THIS SECTION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

6. Customer Acknowledgements. The Customer Acknowledges the following:

(i) It is not possible to completely preclude all Errors, technical software problems or interruptions in access or use of the CRM Services and/or Connection Platform.

(ii) Margaritaville does not warrant the absence of any Errors, defects, or operations of the CRM Services without any interruption, including any transmission or ISP errors.

(iii) Customer is solely responsible for: (1) compliance with this Agreement by all of its end users; (2) the accuracy, quality, and legality of any of its content or Customer Data (3) using commercially reasonable efforts to prevent unauthorized access to, or use of, the CRM Services and/or Connection Platform; (4)promptly notifying Margaritaville of any such unauthorized access or use; (5) using the CRM Services CRM Services and/or Connection Platform only in accordance with the Documentation, acceptable use policies, applicable laws and this Agreement; and (6) obtaining and maintaining all telephone, computer hardware, Internet access services and other equipment or services needed to access and use the CRM Services.

(iv) Customer is solely responsible for obtaining all licenses, permits or authorizations as required from time to time by the United States and any other government for any export or use of the CRM Services.

(v) Survival. This Section shall survive the termination or expiration of this Agreement.

7. Indemnification. This Agreement shall be subject to the indemnification provisions of the Branding Agreement between the parties.

8. Intellectual Property

(i) Should any portion of the CRM Services or Connection Platform become, or in Margaritaville's reasonable opinion be likely to become, the subject of a claim of Infringement, Margaritaville may, at its option and expense, and in addition to the indemnity provided below in subsection (b), provide the following as the Customer's sole remedy: (i) procure for Customer the right to use the CRM Services and/or Connection Platform free of any liability for Infringement; (ii) replace or modify the applicable portion of the CRM Services and/or Connection Platform with a non-infringing substitute otherwise complying substantially with all the requirements of this Agreement; or (iii) terminate this Agreement and immediately refund to Customer all Monthly Subscription Fees paid in advance for the balance of the then current Term.

(ii) Provided Margaritaville is promptly informed in writing and furnished a copy of each communication, notice or other action relating to an alleged infringement and is given authority, information and assistance as necessary to defend or settle such claim, Margaritaville will defend, indemnify, and hold Customer and its directors, officers, employees, and agents ("Indemnitees") harmless from and against any action brought against Customer to the extent such action is based on a claim of direct infringement of any duly issued patent or copyright resulting from Customer's use of the CRM Services and/or Connection Platform in accordance with the terms of this Agreement ("Infringement"). Margaritaville may, upon written notice to the Indemnitees, undertake to conduct all proceedings or negotiations in connection therewith, assume the defense thereof and take all other required or appropriate steps to settle or defend any such claims, or assign any such actions to CRM Provider and/or Connection Platform.

9. Privacy and Data Security. Customer's use of the CRM Service and Connection Platform shall at all times be subject to the terms of the Branding Agreement. Notwithstanding the foregoing, when receiving or accessing Privacy Information, Customer agrees to: (i) collect, receive, transmit, store, dispose, use and disclose such Privacy Information in accordance with the terms of the Branding Agreement and all privacy and data protection laws, as well as all other applicable regulations, (ii) keep and maintain such Privacy Information in strict confidence, using such degree of care as is appropriate to avoid unauthorized access, use or disclosure and (iii) use and disclose such Privacy Information solely and exclusively for the purposes for which the Privacy Information, or access to it, is provided. Customer shall be responsible for, and remain liable to, Margaritaville for the actions and omissions of all employees, contractors or other representatives who are engaged by Customer concerning the treatment of Privacy Information as if they were Customer's own actions and omissions. Customer shall notify Margaritaville of (i) any act or omission that compromises either the security, confidentiality or integrity of Privacy Information collected from end users in connection with this Agreement or (ii) a breach or alleged breach of this Agreement relating to the privacy practices of Customer in accordance with the terms of the Branding Agreement. Customer shall likewise promptly notify Margaritaville of any suspicious or malicious activity, potential vulnerabilities, or security weaknesses of which it becomes aware in accordance with the terms of the Branding Agreement. mailto:

10. Term, Renewal, and Termination

(i) Term & Renewal. The term of this Agreement shall commence on the Effective Date and be co-terminus with the Branding Agreement (the "**Term**") unless earlier terminated pursuant to the terms hereof. This Agreement shall automatically terminate upon any termination of the Branding Agreement. Notwithstanding the foregoing, in the event that the CRM Provider Agreement terminates for any reason, Margaritaville shall have the option, in its sole discretion, of terminating this Agreement upon the lesser of: (a) sixty (60) days prior written notice; or (b) the termination period provided under the CRM Provider Agreement (which shall not be less than 30 days). Margaritaville will give Customer prompt written notice if Margaritaville gives or receives a termination notice for the CRM Provider Agreement. No termination fee will be owed by Customer if this Agreement is terminated as provided in this Section 9.1.

(ii) For Cause Termination. This Agreement may be terminated: (i) by Margaritaville for cause upon thirty (30) calendar days' written notice to Customer if Customer is in material breach of this Agreement and such breach remains uncured at the expiration of such thirty (30) calendar day period; (ii) by Margaritaville upon thirty (30) calendar days' written notice to Customer upon termination of the CRM Provider or Connection Platform agreement; (iii) by Margaritaville for nonpayment of any Fees due hereunder upon thirty (30) calendar day written notice to Customer and such nonpayment remains uncured at the expiration of such thirty (30) calendar day period; or (iv) upon termination of the Branding Agreement between Margaritaville and Customer. Termination hereunder in no way limits any other rights or remedies the Margaritaville may be entitled to in law or in equity pursuant to this Agreement. Should this Agreement be terminated by Margaritaville pursuant to Section 9.b.(ii) hereof, Customer agrees to negotiate with Margaritaville in good faith for the implementation of a new Connection Platform or CRM Services.

11. Force Majeure. Other than the Customer's obligations related to the payment of Fees, neither party shall be deemed in default of this Agreement to the extent any delay or failure in the performance of its obligations results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods or strikes ("**Force Majeure**").

12. Assignment. Customer may not assign this Agreement, or assign or delegate any right or obligation hereunder, without the prior written consent of Margaritaville. In the event of an assignment of this Agreement by Margaritaville, its assignee shall become jointly and severally liable for their obligations pursuant to this Agreement.

13. Relationship. Customer shall be and act as an independent contractor hereunder and no employee of either party shall be deemed to be an employee of the other for any purpose whatsoever. Each party shall comply, at its own expense, with the provisions of all applicable national, state and municipal requirements and with all national, state and federal laws applicable to it as an employer and otherwise.

14. Exclusivity. Customer agrees that the Property shall exclusively use the CRM designated by Margaritaville.

15. Performance. Customer acknowledges that performance obligations provided in Exhibit "A" (attached hereto and incorporated herein by this reference) are provided by Margaritaville to Customer on a pass-through basis based upon terms and conditions provided to Margaritaville by the CRM Provider and that Customer's rights with respect thereto shall be limited to the rights, benefits, and privileges accorded to Margaritaville by the CRM Provider.

16. No Third-Party Beneficiary. Customer is not a third-party beneficiary of any commitment by or agreement with CRM Provider, and only Margaritaville maintains privity with CRM Provider for any matter set forth in these Terms and Conditions. In no event shall Margaritaville be held liable to the extent a commitment or obligation of CRM Provider has not been fulfilled through no fault of Margaritaville. Margaritaville will reasonably assist Customer with respect to any issues, questions or conflicts with the CRM Provider arising under this Agreement and the CRM Provider Agreement, including, but not limited to, enforcing the CRM Provider's obligations with respect to a data security breach affecting Customer.

17. Notice. All notices and other communications required or permitted to be given under this Agreement shall be in writing and will be delivered personally, or mailed by registered or certified mail, return receipt requested, postage prepaid, or sent by reputable overnight courier service, or by fax, email, or other form of rapid transmission. If physically mailed, notices shall be addressed as follows:

To Margaritaville:
Attn: Office of the President
6900 Turkey Lake Road
Orlando, FL 32819

To Customer:
Attention
Address Line 1
Address Line 2
City, State, Zip Code

18. Survival. In addition to the instances of survival specifically set forth in this Agreement, any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

19. Statute of Limitations. The parties hereby agree the statute of limitations for any claims brought related to, or arising from, this Agreement, whether in contract, tort, common law or by statute, must be bought within one year of the date of accrual of such cause of action, and any claim or cause of action of a party shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such one-year period.

20. Miscellaneous. For the purposes of this Agreement, both parties' consent to the personal jurisdiction and venue of the state and federal courts located in Palm Beach County in the state of Florida. The prevailing party in any dispute related to, or arising from, this Agreement shall be entitled to the payment of its attorneys' fees and costs from the prelitigation stage through and including the trial and all appellate levels. If any provision of this Agreement is prohibited by law or held to be unenforceable, the remaining provisions hereto shall not be affected, and this Agreement shall continue in full force and effect as if such unenforceable provision had never constituted a part hereof, and the unenforceable provision shall be automatically amended so as to best accomplish the objectives of such unenforceable provision within the limits of applicable law. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute the same instrument. Any waiver of a provision of this Agreement must be in writing and signed by the Party to be charged. This Agreement constitutes the entire agreement between the parties related to the subject matter hereof, supersedes any prior or contemporaneous agreement between the parties relating to the CRM Services and/or Connection Platform and shall not be changed except by written agreement signed by each party. This Agreement will not be governed by the U.N. Convention on the International Sale of Goods, the application of which is expressly excluded.

EXHIBIT B
Providers Terms of Use

1. By using the CRM Services, Customer agrees that its use shall be governed by the terms of the salesforce.com Master Subscription Agreement found at https://www.salesforce.com/company/msa.jsp

2. By using the Connection Platform, Customer agrees that its use shall be governed by the terms found at Terms of Use (hapicloud.io).

EXHIBIT C
Support Services

1. 24 hour support 7 days a week
2. 2 support logins
3. Support requests to be submitted here: https://hapicloud.my.site.com/portal

EXHIBIT D
Pricing

Customer Relationship Management Fees		
Item	**Description**	**Fee per Room**
Set Up Fee	Initial Set Up of the CRM. One Time Fee.	$60.00 per room
CRM Solution	Customer Data Platform that gathers, cleanses, and assigns data to each guest profile recorded via the PMS. This data includes, but is not limited to: Profile information, preferences, reservation data, revenue, transactions, purchases, social profiles and more.	$12.00 per room/ per month
Super-messages	All guest communications generated from a transaction (reservation confirmation, cancelation, change, pre-stay letter/offers and post stay letter/survey) and Marketing emails are programmed from the CRM tool and send based on business rules established by the Margaritaville Brand.	$3.00 per 1,000 super-messages sent
CRM Admin User	This is the standard profile that has the maximum permissions and access to the platform. A system administrator can configure and customize the CRM application according to specific needs and preferences.	User license fee is $100.00 per user/ per month
CRM Read Only User	This profile allows a user to view the CRM org setup, run CRM reports, export them, and view other records without being able to edit them.	Read Only license fee $50.00 per user/ per month

Customer Relationship Management Fees		
Item	**Description**	**Fee per Room**
Marketing Cloud Users	Access to all content, shared folders, and tracking in Email Studio. Includes ability to creates and execute interactive marketing campaigns. The role permits a user to create, send, and monitor Marketing Cloud journeys and messages and run reports.	One Marketing Cloud license included in monthly fee. Additional license fee $50.00 per user/ per month

<u>EXHIBIT H TO THE FRANCHISE AGREEMENT</u>

LOYALTY PROGRAM AGREEMENT

(Attached)

Margaritaville Perks

Brand Affinity and Perks Program Participation Agreement

Prepared Exclusively for:

“[Name of Hotel]”

[Franchisee name]

[Date]

Margaritaville Perks

Brand Affinity and Perks Program Participation Agreement

This Brand Affinity and Perks Program Participation Agreement (the "**Agreement**"), dated as of [date] (the "**Effective Date**"), is entered into between **Margaritaville Enterprises, LLC** a Delaware limited liability company located at 6900 Turkey Lake Rd., Suite 200, Orlando, FL 32819 ("**Margaritaville**"), and [HOTEL NAME ("**Hotel**")] [FRANCHISEE NAME], located at [address] ("**Franchisee**").

In consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Description of the Brand Affinity and Perks Program.

1.1 Overview. The Brand Affinity and Perks Program is an Artificial Intelligence and Machine Learning driven program allowing individuals to join for free and there are no points or traditionally prescribed tiers/levels. The purpose of the Brand Affinity and Perks Program is to offer distinctive and unique perks that become more personalized with increased guest interaction and frequency. The Brand Affinity and Perks Program encourages guests to book direct by offering them personalized perks that are instantly available at the time of booking. The types of the perks offered, as well as their respective costs, are subject to change and are reviewed by Margaritaville on an annual basis at minimum. Franchisee agrees to abide by the Margaritaville Perks Program Manual, as may be amended from time to time. The current version is attached herein as Exhibit A.

1.2 Margaritaville Perks Members. Brand Affinity and Perks Program members must enroll in the Brand Affinity and Perks Program before earning any perks. Upon enrollment, each member will earn a perk to redeem during their upcoming stay contingent on that stay being booked through a direct channel (i.e., booking engine, call center). Reservations made through third party distribution partners (e.g., Expedia or Booking.com) do not qualify to earn perks. Members are presented with options of perks each time they book a direct stay. The perks offered during the booking process will be based on the room revenue amount of that stay. The Brand Affinity and Perks Program uses machine learning technology to identify the number of interactions a member has with the brand in order to determine the value of the reward that member is presented with at the time of booking. Additional perks may be offered based on lifetime value spend and the number of times that member has interacted with the Margaritaville brand.

1.3 Required Participation. Franchisee agrees to participate in and pay all costs and fees described in Section 2 related to operating the Brand Affinity and Perks Program at Franchisee's Hotel. Franchisee agrees and acknowledges that Franchisee's Hotel shall not participate in any affinity or loyalty program other than the Brand Affinity and Perks Program offered by Margaritaville.

1.4 Brand Affinity and Perks Program Updates. Margaritaville retains the right to make changes to and update the Brand Affinity and Perks Program at any time, provided that such changes shall not lead to a significant increase in cost to the Franchisee. In the event such changes shall require additional costs by Franchisee, Margaritaville will use commercially reasonable efforts to develop related strategies to increase direct booking revenues.

2. Brand Affinity and Perks Program Fees and Reporting.

2.1 Brand Affinity and Perks Program Fees. The initial fees and costs as described below are subject to increase over time. Franchisee shall be responsible for the following costs and fees of the Brand

Affinity and Perks Program. These fees are an introductory pricing and are subject to change on an annual basis. Any such increase in fees or costs will not exceed 3% annually.

(a) Implementation Fee – one-time flat fee of $5,000USD

(b) Monthly Fee - $10.00 USD per room/ per month

(c) Perks Costs – Franchisee is responsible for covering the costs of the on property perks. The estimated cost of each perk should reflect 5% cost (not retail) of the room revenue on the perk member's reservation.

2.2 Reporting and Metrics. Margaritaville will provide regular reports to Franchisee that reflect enrollment and activation metrics, and member versus non-member spend. Franchisee may request additional reporting metrics as are available.

3. Franchisee Obligations.

3.1 Fulfill Member Perks.

(a) The Franchisee is responsible for successful and consistent execution and delivery of the Brand Affinity and Perks Program at Franchisee's Hotel. Franchisee must participate in and honor the terms and conditions of the Brand Affinity and Perks Program and as stated in the manual, including but not limited to offering the minimum perks specified in the manual, and providing the guest selected perk to each Member upon their visit to Franchisee's Hotel. In the event that Franchisee is unable to honor a member's perk request, Franchisee shall use its best efforts to provide a perk of similar or greater value that is reasonably satisfactory to the Brand Affinity and Perks Program member.

(b) In the event that Franchisee is unable to honor or provide an equal or greater perk than the one member requested, Margaritaville may, at its sole discretion, provide a reimbursement and additional compensation or perk for member's inconvenience due to the Hotel not honoring the terms of the Brand Affinity and Perks Program. Franchisee shall be responsible for reimbursing Margaritaville for the actual costs, plus a ten percent (10%) fee to cover the remediation of Hotel's failure to honor the terms of the Brand Affinity and Perks Program. Such fee shall be paid to Margaritaville within 30 days of notice provided to Franchisee.

(c) Franchisee may not use the perks offered as part of the Brand Affinity and Perks Program as part of any other promotion. All perks offered through the Brand Affinity and Perks Program shall only be available to guests and members through the Brand Affinity and Perks Program.

(d) In the event Franchisee's Hotel becomes oversold and a member is interested in a stay at the Hotel, Franchisee shall use every reasonable effort to prioritize accommodating a Brand Affinity and Perks Program member.

3.2 Training

(a) Franchisee is responsible for ensuring all guest-facing team members review the training section of the Margaritaville Perks Program Manual and certify that they understand the requirements of the program. Front desk team members should be trained to enroll new guests in the Brand Affinity and Perks Program. Franchisee shall ensure that front desk team members track arriving perks members and any applicable perks they have chosen.

3.3 Data

(a) Franchisee must provide Margaritaville the necessary data to operate, design and improve the Brand Affinity and Perks Program. Margaritaville shall use and store this data solely for the purposes of operating, designing, and improving the program. Franchisee may not use or store any loyalty related data for any purpose, including marketing or analytics, without explicit prior written approval by Margaritaville.

(b) Margaritaville shall own all guest data derived from the Brand Affinity and Perks Program. All Brand Affinity and Perks Program guest data shall be used by Franchisee solely for the purpose of operating the Brand Affinity and Perks Program and shall not be used or stored by Franchisee for any other purpose.

4. Margaritaville Perks Part in Full Effect.

4.1 Terms of Franchise Agreement. Except as expressly stated herein, all terms to the Franchise Agreement shall remain and continue in full force and effect. Upon execution and delivery hereof, the Franchise Agreement shall be deemed to be amended supplemented as set forth as fully and with the same effect as if the amendments and supplements made herein were originally set forth in the Franchise Agreement. This Agreement and the Franchise Agreement shall be read, taken and construed as one and the same instrument.

5. Term; Termination.

5.1 Term. The term of this Agreement shall be the same as the term of Franchise Agreement between Margaritaville and Franchisee (the "Term").

5.2 Termination.

(a) Termination of this Agreement is automatically effective upon termination of the Franchise Agreement between Margaritaville and Franchisee.

(b) Margaritaville may terminate this Agreement, in its sole discretion, upon Franchisee's inability or failure to honor the terms and perks of the Brand Affinity and Perks Program. In the event of termination by Margaritaville, Franchisee shall pay to Margaritaville a termination fee equal to the amount of 6 months fees.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

"[Hotel Name]"

[Franchisee name]

By_______________________________

Name:
Title:

Margaritaville Enterprises, LLC

By_______________________________

Name:
Title:

EXHIBIT A

MARGARITAVILLE PERKS PROGRAM MANUAL

(Available Upon Execution)

EXHIBIT I TO THE FRANCHISE AGREEMENT

JIMMY BUFFETT

(Attached)

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is made and entered into as of the 27th day of February, 2014 ("Effective Date"), by and between **Jimmy Buffett** ("Buffett") and **Margaritaville Enterprises, LLC** ("Margaritaville") (each, a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, Buffett is an internationally-famous musician, songwriter, and entertainer, and an indirect owner of JB Beta Inc. and JB Intellectual Property, LLC, each a member of Margaritaville's parent company, Margaritaville Holdings LLC;

WHEREAS, Margaritaville is the successor-in-interest to trademarks filed and registered by Buffett prior to December 20, 2006;

WHEREAS, Margaritaville provides goods and services associated with Buffett, his music and lifestyle, and related themes, such as beaches, tropics, leisure activities, and islands;

WHEREAS, Margaritaville regularly commercializes Buffett's song titles and lyrics as trademarks, most notably, "Margaritaville";

WHEREAS, Margaritaville regularly uses Buffett's music material and other creative works connected with its restaurants, hotels, casinos and other businesses operated by Margaritaville, its Affiliates, and/or their licensees;

WHEREAS, Margaritaville desires to confirm and clarify its prior agreements with Buffett regarding using the Buffett Works and Personality Rights, and obtain an exclusive license from Buffett to use and sublicense the Buffett Works and Personality Rights connected with its business in the future;

WHEREAS, pursuant to the that certain Membership Interest Purchase Agreement dated as of the date hereof (the "Purchase Agreement"), RPII Volcano, LP is agreeing to purchase, subject to the terms and conditions set forth therein, certain of the membership Units of Margaritaville Holdings LLC that are currently held by JB Beta, Inc., which is indirectly owned by Buffett;

WHEREAS, concurrent with the execution of this Agreement, in connection with the execution of the Purchase Agreement, JB Beta Inc. shall enter into that certain Fourth Amended and Restated Operating Agreement of Margaritaville Holdings LLC ("Operating Agreement"), to be effective as of the closing of the transactions contemplated by the Purchase Agreement;

WHEREAS, Buffett is willing to grant to Margaritaville a license to use and sublicense the Buffett Works and Personality Rights pursuant to the following terms and conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and conditions contained herein, it is hereby agreed as follows:

ARTICLE 1

DEFINITIONS

(a) "Affiliate" of a Party means any corporation or other legally recognized entity that, directly or indirectly, controls, is under common control with, or is controlled by such Party, for so long as such control exists. For purposes of the foregoing, "control" means holding ownership of more than fifty percent (50%) of the voting stock or other ownership interest entitled to elect a board of directors or a comparable managing authority.

(b) "Buffett" means Jimmy Buffett, Coral Reefer Music, and any other entities which are majority-owned and controlled by Jimmy Buffett.

(c) "Buffett Other Use" has the meaning set forth in Section 2.7(a).

(d) "Buffett Retained Rights" means singing, song writing, musical concerts, concert tours, theatrical productions, book writing (including cookbooks and recipe books for food and beverage, subject to Section 2.5(e) below), book publishing (including cookbooks and recipe books for food and beverage, subject to Section 2.5(e) below), film and television acting, writing, directing and producing.

(e) "Buffett Works" means Compositions and all current and future photographic works, books, articles, films, videos and other audio-visual works, artwork, drawings, recipes and other works of authorship 100% owned and controlled by Buffett, and, with respect to all of the foregoing, including all Intellectual Property Rights embodied therein and appurtenant thereto.

(f) "Compositions" means any current and future musical compositions written by Buffett or portions thereof written by Buffett, including the lyrics and titles to such compositions and all Intellectual Property Rights embodied therein and appurtenant thereto, solely to the extent that Buffett owns 100% of the publishing rights.

(g) "Existing Agreements" has the meaning set forth in Section 2.6.

(h) "Exploit" means to perform, display, reproduce, distribute, edit, excerpt, record, have recorded, create derivative works or otherwise use, including, without limitation, synchronize in timed relation with a video, utilize in connection with retail products and exploit in connection with commercial establishments (*e.g.,* using Composition titles or lyrics in connection with branding, merchandise, menus or signage; using excerpts of sound recordings or recording, or having recorded, the music component of Compositions to use with merchandise; creation of a restaurant/bar/casino concept based on the lyrics or subject matter of the Compositions or the contents of a book or article; use of artwork as part of the design for restaurant signage; and/or display of an audio-visual work in a commercial establishment); and the term "Exploitation" has correlative meaning.

(i) "Field" means, except for the Buffett Retained Rights, any business, and all goods and services related thereto, including, but not limited to hospitality, gaming, consumer products, bars, restaurants and food and beverage, karaoke bars and similar establishments providing food and drink, including, with respect to all of the foregoing, all merchandising, promotion and marketing related thereto.

(j) "Future Agreements" has the meaning set forth in Section 2.6.

(k) "Intellectual Property Rights" means any and all rights existing from time to time under patent law, copyright law, moral rights law, trade secret law, trademark law, unfair competition law, publicity rights law, privacy rights law, and any and all other proprietary rights, as well as, any and all applications, renewals, extensions, restorations and reinstatements thereof, now or hereafter in force and effect worldwide.

(l) "Non-Buffett Works" means any current and future musical composition recorded by Buffett, including the lyrics and titles to such compositions and all Intellectual Property Rights embodied therein and appurtenant thereto, for which Buffett does not own 100% of the publishing rights, and all current and future photographic works, books, articles, films, videos and other audio-visual works, artwork, drawings and other works of authorship which are not 100% owned and controlled by Buffett, and, with respect to all of the foregoing, including all Intellectual Property Rights embodied therein and appurtenant thereto.

(m) "Operating Agreement" has the meaning set forth in the recitals.

(n) "Personality Rights" means Buffett's personality rights, including, but not limited to, his name, image, likeness, signature, photograph, gestures, distinctive appearances, and mannerisms, including all such future personality rights as may be created after the Effective Date, and, with respect to all of the foregoing, including all Intellectual Property Rights embodied therein and appurtenant thereto.

(o) "Re-Records" means those certain re-recorded sound recordings (or portions thereof) embodying the Compositions, solely to the extent that such recordings are 100% owned by either Buffett or Mailboat Records, Inc.

(p) "Sublicensee" means any current or future sublicensee of the Buffett Works or Personality Rights.

(q) "Term" has the meaning set forth in Section 3.1.

(r) "Territory" means the world.

ARTICLE 2

LICENSE

2.1 License to Buffett Works.

(a) Buffett hereby grants to Margaritaville, solely in the Field, an exclusive, fully paid-up, royalty-free, sublicensable (as set forth in Section 2.6 below), license to Exploit the Buffett Works in the Territory during the Term, subject to Sections 2.5 and 2.7 below.

(b) For avoidance of doubt, the license granted in Section 2.1(a) includes the exclusive right for Margaritaville to use the Compositions in the Field to develop new trademarks and register new domain names, including for example, commercialization of song titles as trademarks for goods and services in the Field, subject to Section 2.7, if applicable.

(c) The license granted in Section 2.1(a) expressly excludes the right to use the Non-Buffett Works. To the extent that Buffett has the legal right to do so, Buffett grants to Margaritaville a non-exclusive, fully paid-up (with respect to Buffett), royalty free (with respect to Buffett), sublicensable (as set forth in Section 2.6 below) license to Exploit the Non-Buffett Works in the Field in the Territory during the Term, subject to Section 2.5, and solely to the extent that Margaritaville obtains all necessary third-party consents and pays all applicable third-party fees, pursuant to Section 2.7 hereof.

(d) Buffett agrees that, as between the Parties, Margaritaville shall have the exclusive right to register in the Territory during the Term any trademarks and domain names developed by Margaritaville according to Section 2.1(b).

2.2 License to Personality Rights. Buffett hereby grants to Margaritaville, solely in the Field, a non-exclusive, fully paid-up, royalty free, sublicensable (as set forth in Section 2.6 below), license to Exploit the Personality Rights in the Territory during the Term, subject to Section 2.5 below.

2.3 Non-Competition. Buffett shall not, during the Term, use the Buffett Works, Non-Buffett Works or the Personality Rights to compete with Margaritaville's business activities in the Field in accordance with that certain Non-Competition Agreement dated February 27, 2014 by and among Buffett, Margaritaville Holdings LLC and Raine Volcano II LP, a Delaware limited liability partnership.

2.4 Derivative Works. To the extent any derivative works are created by virtue of the licenses grant herein, each party shall retain ownership of the derivative works it creates, subject to, in the case of derivative works created by Margaritaville, Buffett's (or any third party's) ownership rights in the underlying Buffett Works and Non-Buffett Works.

2.5 Approval.

(a) Regarding Margaritaville's and any Sublicensee's Exploitation of Buffett Works, all forms of Exploitation currently in practice by Margaritaville or any Sublicensee, and all forms of Exploitation substantially similar to those in practice by Margaritaville or any Sublicensee, shall be deemed approved by Buffett. Margaritaville shall not be required to seek Buffett's approval for such forms of Exploitation of the Buffett Works.

(b) Regarding any form of Exploitation of any Buffett Work which is not currently in practice, or not substantially similar to a form of Exploitation currently in practice, by Margaritaville or any Sublicensee, Buffett shall have the right to approve such form of Exploitation in advance. Such approval shall be granted on a commercially reasonable basis.

(c) Regarding Margaritaville's or any Sublicensee's Exploitation of Personality Rights, all forms of Exploitation currently in practice by Margaritaville or any Sublicensee shall be deemed approved by Buffett, and Margaritaville shall not be required to seek Buffett's approval for such forms of Exploitation of such Personality Rights.

(d) Regarding any form of Exploitation of Personality Rights not currently in practice by Margaritaville or any Sublicensee, Buffett shall have the right to approve such form of Exploitation in advance. Such approval shall be granted on a commercially reasonable basis.

(e) Buffett shall not use or exploit Buffett Works, Non-Buffett Works and/or Personality Rights in connection with book writing and/or book publishing of cookbooks and/or recipe books for food and beverage without the advance written approval of RPII Volcano, LP. RPII Volcano, LP may not unreasonably delay its response to a request for approval or withhold such approval without a legitimate commercial reason for doing so (such as, but not limited to, conflict with similar books published by Margaritaville, its affiliates or its or their respective licensees).

2.6 Sublicensing. Buffett hereby grants to Margaritaville upon the terms and conditions stated herein, during the Term and within the Territory, the right to sublicense the applicable Buffett Works, Non-Buffett Works (to the extent applicable) and Personality Rights pursuant to each existing agreement with a Sublicensee ("Existing Agreements"). Buffett further grants to Margaritaville upon the terms and conditions stated herein, during the Term and within the Territory, the right to further sublicense the Buffett Works, Non-Buffett Works (to the extent applicable) and Personality Rights, effective with Margaritaville entering into each new agreement with a Sublicensee ("Future Agreements"), subject to the approval rights set forth in Section 2.5 hereof. For the avoidance of doubt, sublicenses to Affiliates of Margaritaville may also include the right to further sublicense such rights to third-party sublicensees according to the terms herein.

2.7 Third-Party Consents and Payments.

(a) Subject to Section 2.7(b) below, any use of any element of the Buffett Works or Non-Buffett Works by Margaritaville pursuant to this Agreement, including but not limited to the use by Margaritaville of any element of any book, short story or other literary property authored or co-authored by Buffett and the use by Margaritaville of any element of any Composition (collectively, "Buffett Other Use") shall be subject to Margaritaville's obligation:

(i) to obtain the consent of all appropriate third parties, including but not limited to publishers, record companies, unions, guilds, and public performance societies; and

(ii) to pay all third-party license fees, royalties and other costs in connection therewith;

provided, however, that, if such Buffett Other Use is otherwise approved by Buffett, Buffett shall grant to Margaritaville the requested consent for such Buffett Other Use to the extent that Buffett controls such Buffett Other Use, and Buffett shall authorize his representatives to use commercially reasonable efforts to facilitate Margaritaville's attempts to obtain third-party consents for such Buffett Other Use to the extent that Buffett does not control such Buffett Other Use.

(b) Buffett shall not receive any compensation for his consent to the Buffett Other Use pursuant to this Agreement. Buffett agrees to waive his ordinary publishing royalties (including, without limitation, public performance royalties) for Maragaritaville's use of the Compositions hereunder. In addition, the Compositions shall be provided to Margaritaville on a gratis basis (except to the extent that co-writers or co-publishers other than Buffett are entitled to receive publishing royalties from Margaritaville). Further, Buffett shall cause his Affiliate, Mailboat Records, to waive its licensing fees for use of any Re-Records hereunder and to provide such Re-Records to Margaritaville on a gratis basis.

ARTICLE 3

TERM

3.1 **Term**. This Agreement shall commence on the Effective Date and shall continue in perpetuity unless and until the termination provisions set forth in Article 4 of this Agreement are exercised ("Term").

ARTICLE 4

TERMINATION; CURE OF BREACH

4.1 **Termination by Buffett**. In addition to all other remedies available at law or in equity, Buffett may terminate this Agreement and all rights granted to Margaritaville hereunder upon ninety (90) days' written notice to Margaritaville:

(a) If Margaritaville fails to cure any material breach of this Agreement within the ninety (90)-day period after Margaritaville's notice from Buffett of such breach;

(b) if Margaritaville is dissolved and no Affiliate thereof takes over Margaritaville's business in the Field; or

(c) if Margaritaville files a petition in bankruptcy or is adjudicated as bankrupt or insolvent, makes a general assignment for the benefit of creditors, or if a receiver, trustee or custodian is appointed for Margaritaville, which receiver, trustee or custodian is not discharged within ninety (90) days of appointment.

4.2 **Termination by Margaritaville**. In addition to all other remedies available at law or in equity, Margaritaville may terminate this Agreement upon ninety (90) days' written notice to Buffett should Buffett fail to cure any material breach of this Agreement within the ninety (90)-day period after Buffett's notice from Margaritaville of such breach.

4.3 **Bankruptcy of Buffett**. The Parties agree that the license granted by Buffett to Margaritaville hereunder is a license to rights to intellectual property contemplated under Section 365(n) of the United States Bankruptcy Act, as amended from time-to-time, and, in the event that Buffett files for bankruptcy protection or similar insolvency proceedings in any jurisdiction, Margaritaville shall be entitled to retain its license and the rights to utilize the Buffett Works and Personality Rights hereunder as long as Margaritaville remains in compliance with the terms of this Agreement.

4.4 **Effect of Termination**. Upon the termination of this Agreement for any reason, except as expressly set forth in Section 4.5 below:

(a) neither Margaritaville nor its Affiliates shall have any further right hereunder to exploit or in any way use the Buffett Works or Personality Rights; and

(b) Margaritaville hereby irrevocably releases and disclaims any further right or interest hereunder in or to the Buffett Works and Personality Rights, except as provided in Section 8.12.

4.5 Sublicensees. Notwithstanding Section 4.4 hereof, the termination of this Agreement shall not affect the rights of any Sublicensee granted under any Existing Agreements or Future Agreements and the sublicenses granted therein shall continue in full force and effect according to their terms. Buffett shall continue to provide approval of requested Exploitation by such Sublicensees consistent with the terms for approval set forth in Section 2.5 of this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Buffett. Buffett represents and warrants that:

(a) he has the requisite capacity and authority to execute, deliver and perform this Agreement;

(b) This Agreement has been duly authorized, executed and delivered by Buffett and is a legal, valid and binding obligation of Buffett, enforceable against Buffett by Margaritaville according to its terms, except:

(i) as enforcement may be limited by bankruptcy, insolvency and similar laws affecting the rights of creditors generally; and

(ii) that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

(c) Buffett's execution, delivery and performance of this Agreement shall not, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of any law applicable to Buffett;

(ii) contravene, conflict with or result in a violation of, or give any governmental authority or other person or entity the right to challenge any of the transactions contemplated by this Agreement, or to exercise any remedy or obtain any relief under, any applicable law; or

(iii) contravene, conflict with or result in a violation or breach of any provision of, or give any person or entity the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any contract to which Buffett is a party or by which he or any of the Buffett Works or Personality Rights are bound; and

(d) subject to the Existing Agreements summarized in Exhibit A, Buffett has not granted the rights set forth above, or any subset thereof, to any third party.

5.2. By Margaritaville. Margaritaville represents and warrants that:

(a) Margaritaville is a Delaware limited liability company validly existing under the laws of the State of Delaware and has the power to carry on its business as now being conducted by it, to enter into this Agreement and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by Margaritaville and is a legal, valid and binding obligation of Margaritaville, enforceable against Margaritaville by Buffett according to its terms, except as enforcement may be limited by bankruptcy, insolvency and similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

(c) The execution, delivery and performance of this Agreement by Margaritaville shall not, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of any provision of the charter or bylaws of Margaritaville or any Affiliate of Margaritaville or any resolution or other action adopted or taken by the board of directors, managing members, members, owners, partners or the shareholders of Margaritaville or any Affiliate of Margaritaville; or any law applicable to Margaritaville or any Affiliate of Margaritaville;

(ii) contravene, conflict with or result in a violation of, or give any governmental authority or other person or entity the right to challenge any of the transactions contemplated by this Agreement, or to exercise any remedy or obtain any relief under, any applicable law; or

(iii) contravene, conflict with or result in a violation or breach of any provision of, or give any person or entity the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any contract to which Margaritaville or any Affiliate of Margaritaville is a party.

ARTICLE 6

INDEMNIFICATION

Each of the Parties hereto shall indemnify and hold harmless the other Party ("Indemnifying Party") and its Affiliates, and their respective shareholders, members, partners, officers, directors, employees, agents and representatives (individually, an "Indemnitee," and collectively, the "Indemnitees") from and against any and all third-party claims, orders, damages, liabilities, costs and expenses, including commercially reasonable attorneys' fees, caused by any negligent or more culpable acts or omissions by an Indemnifying Party or its Affiliates. Each Party hereto shall promptly notify the other Party of any claim or litigation to which the indemnity set forth in this paragraph applies. Each Party agrees to defend all actions to which such indemnity applies and to conduct the defense thereof at its expense and by qualified counsel, which counsel shall be commercially reasonably satisfactory to the Indemnitee. These indemnity obligations shall survive the termination or expiration of this Agreement.

ARTICLE 7

DISPUTE RESOLUTION

(a) The Parties agree that their collective interests are served by resolving disputes regarding this Agreement through discussion and mediation, without using the arbitration process, whenever reasonably possible.

(b) The Parties agree that, as a condition precedent to the institution of any arbitration or litigation of issues among or between them regarding this Agreement, the following efforts shall be undertaken:

(i) All disputes must be discussed within five (5) business days of either Party's request between Buffett (or his Estate) and Margaritaville's Chief Executive Officer (or the equivalent) or the next most senior person ("Authorized Parties"), for a minimum of one (1) hour before mediation or arbitration can be used;

(ii) If the dispute is not resolved in that manner, any Party may invoke mandatory mediation of the dispute utilizing the services of an independent mediator under the jurisdiction of the American Arbitration Association ("AAA") (the "Mediator").

(iii) The Mediator shall be selected by mutual agreement of the Parties. The costs of the Mediator shall be shared equally between the Parties to the particular dispute. The mediation shall take place in Palm Beach, Florida.

(iv) The Authorized Parties shall personally participate in the mediation proceedings contemplated herein. They shall try to resolve the dispute through mutual agreement. The Authorized Parties, who shall have full authority to decide on behalf of and bind their respective Party, shall allocate at least one (1) full business day of their time for the mediation process on any issue submitted for mediation.

(c) If the Parties are not able to appoint a Mediator or, if they have appointed one, and fail to reach a mutual agreement based on the steps set forth above, within twenty (20) days following the Parties' decision to mediate, any Party may then submit the dispute for binding arbitration to the AAA office in Palm Beach, Florida. The then-existing commercial arbitration rules of AAA shall, except as set forth below, be utilized in resolving the dispute:

(i) Each Party shall select one (1) independent and impartial arbitrator from the AAA panel in Palm Beach, Florida. Within ten (10) days of the date upon which the last of those two (2) arbitrators is selected, the two (2) arbitrators shall select a third arbitrator by mutual agreement;

(ii) If the third arbitrator cannot be selected in the manner described in Subparagraph (i), above, then each Party shall submit to AAA in Palm Beach, Florida the name of one (1) additional arbitrator, and the senior administrative officer in the Palm Beach, Florida office of AAA, shall select one of those two (2) proposed arbitrators as the third arbitrator;

(iii) The arbitration shall take place in Palm Beach, Florida at a location to be decided by majority vote of the arbitrators;

(iv) The arbitrators must conduct the arbitration and render their decision or award within one hundred and twenty (120) calendar days of their selection;

(v) The arbitration shall be binding and not be subject to reversal by any court, except for acts of misconduct by an arbitrator;

(vi) The arbitrators' decision must be in writing; and

(vii) Either Party to this Agreement may apply to any court of competent jurisdiction to enforce an arbitration order.

(d) If the arbitration panel does not have the power or does not decide the dispute, then either Party to this Agreement may file a civil action, after complying with the procedure set forth in Sections (a)-(c) above.

(e) Any litigation permitted in this Section shall occur in Palm Beach, Florida, if jurisdiction and venue requirements for such location can reasonably be met. If jurisdiction and venue requirements cannot reasonably be met in Palm Beach, Florida, then litigation shall occur in any jurisdiction in which there is personal and subject matter jurisdiction.

(f) This Agreement shall be governed by, and its terms and conditions construed in accordance with, applicable common law and statutes of the State of Delaware, without giving effect to the conflict of law rules of that State.

ARTICLE 8

MISCELLANEOUS

8.1 **Notices**. All notices required to be sent to a party shall be in writing to the following addresses unless notification of a new address is properly provided in accordance herewith, All notices shall be delivered by email and a nationally recognized overnight courier service that obtains written acknowledgment of receipt by the addressee. Notice shall be deemed given upon receipt.

To Buffett:	Jimmy Buffett c/o HK Management 10866 Wilshire Blvd. Suite 200 Los Angeles, CA 90024 Attention: Howard Kaufman Email: hkmgmt@cs.com
and	Jeffrey M. Smith Greenberg Traurig, LLP 3333 Piedmont Road, NE Suite 2500 Atlanta, Georgia 30327 Email: smithj@gtlaw.com
To Margaritaville:	Margaritaville Enterprises, LLC 256 Worth Avenue, Suite Q-R Palm Beach, FL 33480 Attention: John Cohlan Email: jcohlan@margaritaville.com

and

Jeffrey M. Smith
Greenberg Traurig, LLP
3333 Piedmont Road, NE
Suite 2500
Atlanta, Georgia 30327
Email: smithj@gtlaw.com

8.2 **Independent Contractor.** Buffett's status hereunder is that of an independent contractor and not an employee of Margaritaville.

8.3 **Modification and Changes.** This Agreement cannot be changed or modified except by another agreement in writing signed by the Parties.

8.4 **Severability.** If any provision of this Agreement is determined to be invalid, illegal or unenforceable as written, such provision shall be enforced to the maximum extent permitted by applicable law.

8.5 **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, legal representatives, and successors and assigns; provided, however, that the Parties shall have the right to assign their rights and obligations under this Agreement only with the prior written consent of the other Party, which consent shall not be unreasonably withheld. Any purported assignment without prior written consent of the other Party shall be null and void. Notwithstanding the foregoing, Margaritaville shall have the right and power, without the Buffett's prior consent, to assign its rights and obligations hereunder, in whole or in part, to any Affiliate or to any person or corporation succeeding to substantially Margaritaville's entire business as related to the Field as a result of sale, consolidation, reorganization, or otherwise.

8.6 **Headings.** The section headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

8.7 **Limitations on Liability**. Notwithstanding anything to the contrary in this Agreement or under applicable law, in any arbitration, law suit, legal action or proceeding between the Parties arising from or relating to this Agreement, the Parties unconditionally and irrevocably waive and disclaim to the fullest extent permitted under applicable law all rights to any consequential, punitive, exemplary, statutory or treble damages (except for: (a) a claim for which one of the Parties must indemnify the other party hereunder, or (b) a claim for recovery of any such damages that the claiming Party is required by a court of competent jurisdiction to pay to a third party) and acknowledge and agree that the rights and remedies in this Agreement, and all other rights and remedies at law and in equity, shall be adequate in all circumstances for any claims the Parties might have with respect thereto.

8.8 **Waivers.** The failure by any Party to insist upon the strict performances of any covenant, agreement, term or condition of this Agreement, or to exercise any right or remedy consequent upon the breach thereof, shall not constitute a waiver of any such breach or any subsequent breach of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Agreement and no breach thereof shall be waived, altered or modified except by written instrument. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

8.9 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which shall together constitute one and the same agreement. This Agreement may be delivered by either Party by facsimile or email and, if so executed and delivered, shall be legally valid and binding on the Party executing in such manner.

8.10 **Further Assurances.** The Parties shall do and cause to be done all such acts, matters and things and shall execute and deliver all such documents and instruments as shall be required to enable the Parties to perform their respective obligations under, and to give effect to the transactions contemplated by, this Agreement.

8.11 **Interpretation.**

(a) This Agreement has been jointly negotiated by the Parties and is to be interpreted according to its fair meaning as if the Parties had prepared it together and not strictly for or against any Party.

(b) This Agreement shall be interpreted to require that all actions and non-actions must be undertaken on a commercially reasonable basis, unless "sole discretion" is specified. The fact that some provisions use the phrase "commercially reasonable" while other provisions do not use that phrase shall not affect the standard set forth above.

(c) This Agreement shall be governed by the covenant of good faith and fair dealing.

8.12 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, except for the Existing Agreements, which shall remain in effect in accordance with their terms. Notwithstanding the foregoing, that certain Amended and Restated Omnibus Master License Agreement entered into as of December 20, 2006 by and among Buffett, Margaritaville and Margaritaville Holdings LLC, including all amendments thereto ("2006 License"), shall remain in full force and effect. To the extent this Agreement grants more extensive rights with respect to any Buffett Works, Non-Buffett Works or Personality Rights (including rights to sublicense, term of license, exclusivity, field of use and range of exploitation of rights), or there is any conflict between the provisions concerning Buffett's approval rights in the 2006 License, and any such provisions in this Agreement, in each case this Agreement shall control. Nothing in this Agreement is meant to disturb or diminish the rights in existing agreements with sublicensees whose rights emanate from the 2006 License.

8.13 **Third Party Beneficiary**. RPII Volcano, LP is an intended third party beneficiary of this Agreement.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

JIMMY BUFFETT

By: ______________________
Name: James W. Buffett

MARGARITAVILLE ENTERPRISES, LLC

By: ______________________

Name: John Cohlan

Title: Chief Executive Officer

<u>EXHIBIT J TO THE FRANCHISE AGREEMENT</u>

LICENSE AGREEMENT

(Attached)

TRADEMARK LICENSE AGREEMENT

This TRADEMARK LICENSE AGREEMENT (this ñAgreementò), dated as of this 4th day of April, 2019, is entered into by and between **MARGARITAVILLE ENTERPRISES, LLC**, a Delaware limited liability company (ñLicensorò), and **MARGARITAVILLE HOTEL & RESORTS, LLC**, a Delaware limited liability company (ñLicenseeò).

WHEREAS, Licensor is the exclusive owner of the Margaritaville Enterprises IP Rights and is licensed by Jimmy Buffett to use and sublicense the Buffett IP Rights;

WHEREAS, Licensee desires to have the right to sublicense the Margaritaville Intellectual Property pursuant to Trademark Sub-License Agreements (and/or Franchise Agreements) to developers and operators of Margaritaville-branded hotels and resorts (each, a ñTrademark Agreementò; and collectively, the **"**Trademark Agreementsò); and

WHEREAS, subject to the terms and conditions hereof, Licensor is willing to grant to Licensee the right to use the Margaritaville Intellectual Property for the purpose of sublicensing such Margaritaville Intellectual Property, as set forth in the Trademark Agreements;

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions contained herein, it is hereby agreed as follows:

1. Definitions.

All capitalized terms used in this Agreement, but not otherwise defined herein, shall have the meaning set forth in the Trademark Agreements.

2. License and Sublicense Grant.

a. Licensor hereby grants to Licensee, and Licensee hereby accepts, upon the terms and conditions stated herein, for the Term (as defined below), an exclusive license to sublicense the Margaritaville Intellectual Property as set forth in the Trademark Agreements and all rights necessary to enter into and fully perform the Trademark Agreements (the ñSublicenseò).

b. Licensee shall not denigrate, knowingly permit, or cause the denigration of the Margaritaville Intellectual Property and shall not take any other action not approved by Licensor as provided herein that is harmful or potentially harmful to or which disparages, ridicules or demeans the goodwill and reputation of Licensor (or its Affiliates) or the Margaritaville Intellectual Property.

c. Licensor shall assist Licensee, shall duly execute and deliver, or cause to be duly executed and delivered, any and all such other documents and/or instruments, and do and cause to be done such further acts and things, in each case, as Licensee may reasonably request in connection with the Trademark Agreements or as may be necessary for the Licensee to fully comply with its obligations under the Trademark Agreements.

3. Representations and Warranties. Licensor represents and warrants to Licensee as follows and acknowledges that Licensee is relying on such representations and warranties in entering into this Agreement:

a. Organization and Authority. Licensor is a limited liability company validly existing under the laws of the State of Delaware and has the power to own, license or lease its property (including, as of the date hereof, the Margaritaville Intellectual Property), to carry on its business as now being conducted by it, to enter into this Agreement and to perform its obligations hereunder.

b. Authorization. This Agreement has been duly authorized, executed and delivered by Licensor and is a legal, valid and binding obligation of Licensor, enforceable against Licensor by Licensee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;

c. No Conflict. The execution, delivery and performance of this Agreement or the Trademark Agreements by Licensor shall not, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of: (A) any provision of the charter or bylaws of Licensor or any Affiliate of Licensor; (B) any resolution or other action adopted or taken by the board of directors, managing members, members, owners, partners or the shareholders of Licensor or any Affiliate of Licensor; or (C) any Applicable Law applicable to Licensor or any Affiliate of Licensor;

(ii) contravene, conflict with or result in a violation of, or give any Governmental Authority or other Person the right to challenge any of the transactions contemplated by this Agreement, or to exercise any remedy or obtain any relief under, any Applicable Law;

(iii) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any permit that is held by Licensor or any Affiliate of Licensor or that otherwise relates to the Hotel; or

(iv) contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any contract to which Licensor or any Affiliate of Licensor is a party or by which it or any of the Margaritaville Intellectual Property is bound.

d. Rights to Margaritaville Intellectual Property. Licensor represents that, as of the date hereof, subject to the terms of this Agreement, including without limitation the HPS Security Interest and the matters described in Schedule 2 of the Trademark Agreements:

(i) the use of an allowed and/or registered Sub-Licensed Mark by Licensee pursuant to this Agreement is permitted to be used by Licensee in accordance with this Agreement and does not infringe or otherwise violate any third party's intellectual property rights in the class of goods or services for which it is registered. For purposes of this Subsection, "allowed for registration" means approved by the United States Patent and Trademark Office and past any opposition period without being opposed;

(ii) the use of Sub-Licensed Trade Dress and Margaritaville Artwork that is created or provided by Licensor is permitted to be used by Licensee in accordance with this Agreement does not infringe or otherwise violate any third-party's intellectual property rights in the Territory;

(iii) Licensor has not received any oral or written notice of a third-party claim, and Licensor is not aware of any information or circumstances that reasonably could be expected to result in a claim that would hinder, frustrate or prevent Licensee's use of the Margaritaville Intellectual Property within the Territory in accordance with this Agreement;

(iv) Licensee's use of the Buffett IP Rights in connection with the Hotel, which uses are approved by Licensor in accordance with this Agreement, do not infringe or otherwise violate a third party's rights;

(v) Licensee's use of other items of Margaritaville Intellectual Property in connection with the Hotel, which uses are approved by Licensor in accordance with this Agreement, do not, to the best of Licensor's knowledge, infringe or otherwise violate any third party's rights; and

(vi) Pursuant to the License Agreement, Licensee holds the legal rights, without notice or approval from any other person or entity, to sub-license to Licensee the Margaritaville Intellectual Property. Licensor has not received any notice or other information or communication regarding termination, limitation or any impact or restriction on these rights for the purposes set forth in this Agreement. Both the Buffett Agreement and the License Agreement are valid, binding and enforceable in all respects.

4. Assignability and Sublicensing.

a. Licensor hereby grants to Licensee all rights necessary to enter into and fully perform the Trademark Agreements. Licensee covenants and agrees to enforce and diligently prosecute its rights under the Trademark Agreements and the obligations of each sublicensee under the Trademark Agreements.

b. Except as expressly set forth in this Section 4, Licensee shall not assign, transfer, or sublicense any of its rights hereunder without the consent of Licensor, which consent may be withheld in Licensor's sole discretion.

5. Term.

The term (the "Term") of this Agreement shall commence on the date hereof and shall terminate upon the expiration or the earlier termination of the term of the last Trademark Agreement.

6. Ownership of Margaritaville Intellectual Property.

a. Licensee acknowledges that, as between it and Licensor, Licensor is the owner of all rights in the Margaritaville Intellectual Property and Margaritaville Artwork and the goodwill associated therewith within the United States and throughout the world.

b. Licensee agrees, during the Term and thereafter, never to attack the rights of Licensor in and to the Margaritaville Intellectual Property or the Margaritaville Artwork or the validity of the License being granted herein.

c. Licensee agrees that its use of the Margaritaville Intellectual Property inures to the benefit of Licensor and that Licensee shall not acquire any rights whatsoever in the Margaritaville Intellectual Property or Margaritaville Artwork other than the rights expressly provided in this Agreement.

d. All rights of Licensor not expressly granted to Licensee herein are expressly reserved to Licensor.

e. Licensee agrees and acknowledges that following the expiration or earlier termination of this Agreement, Licensee shall not use or license any third parties to use any of the Margaritaville Intellectual Property or Margaritaville Artwork for any purpose without Licensor's consent.

7. Trademark and Copyright Protection and Infringements.

a. Licensee agrees that it shall not at any time, anywhere in the world, apply for any registration of any copyright, trademark or other designation which would affect the ownership of the Margaritaville Intellectual Property or the Margaritaville Artwork by Licensor or file any document with any governmental authority to take any action which would affect the ownership of the Margaritaville Intellectual Property or Margaritaville Artwork by Licensor.

b. Licensee agrees that it shall, at no time during the Term or thereafter, use or authorize the use of any trademark, trade name or other designation identical with or confusingly or substantially similar to any of: (i) the Margaritaville Intellectual Property, (ii) or any mark uniquely associated with Licensor.

c. When requested by Licensor, Licensee agrees to assist Licensor (and its Affiliates) in connection with any intellectual property claims dealing with the enforcement of

Licensor's (and its Affiliates') rights in the Margaritaville Intellectual Property or Margaritaville Artwork that Licensor (and its Affiliates) may choose to bring. Licensor agrees to reimburse Licensee's reasonable out-of-pocket expenses incurred in providing such assistance. With respect to any intellectual property actions not caused by any breach of this Agreement by Licensee that Licensor may choose to bring, Licensor shall, at Licensor's cost and expense, employ counsel of its own choice to direct the handling of such claims and any settlement thereof. Licensor shall be entitled to receive and retain all amounts awarded as damages, profits or otherwise in connection with such suits.

8. Indemnification.

a. Indemnification by Licensee. Licensee shall defend, indemnify, and hold Licensor, and its Affiliates, and their respective officers, directors, employees, agents, attorneys, heirs, members, successors, parents and assigns of the foregoing, harmless against and in respect of any and all losses arising from any and all third-party actions, suits, proceedings, demands, assessments, judgments, costs and expenses (including reasonable attorneys' fees and expenses) arising out of Licensee's use or sublicense of the Margaritaville Intellectual Property, including, without limitation, injury, wrongful death, negligence or battery claims by customers of the Hotel, except claims by a third party, based on facts or circumstances not otherwise disclosed in Schedule 2 of the Trademark Agreements, that use of the Margaritaville Intellectual Property pursuant to the terms of this Agreement infringes or otherwise violates a third party's intellectual property rights

b. Indemnification by Licensor. Licensor shall defend, indemnify and hold Licensee and its officers, directors, employees, agents, attorneys, members, successors, parents and assigns harmless against and in respect of any and all losses arising from any and all third-party actions, suits, proceedings, demands, assessments, judgments, costs and expenses (including reasonable attorneys' fees and expenses) based on facts not otherwise disclosed in Schedule 2 of the Trademark Agreements, that (i) use of the Sub-Licensed Marks according to this Agreement, which are either registered or allowed for registration in the class of goods or services of the infringement or alleged infringement, infringes or otherwise violates such third party's intellectual property rights; for purposes of this Subsection, "allowed for registration" means approved by the United States Patent and Trademark Office and past any opposition period without being opposed; (ii) the use of the Sub-Licensed Trade Dress and Margaritaville Artwork which are provided by or on behalf of Licensor and used in accordance with this Agreement infringe or otherwise violate such third party's intellectual property rights.

c. Notification. If any demand, claim or suit is asserted or instituted with respect to which a party may be entitled to indemnification under the foregoing provisions, such party shall give prompt notice thereof to the party who or which may be liable for indemnification, including full details to the extent known.

d. Third-Party Intellectual Property Claims. With respect to infringement claims by third parties against Licensee asserting that the License or Sublicense of the Margaritaville Intellectual Property infringes their rights, Licensee shall give prompt notice thereof to Licensor and Licensor shall have the sole right to direct and control the defense and settlement of such claims at Licensor's sole expense, unless such claims are based on the breach of this Agreement by Licensee, in which case such costs shall be borne exclusively by Licensee. Such rights shall not be exercised in an arbitrary or capricious manner.

9. Termination.

So long as the term of any Trademark Agreement is in effect, the Term and this Agreement shall not be terminated by either party and a party's remedy for breach of this Agreement shall be limited to monetary damages and equitable remedies, excluding termination of this Agreement and/or the Term.

10. Effect of Termination.

a. Licensee acknowledges that, in the event that the Term expires or this Agreement is terminated, all rights in and to the Margaritaville Intellectual Property shall revert immediately back to Licensor.

b. Licensee acknowledges that its failure to cease the use of the Margaritaville Intellectual Property at the expiration or earlier termination of this Agreement, shall result in immediate and irreparable damage to Licensor and to the rights of any subsequent licensee of Licensor. In that event, Licensee acknowledges and admits that there is no adequate remedy at law and therefore Licensor shall be entitled to injunctive relief and such other relief as any court with jurisdiction may deem just and proper.

11. Notices.

All notices required to be sent to a party shall be in writing to the following addresses unless notification of a new address is properly provided in accordance herewith. All notices shall be delivered by e-mail and a nationally recognized overnight courier service that obtains written acknowledgment of receipt by the addressee. Notice shall be deemed given upon receipt.

To Licensor:

Margaritaville Enterprises, LLC
256 Worth Avenue
Suite Q-R
Palm Beach, Florida 33480
Attention: John Cohlan
Email: jcohlan@margaritaville.com

With copies to:

Margaritaville Enterprises, LLC
6900 Turkey Lake Road, Suite 200
Orlando, FL 32819
Attention: Laura McConnell, CFO
E-mail: lmcconnell@margaritaville.com

and

Margaritaville Enterprises, LLC

3715 Northside Pkwy., Ste. 4-475
Atlanta, GA 30327
Attention: Kristen Fancher, CLO
E-mail: kfancher@margaritaville.com

To Licensee: Margaritaville Hotels & Resorts, LLC
256 Worth Avenue
Suite Q-R
Palm Beach, Florida 33480
Attention: John Cohlan
Email: jcohlan@margaritaville.com

With copies to:

Margaritaville Hotels & Resorts, LLC
6900 Turkey Lake Road, Suite 200
Orlando, FL 32819
Attention: Laura McConnell, CFO
E-mail: lmcconnell@margaritaville.com

and

Margaritaville Hotels & Resorts, LLC
3379 Peachtree Rd. NE, Ste. 900
Atlanta, GA 30326
Attention: Kristen Fancher, CLO
E-mail: kfancher@margaritaville.com

12. Choice of Laws.

This Agreement shall be governed by, and its terms and conditions construed in accordance with, applicable common law and statutes of the State of Florida, without giving effect to the conflict of law rules of that State.

13. Binding Effect.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective Affiliates, Licensees, successors and permitted assigns.

14. Waiver.

No waiver by any party of a breach or a default hereunder shall be deemed a waiver by such party of a subsequent breach or default of a similar nature.

15. Severability.

In the event that any term or provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision and this Agreement shall be interpreted and construed as if such term or provision, to the extent the same shall have been held to be invalid, illegal or unenforceable, had never been contained therein.

16. Headings.

The headings in this Agreement are solely for convenience and shall not be used to interpret or construe this Agreement.

17. Integration.

The Agreement represents the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all previous representations, understandings or agreements, oral or written, between the parties with respect to the subject matter hereof and cannot be modified except by a written instrument signed by all of the parties hereto.

18. Signatures.

This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement. The signature of a party obtained via facsimile shall be valid and binding for all purposes.

[*Continued on the next page.*]

IN WITNESS WHEREOF, the parties hereto agree to all of the terms and conditions of this Agreement.

Licensor:

MARGARITAVILLE ENTERPRISES, LLC

By: ______________________________
John Cohlan
Chief Executive Officer

Licensee:

MARGARITAVILLE HOTELS & RESORTS, LLC

By: Margaritaville Enterprises, LLC, its Sole Manager

By: ______________________________
John Cohlan
President and Chief Executive Officer

EXHIBIT K TO THE FRANCHISE AGREEMENT

NON-DISTURBANCE CERTIFICATE

THIS NON-DISTURBANCE CERTIFICATE (this "**Certificate**") is delivered by the undersigned on _____________, 202__ (the "**Effective Date**") in connection with the Franchise Agreement (the "**Agreement**") by and between Margaritaville Hotels & Resorts, LLC and _________________________ (the "**Franchisee**"), to which the form of this Certificate is attached. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Agreement.

If the License Agreement and/or the Agreement are assigned or otherwise transferred to the undersigned, or if the undersigned forecloses upon the License Agreement and/or the Agreement, the undersigned hereby (1) acknowledges Franchisee's sub-license interest under the License Agreement and Franchisee's right, title and interest under the Agreement as set forth therein, and (2) agrees to be bound by the terms and conditions of the License Agreement and/or the Agreement as if the undersigned were an original signatory thereto.

Additionally, the undersigned shall not take any action in respect of any security or other interest granted thereto by Franchisor in or to the License Agreement and/or the Agreement, which would interfere with or disturb the rights and/or remedies granted to Franchisee under the Agreement.

The undersigned hereby warrants and represents that Franchisee may rely upon this Certificate, and the undersigned shall be estopped from denying the truth of the facts contained herein.

ACKNOWLEDGED AND AGREED:

HPS INVESTMENT PARTNERS, LLC,
as Administrative Agent

By: ___________________________________

Name: ___________________________________

Title: ___________________________________

SCHEDULE 1 TO THE FRANCHISE AGREEMENT

SUBLICENSED MARKS

Mark Name	App. No.	Reg. No.	Reg. Date	Description
MARGARITAVILLE	77/569,980	4,135,785	2012-05-01	43 - Resort hotels
MARGARITAVILLE	77/980,011	3,855,017	2010-09-28	43 - Hotels
MARGARITAVILLE	85/108,561	4,597,426	2014-09-02	25 - Men`s, women`s, children`s and infants` clothing, namely, fleece pullovers, active wear, namely, jogging outfits; outer wear, namely, jackets, surf wear, loungewear, robes, sleepwear, and underwear; infantwear; athletic apparel, namely, shirts, pants, shorts, jackets
MARGARITAVILLE	78/221,902	2,995,766	2005-09-13	25 - Clothing, namely swimwear; headwear and hats; footwear, aprons, and ponchos
JIMMY BUFFETT'S MARGARITAVILLE & DESIGN (WITH PARROT)	78/764,946	3,192,548	2007-01-02	25 - Shirts, T-shirts, tank tops, sweat shirts, headwear
FINS UP FITNESS	87/599,243	6,024,577	2020-03-31	41 - Providing fitness and exercise facilities.
COCONUT TELEGRAPH	87/599,295	6,217,019	2020-12-08	35 - Providing facilities for the use of office equipment and machinery.

Restaurant concepts and amenities will vary. Relevant trademarks to be added on a case-by-case basis.

EXHIBIT C TO THE DISCLOSURE DOCUMENT

OTHER AGREEMENTS

EXHIBIT C-1 TO THE DISCLOSURE DOCUMENT

FBR RIDER

<u>FBR Rider to the Margaritaville Hotels & Resorts</u>

<u>Franchise Agreement</u>

THIS FBR RIDER TO THE MARGARITAVILLE HOTELS & RESORTS FRANCHISE AGREEMENT ("**Rider**") is made and entered into by and between Margaritaville Hotels & Resorts, LLC, a Delaware limited liability company ("**Franchisor**") and ______________________, a ______________________________("**Franchisee**") as a rider to the Franchise Agreement dated ___________________________ between Franchisor and Franchisee (the "**Agreement**") as of ______________________ ("**Effective Date**").

WHEREAS, pursuant to the Agreement, Franchisor has authorized Franchisee to operate the Hotel as a Margaritaville Hotel at the Site;

WHEREAS, Franchisee has applied to operate certain Margaritaville-branded Restaurants (as defined herein) and/or Retail Stores in connection with the operation of the Hotel;

WHEREAS, Franchisor is willing to accept such application and grant a license to Franchisee to use the Margaritaville Intellectual Property to open and operate the following Restaurants and/or Retail Stores at the Site and solely in connection with the Hotel:

Restaurants: _____________________________________
____
____

Retail Stores: _____________________________________
____

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, we and you agree as follows:

1. Terms. Capitalized terms in this Rider have the meaning set forth in the Agreement, unless added or amended pursuant to Section 2 below.

2. Definitions

2.1 "**FBR Intellectual Property**" shall mean any and all trademarks, trade dress and other intellectual property licensed by Franchisor and used in connection with the Restaurants and Retail Stores as authorized herein; all FBR Intellectual Property shall be deemed part of the Margaritaville Intellectual Property for all purposes of the Agreement;

2.2 "**FBR System**" shall mean the concept and systems associated with each of the Restaurants and Retail Stores, as Franchisor periodically modifies any of the foregoing, including the FBR Intellectual Property, the Restaurant Manual, the Confidential Information; the Décor, quality assurance measures; the Training Program and Task Force; the Restaurant Standards and Retail Standards; the FBR System shall be deemed part of the Hotel System for all purposes of the Agreement;

2.3 "**Hotel**" shall have the meaning set forth in the Preliminary Statement of the Agreement, but shall include the Restaurants and/or Retail Stores (as applicable);

2.4 "**Merchandise**" shall have the meaning set forth in Section 3.2 below;

2.5 "**Merchandise Supplier**" shall have the meaning set forth in Section 3.2.1 below;

2.6 "**Restaurant Manual**" shall have the meaning set forth in Section 4.2 below;

2.7 "**Restaurants**" shall mean those certain restaurants and/or bars within the Hotel authorized herein, which are operated in accordance with the Restaurant Standards;

2.8 "**Restaurant Standards**" shall mean those procedures, standards, specifications, controls, systems, manuals, guides, recipes, ingredients and other distinguishing elements or characteristics which Franchisor and its Affiliates have developed in connection with the operation of themed and branded restaurants, which standards are such that the Restaurants shall be managed and operated in such a manner as required to provide high quality services of substantially the same quality and distinguishing characteristics as are provided at the same or similarly branded restaurants licensed by Franchisor (or its Affiliates), including without limitation, the criteria set forth in the Restaurant Manual; the Restaurant Standards shall be deemed part of the Hotel Standards for all purposes of the Agreement;

2.9 "**Retail Stores**" shall mean one or more retail stores within the Hotel (whether adjacent to a Restaurant or separately located), from which Franchisee sells Merchandise and operated in accordance with the standards currently used at the retail stores located in Hollywood, Florida or such other location as Franchisor may designate;

2.10 "**Retail Standards**" shall mean those procedures, standards, specifications, controls, systems, manuals, guides, inventory, POS systems and other distinguishing elements or characteristics which Franchisor and its Affiliates have developed in connection with the operation of themed and branded retail stores, which standards are such that the Retail Stores shall be managed and operated in such a manner as required to provide high quality products and services of substantially the same quality and distinguishing characteristics as are provided at the same or similarly branded retail stores licensed by Franchisor (or its Affiliates); the Retail Standards shall be deemed part of the Hotel Standards for all purposes of the Agreement.

3. Grant of Non-Exclusive License

3.1 Franchisor and Franchisee acknowledge that in executing this Rider and modifying certain of the defined terms in the Agreement and adding additional defined terms to the Agreement, that during the Term, subject to the terms of the Agreement, including without limitation, Article V thereof, Franchisor is granting, and Franchisee is accepting, a limited non-exclusive license to operate: (a) the Restaurants in the Hotel pursuant to the Restaurant Standards; and/or (b) the Retail Stores pursuant to the Retail Standards. Any and all Restaurants and Retail Stores authorized hereunder shall be deemed part of the Food and Beverage Service for all purposes of the Agreement.

3.2 Franchisor and Franchisee further acknowledge that in executing this Rider and modifying certain of the defined terms in the Agreement and adding additional defined terms to the Agreement, that during the Term, Franchisor is granting and Franchisee accepting a limited non-exclusive right to sell merchandise utilizing the Margaritaville Intellectual Property ("**Merchandise**") at the Hotel, subject to the following conditions:

3.2.1 Notwithstanding any other provision of the Agreement, Franchisor's Affiliate or designee (the "**Merchandise Supplier**") shall have the exclusive right (but not the obligation) to supply the Merchandise for the Hotel (including the Retail Stores), provided, however, Franchisor will use all commercially reasonable efforts to ensure that all types of Merchandise customary for a property similar to the Hotel are available at competitive prices and in adequate quantities;

3.2.2 If the Merchandise Supplier declines to supply any such Merchandise, then Franchisee shall have the right to source the Merchandise from a vendor of its choice, subject to Franchisor's prior approval pursuant to Article V of the Agreement; and

3.2.3 Regardless of source, Franchisee shall have no right to sell any Merchandise via the Internet or catalogs.

3.3 All sales from the Restaurants and Retail Stores (including all Merchandise sales) shall be included in the calculation of Gross Revenue as provided in the Agreement.

4. Additional Operating Guidelines

4.1 Pursuant to Section 4.06(a) of the Agreement and Force Majeure Events, Franchisee must operate the Hotel twenty-four (24) hours a day, every day; provided however that Franchisee must operate the Restaurants and Retail Stores for those days of the week and hours of the day that Franchisor may periodically establish.

4.2 Franchisor shall provide Franchisee access to the electronic media and/or written materials reflecting the then-current Restaurant Standards ("Restaurant Manual") during the Term. The Restaurant Manual is incorporated into the Manual by reference and shall be subject to all provisions of the Agreement relating to the Manual.

5. Effect

The terms of this Rider are expressly made subject to and are governed by the Agreement. Except as specifically set forth in this Rider, the Franchise Agreement shall continue in full force and effect. In the event of a conflict between the terms of the Agreement and this Rider, this Rider shall control.

[Signatures on next page.]

IN WITNESS WHEREOF, the Parties have executed this Rider as of the day and year first above written.

MARGARITAVILLE HOTELS & RESORTS, LLC

By: Margaritaville Enterprises, LLC,
Its Sole Manager

By: ________________________________
Name: John Cohlan
Title: Chief Executive Officer

[COMPANY]

By: ________________________________
Name:
Title:

EXHIBIT C-2 TO THE DISCLOSURE DOCUMENT

AMENITIES RIDER

<u>Amenities Rider to the Margaritaville Hotels & Resorts</u>

<u>Franchise Agreement</u>

THIS AMENITIES RIDER TO THE MARGARITAVILLE HOTELS & RESORTS FRANCHISE AGREEMENT ("Rider") is made and entered into by and between Margaritaville Hotels & Resorts, LLC, a Delaware limited liability company ("**Franchisor**") and ______________________, a ______________________________("Franchisee") as a rider to the Franchise Agreement dated ___________________________ between Franchisor and Franchisee (the "**Agreement**") as of ______________________ ("**Effective Date**").

WHEREAS, pursuant to the Agreement, Franchisor has authorized Franchisee to operate the Hotel as a Margaritaville Hotel at the Site;

WHEREAS, Franchisee has applied to operate a St. Somewhere® Spa and/or certain other amenities, for example and not as a limitation, a water park, marina, family entertainment center or golf course, using the Margaritaville Intellectual Property in connection with the operation of the Hotel;

WHEREAS, Franchisor is willing to accept such application and grant a license to Franchisee to use the Margaritaville Intellectual Property to open and operate the following amenities using the Margaritaville Intellectual Property at the Site and solely in connection with the Hotel:

St. Somewhere Spa:	______________________________
(indicate yes/no)	______________________________
Other Amenities:	
(Please list)	______________________________
	______________________________
	______________________________

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **<u>Terms</u>.** Capitalized terms in this Rider have the meaning set forth in the Agreement, unless added or amended pursuant to Section 2 below.

2. **<u>Definitions</u>**.

2.1 "**Amenities**" shall mean those certain amenities within the Hotel authorized in this Rider, which are operated in accordance with the Amenities Standards;

2.2 "**Amenities Intellectual Property**" shall mean any and all trademarks, trade dress and other intellectual property licensed by Franchisor and used in connection with the Amenities as authorized herein; all Amenities Intellectual Property shall be deemed part of the Margaritaville Intellectual Property for all purposes of the Agreement;

2.3 "**Amenities Standards**" shall mean those procedures, standards, specifications, controls, systems, manuals, guides, recipes, ingredients and other distinguishing elements or characteristics which Franchisor and its Affiliates have developed in connection with the operation of themed and branded amenities which standards are such that the Amenities shall be managed and operated in such a manner as required to provide high quality services of substantially the same quality and distinguishing characteristics as are provided at the same or similarly branded amenities franchised or licensed by Franchisor (or its Affiliates); the Amenities Standards shall be deemed part of the Hotel Standards for all purposes of the Agreement;

2.4 "**Amenities System**" shall mean the concept and systems associated with the applicable Amenities, as Franchisor periodically modifies any of the foregoing, including the Amenities Intellectual Property, the Confidential Information; the Décor, quality assurance measures; the Training Program and Task Force; and the Amenities Standards; the Amenities System shall be deemed part of the Hotel System for all purposes of the Agreement;

2.5 "**Hotel**" shall have the meaning set forth in the Preliminary Statement of the Agreement but shall include the Amenities.

3. Grant of Non-Exclusive License

3.1 Franchisor and Franchisee acknowledge that in executing this Rider and modifying certain of the defined terms in the Agreement and adding additional defined terms to the Agreement, that during the Term, subject to the terms of the Agreement, including without limitation, Article V thereof, Franchisor is granting, and Franchisee is accepting, a limited non-exclusive license to operate the Amenities in the Hotel pursuant to the Amenities Standards.

3.2 All sales and money gained from any services provided from the Amenities shall be included in the calculation of Gross Revenue as provided in the Agreement.

4. Additional Operating Guidelines

4.1 Pursuant to Section 4.06(a) of the Agreement and Force Majeure Events, Franchisee must operate the Hotel twenty-four (24) hours a day, every day; provided however that Franchisee must operate the Amenities for those days of the week and hours of the day that Franchisor may periodically establish.

5. Effect

5.1 The terms of this Rider are expressly made subject to and are governed by the Agreement. Except as specifically set forth in this Rider, the Franchise Agreement shall continue in full force and effect. In the event of a conflict between the terms of the Agreement and this Rider, this Rider shall control.

[Signatures on next page.]

IN WITNESS WHEREOF, the Parties have executed this Rider as of the day and year first above written.

MARGARITAVILLE HOTELS & RESORTS, LLC

By: Margaritaville Enterprises, LLC,
Its Sole Manager

By: ________________________________
Name: John Cohlan
Title: Chief Executive Officer

[COMPANY]

By: ________________________________
Name:
Title:

EXHIBIT C-3 TO THE DISCLOSURE DOCUMENT

DWELLINGS RIDER

Dwellings Rider to the Margaritaville Hotels & Resorts

Franchise Agreement

THIS DWELLINGS RIDER TO THE MARGARITAVILLE HOTELS & RESORTS FRANCHISE AGREEMENT ("Rider") is made and entered into by and between Margaritaville Hotels & Resorts, LLC, a Delaware limited liability company ("**Franchisor**") and ______________________, a ______________________________("**Franchisee**") as a rider to the Franchise Agreement dated __________________________ between Franchisor and Franchisee (the "**Agreement**") as of ______________________ ("**Effective Date**").

WHEREAS, pursuant to the Agreement, Franchisor has authorized Franchisee to operate the Hotel as a Margaritaville Hotel at the Site;

WHEREAS, Franchisee has applied to develop vacation dwellings utilizing the Margaritaville Intellectual Property for sale and rental at or adjacent to the Site;

WHEREAS, Franchisor is willing to accept such application and grant a license to Franchisee to use the Margaritaville Intellectual Property to develop vacation dwellings for sale and rental at or adjacent to the Site and solely in connection with the Hotel;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **<u>Terms</u>**. Capitalized terms in this Rider have the meaning set forth in the Agreement, unless added or amended pursuant to Section 2 below.

2. **<u>Definitions</u>**

2.1 "**Bonus**" shall have the meaning set forth in Section 5.4 of this Rider;

2.2 "**Brand Lifestyle Fee**" shall have the meaning set forth in Section 4.1.1 of this Rider;

2.3 "**Club Membership Documents**" shall have the meaning set forth in Section 4.1.2 of this Rider;

2.4 "**Dwelling Royalty**" shall have the meaning set forth in Section 5.3 of this Rider;

2.5 "**Dwellings**" shall mean vacation dwellings branded with the Margaritaville Intellectual Property within the Project intended for sale to purchasers, which may be single-family housing, condominiums, town homes or other dwellings, but excluding time shares and Hotel rooms;

2.6 "**Dwellings Intellectual Property**" shall mean any and all trademarks, trade dress and other intellectual property licensed by Franchisor and used in connection with the Dwellings, Vacation Rentals and Rental Program as authorized herein; all Dwellings Intellectual Property shall be deemed part of the Margaritaville Intellectual Property for all purposes of the Agreement;

2.7 "**Dwelling Owners**" shall mean owners of Dwellings;

2.8 “**Dwellings System**” shall mean the concept and systems associated with the Dwellings, Vacation Rentals and Rental Program, as Franchisor periodically modifies any of the foregoing, including the Dwellings Intellectual Property, the Confidential Information; the Décor, quality assurance measures; the Training Program and Task Force; and the Dwellings Standards;

2.9 “**Dwellings Standards**” shall mean those procedures, standards, specifications, controls, systems, manuals, guides, recipes, ingredients and other distinguishing elements or characteristics which Franchisor and its Affiliates have developed in connection with the operation of themed and branded dwellings, vacation rentals and rental programs which standards are such that the Dwellings, Vacation Rentals and Rental Program shall be managed and operated in such a manner as required to provide high quality services of substantially the same quality and distinguishing characteristics as are provided at the same or similarly branded dwellings, vacation rentals and rental programs franchised or licensed by Franchisor (or its Affiliates);

2.10 “**Gross Rental Revenue**” shall mean all revenue generated from the rental of Dwellings through a Rental Program before any splits between Franchisee and Owner, excluding:

2.10.1 federal, state or municipal excise, room, sales or use taxes, or other similar impositions collected directly from patrons or guests or included as part of the sales price for any goods or services, and which must be remitted to a governmental authority;

2.10.2 gratuities, services charges or other similar receipts collected for payment to and paid to Franchisee’s staff and complimentary products;

2.10.3 royalties, residuals. license fees, sub-license fees and other amounts paid to persons other than Franchisor or its affiliates connected with the use of intellectual property or publicity rights connected with the Resort;

2.10.4 any sale or transfer of all or a substantial part of the assets of Franchisee unless otherwise specifically provided for;

2.10.5 any sale not in the ordinary course of business of Franchisee of fixtures, machinery or other equipment; and

2.10.6 any other adjustments to revenue made in conformance with GAAP;

2.11 “**Gross Dwelling Revenue**” shall mean the gross proceeds received by Franchisee for the sale of each Dwelling to be paid at the closing of the sale of the Dwelling from the third-party buyer, as such gross proceeds are listed on the HUD 1 statement or as reflected as the “Due to Seller at Closing” on Line 01, “Sales Price of Property” of a Closing Disclosure;

2.12 “**HOA**” shall have the meaning set forth in Section 4.1.1 of this Rider;

2.13 “**Margaritaville Standards**” shall mean, collectively, the Hotel Standards and the Dwellings Standards.

2.14 “**Project**” shall mean the Hotel, Dwellings, and Vacation Rentals;

2.15 "**Rental Management Agreement**" shall have the meaning set forth in Section 4.14 of this Rider;

2.16 "**Rental Program**" shall mean a rental program offered by the Franchisee to Dwelling Owners pursuant to the terms of a Rental Management Agreement in a form to be agreed to by Franchisor and Franchisee;

2.17 "**Rental Royalty**" shall have the meaning set forth in Section 5.2 of this Rider;

2.18 "**Vacation Rentals**" shall mean vacation dwellings branded with the Margaritaville Intellectual Property within the Project and intended for rental through the Rental Program, which may be single-family housing, condominiums, town homes or other dwellings including the Dwellings when rented by a Dwelling Owner, but excluding time shares and Hotel rooms;

2.19 "**Wyndham**" shall have the meaning set forth in Section 3.2 of this Rider.

3. Grant of Non-Exclusive License

3.1 License. Franchisor and Franchisee acknowledge that in executing this Rider and modifying certain of the defined terms in the Agreement and adding additional defined terms to the Agreement, that during the Term, subject to the terms of the Agreement, including without limitation, Article V thereof, Franchisor is granting, and Franchisee is accepting, a limited non-exclusive license develop, construct, and operate for rental and sale Dwellings and Vacation Rentals.

3.2 Time Shares. Franchisee acknowledges that Franchisor's Affiliate has a preexisting agreement with Wyndham Vacation Resorts, Inc. ("Wyndham") regarding timeshare units and marketing. No time shares shall be marketed or offered at or in conjunction with the Project, unless approved by Franchisor in its sole discretion.

4. Additional Operating Guidelines

4.1 Operation/Sale of Dwellings.

4.1.1 Homeowners Association. The Parties agree that Franchisee may establish a Homeowners' Associations ("**HOA**") to govern the Dwellings. The HOA rules for the Dwellings (and any amendments thereto) shall be subject to the Approval Agents' advance review and written approval, in its reasonable discretion. The HOA documents shall include information regarding a monthly fee of $50 per month, per Dwelling, payable to Franchisor by the purchaser of the Dwelling following the purchase of the Dwelling in connection with brand support and oversight of the facilities (the "**Brand Lifestyle Fee**"). The Brand Lifestyle Fee shall be collected by the HOA and sent to Franchisor as a lump sum on a monthly basis.

4.1.2 Club Membership Documents. The Parties agree that Franchisee may develop club membership documents to address and govern amenities, benefits and use of the Dwellings or Vacation Rentals, including, for example and not as a limitation, membership rules, facilities use and club dues ("**Club Membership Documents**"). Club Membership Documents shall include the disclaimers, waivers and other provisions set forth in Appendix 1 attached hereto. The Club Membership Documents (and any amendments thereto) shall be subject to the Approval Agents' advance review and written approval, in its reasonable discretion. Without limiting the foregoing, club amenities and facilities shall be available only to Dwelling Owners and guests of the Rental Program.

4.1.3 Dwelling Sales. In connection with the sale of any Dwelling to a third-party purchaser, Franchisee shall include in the purchase and sale agreement disclaimers and waivers by the purchaser, in a form that is mutually agreed between Franchisor and Franchisee, each acting in its reasonable discretion, and addressing that: (A) neither Franchisor nor any of its Affiliates is/are participating in or in any way responsible for the construction or sale of the Dwellings; (B) Franchisor is involved in the Dwellings only as a franchisor; and (C) Franchisor may be entitled to receive a royalty based on the revenues received by such purchaser from any re-sale of the Dwellings. Franchisor and Franchisee shall use good faith efforts to agree on such royalty rate. For avoidance of doubt, the obligation to pay any such re-sale royalty shall be an obligation of the Dwelling Owner and not of Franchisee.

4.1.4 Rental Management Agreements. The Parties agree that Dwelling Owners shall be offered the opportunity to "opt in" or "opt out" of the Rental Program. Dwelling Owners that opt in shall participate in the rental stream generated by Franchisee's website. Franchisee and Dwelling Owners desiring to participate in the Rental Program shall enter into a rental management agreement with Franchisee, in a form approved by Franchisor (such approval not to be unreasonably withheld) (each, a "**Rental Management Agreement**"). In connection with any Rental Management Agreement executed by a Dwelling Owner, Franchisee shall include disclaimers and waivers by the Dwelling Owner, in a form that is mutually agreed between Franchisor and Franchisee, each acting in its reasonable discretion, and addressing that Franchisor is involved in the Rental Program only as a franchisor and its rights are defined and governed by this Agreement. During the Term, the form of Rental Management Agreement approved by the Franchisor, shall not be amended, or any other Rental Management Agreement adopted, that adversely affects or detracts from the overall image of the Margaritaville Intellectual Property and the standards of quality associated therewith or the operation of the Project. With respect to any Dwellings whose Dwelling Owners opt out of the Rental Program, Franchisee (or its Affiliates) may manage such Dwelling but shall not represent or otherwise indicate that such opted-out Dwelling is branded as or otherwise affiliated with the Margaritaville brand.

5. Dwelling Fees

5.1 Fees Generally. All fees included in this section following shall be in addition to all fees set forth in Article VI of the Agreement, and subject to all procedures set forth in Articles VI and VII of the Agreement.

5.2 Rental Royalty. Franchisee shall pay to Franchisor, within thirty (30) days following each calendar month of the Term following the Opening Date of the Vacation Rentals (or prorated portion thereof), royalties in the amount of five percent (5%) of Gross Rental Revenue ("Rental Royalty").

5.3 **Dwelling Royalty**. Franchisee shall pay to Franchisor, within thirty (30) days following the close of the calendar month of the closing of any Dwelling sale pursuant to this Rider, royalties in the amount of three percent (3%) of the Gross Dwelling Revenue ("Dwelling Royalty").

5.4 **Bonus**. In certain instances, Franchisor may provide Franchisee with names of individuals who have opted in to receive, or otherwise requested, information regarding Franchisor's branded products and services. If Franchisee generates sales of Dwellings to such individuals, then, in addition to the Dwelling Royalty, Franchisor shall be entitled to receive a bonus royalty equal to 3% of the Gross Dwelling Revenue for the first 300 such Dwellings sold, and an additional 4.5% of the Gross Dwelling Revenue for any such Dwellings in excess of the first 300 (in either event, the "Bonus"). The Bonus (if any) shall be paid to Franchisor within thirty (30) days following the close of the calendar month during the Term in which the closing of such Dwelling sale occurred. The Bonus shall be paid to Franchisor or another entity legally permitted to receive such Bonus, as designated by Franchisor. Franchisor reserves the right to restructure the definition of the Bonus, including without limitation, to conform to state or federal laws. Franchisee agrees to cooperate with such restructuring so as not to frustrate the purpose and intent of this bonus royalty.

5.5 **Participation in Re-Sales**. In addition to its rights to make uses of the Margaritaville Intellectual Property as set forth herein, the parties agree that Franchisee shall have the right to support the market in the re-sale of Dwellings during the Term, provided it is further understood and agreed that no individual purchaser of a Dwelling shall have, by virtue of this Agreement or otherwise, the individual right to use any part of the Margaritaville Intellectual Property to market, advertise, promote or sell any Dwelling, except as to the location within the Project or that it is a Dwelling, and that Franchisee (and its successors and assigns) shall adopt and enforce such covenants and deed restrictions with respect to this prohibition as may be necessary to assure the limitations of the Agreement for the benefit of Franchisor.

5.6 **Reporting**. Without limiting any other section of the Agreement, Franchisee shall provide to Franchisor the following reports with respect to Dwellings: (a) weekly traffic reports; (b) backlog reports; and (c) lead status reports, all in a form as reasonably requested by Franchisor.

6. **Modified Provisions**. The following provisions of the Franchise Agreement are modified as set forth below:

6.1 All references to the "Hotel Standards" in the Agreement shall be replaced with references to the "Margaritaville Standards".

6.2 All references to "Hotel" in the Agreement shall be replaced with references to the "Project".

6.3 All references to "Royalty" or Royalties in the Agreement shall be deemed to include the Royalty for the Hotel (as defined in Section 6.02 of the Agreement), Rental Royalty, Dwelling Royalty, and Bonus.

6.4 The following shall be added as Section 10.01 (h) and (i) of the Agreement:

(a) the operation, management and marketing of the Rental Program, and rental and maintenance of Vacation Rentals by Franchisee or its Affiliates, employees, sub-contractors or agents, including without limitation, personal injury, wrongful death, negligence or property loss claims, by rental guests, or their estates; and

(b) the development, construction, ownership, marketing, sale or operation of the Dwellings by Franchisee or its Affiliates, employees, sub-contractors or agents, including without limitation, personal injury, wrongful death, negligence or property loss claims, by residents or guests of the Dwellings, or their estates.

6.5 The following shall be added as Section 10.04(c) of the Agreement:

(a) During the Term, Franchisee will procure and maintain insurance with the coverages, deductibles, limits, carrier ratings, and policy obligations required by the Margaritaville Standards. Such insurance may include All Risk property damage insurance for the FF&E in the Dwellings and professional liability insurance with a minimum of $10,000,000 per occurrence.

6.6 The following Section shall be added to Article XVII:

Transfer to HOA. Notwithstanding anything to the contrary contained in this Article XVII, Franchisee and its permitted assignees shall have the right, without the consent of Franchisor, to assign, in whole or in part, their respective rights hereunder to one or more HOAs; provided, however, that the HOA documents and any Declarations comply with Section 4.1.1 of the Dwelling Rider, and Franchisee or such permitted assignee shall remain liable for the payment of Royalties hereunder.

6.7 The following provision shall be added to the end of Section 16.01:

The De-Branding Actions shall not apply to: (i) Dwellings sold to third parties; (ii) directional street signs in connection with sold Dwellings; (iii) any HOA; and (iv) any other use of the Margaritaville Intellectual Property in connection with sold Dwellings that would require consent from a third-party owner and/or a homeowners' association to change.

7. Effect

7.1 The terms of this Rider are expressly made subject to and are governed by the Agreement. Except as specifically set forth in this Rider, the Franchise Agreement shall continue in full force and effect. In the event of a conflict between the terms of the Agreement and this Rider, this Rider shall control.

[Signatures on next page.]

IN WITNESS WHEREOF, the Parties have executed this Rider as of the day and year first above written.

MARGARITAVILLE HOTELS & RESORTS, LLC

By: Margaritaville Enterprises, LLC,
Its Sole Manager

By:__________________________________
Name: John Cohlan
Title: Chief Executive Officer

[COMPANY]

By:__________________________________
Name:
Title:

APPENDIX 1

Relationship with Margaritaville. Franchisor ("**Club Owner**") has entered into a Franchise Agreement with Margaritaville Hotels & Resorts, LLC ("**Franchisor**") pursuant to which Club Owner has the right to offer and sell memberships in the Club and construct, maintain and operate the Club under the Margaritaville name. In order to continue to retain the rights to the Margaritaville brand name and trademarks, the Club must be managed, operated and maintained in accordance with the Hotel Standards. The Margaritaville brand name and trademarks may not continue to be associated with the Club upon the Franchise Agreement terminating for any reason whatsoever. Club Owner is solely responsible for any and all claims arising in connection with the marketing and sale of Club memberships and the construction and maintenance of the Club, subject to the qualifications and restrictions set forth in the Franchise Agreement.

The right and license to use the "Margaritaville" brand name and trademarks is not part of or otherwise included in the Club membership being acquired by a member of the Club ("**Club Member**"). Accordingly, Club Members do not have any right, title or interest in and to the name "Margaritaville" or any of the "Margaritaville" trademarks. There exists no joint venture, joint enterprise, partnership, ownership or similar relationship between Club Owner and Franchisor. Franchisor has no ownership interest in the Club or any responsibility for the construction, operation or maintenance of the Club.

A Dwelling Owner should not acquire a Club membership with the expectation that the "**Margaritaville**" brand name and trademarks will continue to be associated with the Club for the entire period of a Club Member's membership.

Certain fees, costs and expenses incurred to maintain the right and license to use the Margaritaville brand name and trademarks and to maintain the Club to the standards required by the Franchise Agreement are part of the Club dues. The failure of the Club Owner to charge Club dues sufficient to cover required maintenance expenses could result in a failure to maintain the Hotel Standards and accordingly, may result in a termination of the Franchise Agreement. Franchisor is not responsible for and makes no representation or warranty concerning construction and maintenance of the Club, obtaining required permits, licenses and approvals to develop, construct and maintain the Club, or ensuring that the Club is built in accordance with all applicable laws, codes, ordinances and other governmental requirements. Franchisor's retention and exercise of rights of approval or inspection with respect to the Club are for the purpose of protection of Franchisor's interest in the Margaritaville brand name and trademarks only. Club Owner has the sole responsibility for the manner and means by which the Club memberships are sold.

EXHIBIT C-4 TO THE DISCLOSURE DOCUMENT

FORM OF MANAGEMENT RIDER

Management Rider to the Margaritaville Hotels & Resorts

Franchise Agreement

THIS MANAGEMENT RIDER TO THE MARGARITAVILLE HOTELS & RESORTS FRANCHISE AGREEMENT ("**Rider**") is made and entered into by and between Margaritaville Hotels & Resorts, LLC , a Delaware limited liability company ("**Franchisor**"), ________________, a _______________ ("**Franchisee**") and ________________, a _________________ ("**Manager**") as a rider to the Franchise Agreement dated ___________ between Franchisor and Franchisee (the "**Franchise Agreement**") as of _______________.

WHEREAS, pursuant to the Franchise Agreement, Franchisor has authorized Franchisee to operate the Hotel as a Margaritaville Hotel at the Site;

WHEREAS, Franchisee and Manager have entered into a Management Agreement with Franchisee dated ______________________ (the "**Management Agreement**") under which Manager will operate the Hotel in accordance with the terms and conditions of the Franchise Agreement; and

WHEREAS, Franchisor is willing to consent to the Manager operating the Hotel on the terms and conditions set forth herein and in the Franchise Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Terms.** Capitalized terms in this Rider have the meaning set forth in the Franchise Agreement unless otherwise stated herein.

2. **Consent**. Franchisor hereby consents to Manager operating the Hotel, subject to and made in reliance upon the following terms, conditions, representations and warranties:

(a) Manager acknowledges and ratifies the terms and conditions of the Franchise Agreement and agrees to fully observe and be bound by all terms, conditions and restrictions regarding the management and operation of the Hotel set forth in the Franchise Agreement for as long as Manager operates the Hotel, as if and as though Manager had executed the Franchise Agreement as "**Franchisee**," including, without limitation, all terms and conditions of Articles III, IV, and V of the Franchise Agreement (other than Sections 4.03(a)). Manager further agrees to be bound by the confidentiality and other covenants set forth in Articles IX and XI of the Franchise Agreement (including all remedies available to Franchisor under the Franchise Agreement for breach thereof) during and subsequent to its tenure as manager of the Hotel. However, notwithstanding the foregoing, nothing in this Rider constitutes an agreement of Manager: (a) to pay or assume any financial obligation of Franchisee to Franchisor or to any third party, including any obligation of Franchisee to pay Royalties, System Services Contributions, pursuant to Article VI of the Franchise Agreement, or any liquidated damages pursuant to Article XV or Section 16.04 of the Franchise Agreement; or (b) to be bound by any provision in Article XII of the Franchise Agreement.

(b) Manager represents and warrants to Franchisor and Franchisee that Manager is not a Brand Owner as defined in the Franchise Agreement. Manager agrees that Franchisor may enforce directly against Manager those terms and conditions of the Franchise Agreement to which

Manager has hereby agreed to be bound. Franchisee acknowledges and agrees that any act or omission of Manager relating directly or indirectly to the Hotel will be deemed and considered the act or omission of Franchisee for purposes of Franchisor's rights and remedies under the Franchise Agreement, including, without limitation, Franchisee's indemnification and defense obligations under Article X of the Franchise Agreement, any other agreement, or applicable law; Franchisor's remedies under Article XIV, and the dispute resolution provisions under XV, including without limitation the arbitration provisions; and the general obligations and provisions of Article XIX of the Franchise Agreement.

3. **<u>Construction</u>.** Articles X, XV, and XIX, titles as "**Indemnification**," "**Dispute Resolution**," and "**General**," respectively, are incorporated by reference in this Rider and will govern all aspects of Franchisor's and Manager's relationship and this Rider as if fully restated within the text of this Rider, with all references to "Franchisee" interpreted as references to Manager.

IN WITNESS WHEREOF, the Parties have executed this Rider as of the day and year first above written.

MANAGER:

____
a(n) __________________________

By:____________________________

Name:__________________________

Title:__________________________

MARGARITAVILLE HOTELS & RESORTS, LLC,
a Delaware limited liability company

By:______________________________

Name:____________________________

Title:____________________________

FRANCHISEE:

By:____________________________

Name:__________________________

Title:__________________________

EXHIBIT C-5 TO THE DISCLOSURE DOCUMENT

FORM CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

A. Identification of the Parties

This Confidentiality and Nondisclosure Agreement (this "**Agreement**"), dated as of ______ __, 20__, is entered into by and between Margaritaville Enterprises, LLC, a Delaware limited liability company, its subsidiaries, affiliates, successors and assigns, including without limitation, Margaritaville Hotels & Resorts, LLC, Compass Margaritaville, LLC and Margaritaville RV Resorts, LLC ("**Margaritaville**"), and _____________________, a _______________, its subsidiaries, affiliates, successors and assigns ("**Company**"). Margaritaville and Company may individually be referred to as a "Party" or collectively as the "**Parties**".

B. Background Statement

Margaritaville and Company are entering into discussions concerning a possible transaction (the "**Potential Transaction**"). As part of the Parties' discussions regarding the Potential Transaction, it has been necessary and may continue to be necessary for a Party to disclose to another Party, or provide another Party with access to, certain proprietary and/or confidential business information.

The Party disclosing or providing access to certain proprietary and/or confidential business information (which may be Margaritaville or Company) shall hereinafter be referred to as the "**Disclosing Party**".

The Party being provided access to or receiving such proprietary and/or confidential business information (which may be Margaritaville or Company) shall be referred to hereinafter as the "**Receiving Party**".

In consideration of the mutual covenants and agreements herein contained, the Parties desire to enter into this Agreement and for it to govern the access, disclosure and use of Confidential Information, as subsequently defined herein.

C. Specific Provisions

1. <u>Non-disclosure of Confidential Information</u>. Confidential Information shall be kept confidential by Receiving Party. Confidential Information may, however, be disclosed by Receiving Party:

(a) with Disclosing Party's written consent;

(b) as required by applicable law, rule, regulation, subpoena, deposition, interrogatory, request for production, civil investigative demand, governmental, administrative or regulatory authority or process, judicial process or other similar process (each, a "Compelled Disclosure"), provided, however, to the extent permitted by law and such Compelled Disclosure and prior to responding to any such request, the Party subject to such Compelled Disclosure shall: (i) promptly notify the other Party of the existence and circumstances surrounding such requirement; (ii) consult with the other Party with respect to responding to such requirement; and (iii) take commercially reasonable steps to ensure that the Confidential Information is accorded confidential status if disclosure is ultimately required; and

(c) to its directors, officers, agents, advisors, affiliates, employees and financing sources (collectively, "**Representatives**") but only if such Representatives:

(i) need to know the Confidential Information in connection with the Potential Transaction; and

(ii) such Representatives are informed by Receiving Party of the confidential nature of the Confidential Information and such Representatives agree to be bound by the terms and conditions of this Agreement.

2. Conditions of Disclosure. Receiving Party shall not disclose the Confidential Information to any person other than as expressly permitted by this Agreement, and shall reasonably safeguard the Confidential Information from unauthorized disclosure or use. Receiving Party shall use the Confidential Information solely in connection with the Potential Transaction. For purposes of this Agreement, "person" shall be broadly interpreted to include any corporation, company, partnership, individual or governmental authority. Notwithstanding the disclosure of the Confidential Information to the Representatives, Receiving Party shall remain liable for any breach of this Agreement by such Representatives.

3. Confidentiality and Non-Solicitation. The Parties agree to keep the Potential Transaction confidential. As such, neither Party's Representatives shall, during the term of this Agreement, initiate contact with any employees of the other Party regarding the Potential Transaction without the prior written consent of such Party. Contact between the Parties shall be limited strictly to those principals that are signatories to this Agreement and/or other designated senior officials appointed in writing by the Parties. Each Party agrees that it shall not, during the term of this Agreement, initiate contact with another Party's employees in order to solicit, entice or induce another Party's employee to terminate an employment relationship with its current employer and accept employment with the non- employer Party, provided that the restrictions in this paragraph 3 shall not apply to: (i) the placing of any general non targeted advertisement for the purposes of recruitment; (ii) hiring or solicitations for employment of any such person who has not been employed by the other party for a three-month period prior to commencement of employment discussions with such person, or (iii) hiring any such person who contacts the other party on an unsolicited basis.

4. Definition of "Confidential Information". As used in this Agreement, "Confidential Information" means all information that is furnished to Receiving Party or its Representatives by Disclosing Party in connection with the Potential Transaction. Any information furnished to Receiving Party or its Representatives by a director, officer, employee, stockholder, partner, co-venturer, consultant, agent, or representative of Disclosing Party shall be deemed furnished by Disclosing Party for the purpose of this Agreement. Notwithstanding the foregoing, the following does not constitute Confidential Information for purposes of this Agreement:

(a) information that is or becomes publicly available other than as a result of a disclosure by Receiving Party or its Representatives in violation of this Agreement;

(b) information that was already known to Receiving Party or its Representatives prior to being furnished to Receiving Party by Disclosing Party;

(c) information that is or becomes available to Receiving Party from a source other than Disclosing Party or a representative of Disclosing Party if such source, to Receiving Party's knowledge, is neither subject to any prohibition against transmitting the information to Receiving Party nor bound by a confidentiality agreement with Disclosing Party; and

(d) information that is independently developed by Receiving Party or its Representatives without use of or reference to Confidential Information.

5. No Duty to Label. It is not necessary for Disclosing Party to mark, label or otherwise identify disclosed information as "Confidential Information," but the labeling of any such information or its identification as such in any oral conversation shall be, unless the information is covered by one of the exclusions herein, conclusive evidence that it is Confidential Information within the meaning of this Agreement.

6. Return of Information. As between the Parties hereto, Confidential Information furnished by Disclosing Party hereunder shall remain the property of Disclosing Party. Written Confidential Information, and any copies thereof, must be returned to Disclosing Party or destroyed promptly upon its request, and no copies shall be retained by Receiving Party or its Representatives, except as otherwise provided herein. Any Confidential Information that may be found in drafts, notes, compilations, studies, synopses, or summaries thereof, or other documents prepared by or for Receiving Party or its Representatives, oral and written Confidential Information not so requested to be returned, shall be destroyed. Notwithstanding the foregoing, subject to the terms of this Agreement, Receiving Party may retain one archival copy of the Confidential Information for its files, together with such communications and other records relating to the Potential Transaction as Receiving Party is required to retain for legal, compliance and regulatory purposes or any internal compliance policy or procedure relating to the safeguarding or backup storage of data.

7. No Waiver. No failure or delay in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege hereunder.

8. Term. Following execution of this Agreement by the Parties, the term of this Agreement shall commence with the date first above written and shall terminate on the date that is three (3) years thereafter, provided that any Confidential Information that constitutes a trade secret under applicable law shall remain subject to this Agreement for so long as such information remains a trade secret.

9. No Obligation. The Parties hereto understand and agree that, unless and until a definitive agreement has been executed and delivered, no contract or agreement providing for a transaction among the Parties shall be deemed to exist among the Parties, and no Party shall be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, except, in the case of this Agreement, for the matters specifically agreed to herein.

10. No Exclusivity. This Agreement neither obligates a Party to deal exclusively with another Party nor prevents a Party or any of its affiliates from competing with another Party or any of its affiliates.

11. Scope of Disclosures. Disclosing Party is not making any representation or warranty hereunder as to the accuracy, validity or completeness of Confidential Information and Disclosing Party shall not be liable hereunder to Receiving Party as a result of Receiving Party's use of Confidential Information. Notwithstanding anything to the contrary contained hereinabove, neither Party has a duty to disclose to the other Party any information a Party deems unnecessary. All disclosures to Receiving Party are in the sole discretion of Disclosing Party and there is no obligation to continue discussions or negotiations with respect to any potential agreement between the Parties.

12. No Assignment: Successors. Neither Party may assign all or any part of this Agreement without the other Party's prior written consent. This Agreement inures to the benefit of the Parties hereto and their successors and permitted assigns and is binding on each other and each other's successors and permitted assigns.

13. Notices. All notices provided by a Party to another Party to this Agreement shall be in writing. They shall be delivered using: (i) email, and (ii) nationally recognized overnight delivery service or certified mail, to the following addresses:

Regarding Notices to Margaritaville:

Margaritaville Enterprises, LLC
256 Worth Avenue, Suite Q-R
Palm Beach, FL 33480
Attn: John Cohlan, CEO
Email: jcohlan@margaritaville.com

With a copy to:

Margaritaville Enterprises, LLC
3715 Northside Pkwy., Ste. 4-475
Atlanta, GA 30327
Attn: Kristen Fancher, CLO
Email: kfancher@margaritaville.com

Regarding Notices to Company:

____
____
____
Attn: _____________________
Email: ______________________

14. Dispute Resolution. If there is a disagreement regarding any aspect of this Agreement, Margaritaville and Company agree to resolve it as follows:

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida;

(c) Remedies. Because money damages shall not be a sufficient remedy for a breach of this Agreement by Receiving Party or its Representatives, Disclosing Party shall be entitled to specific performance and injunctive relief as remedies for any such breach or threatened breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement by Receiving Party or any of its Representatives but shall be in addition to all other remedies available to Disclosing Party at law or in equity;

(d) Venue. The location of all dispute resolutions procedures shall be in Orlando, Florida, at a specific location to be selected by the single arbitrator or the multiple arbitrators as the case may be;

(e) Process. All issues shall be resolved by using the then-existing commercial arbitration rules of the American Arbitration Association, except that, regardless of the rules, there shall be three (3) arbitrators unless the Parties agree in writing to use a single arbitrator; and

(f) Awards. All arbitration awards shall be enforceable by any court that has jurisdiction over the Party against whom enforcement is sought. The Parties hereby agree to submit voluntarily to the jurisdiction of state and federal courts in Orlando, Florida that are willing to exercise jurisdiction.

15. Entire Agreement; Headings. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof. The headings of the Sections of this Agreement are inserted for convenience only and do not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

16. Savings Clause. If any provision of this Agreement or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of the Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.

17. No Implied Licenses. Nothing in this Agreement shall be construed as granting any rights to Receiving Party, by license or otherwise, to any of Disclosing Party's Confidential Information, except as specifically stated in this Agreement. Receiving Party acknowledges that Disclosing Party has neither made any representations nor given any warranties as to the accuracy or completeness of the Confidential Information for Receiving Party's purposes. Receiving Party agrees that Disclosing Party shall not by virtue of this Agreement have any liability or responsibility for errors or omissions in, or any decisions made by Receiving Party in reliance on, any Confidential Information disclosed under this Agreement.

18. No Broker-Dealer or Investment Advisory Services. Margaritaville's Confidential Information is for information purposes only and is not a solicitation of an order to buy or sell securities or other instruments of any entity. Margaritaville's Confidential Information is not intended to provide tax, legal, financial or investment advice. Margaritaville is not vested with authority to participate in any negotiations relating to the placement or sale of securities of any entity other than Margaritaville. No fees or other remuneration paid to Margaritaville or any of its employees by any Party shall relate to commissions for the placement or sale of securities.

19. Counterparts. For the convenience of the Parties, this Agreement may be executed by facsimile or email and in counterparts, each of which shall be deemed to be an original, and both of which taken together, shall constitute one agreement binding on all Parties.

20. Standard of Conduct. All conduct shall be undertaken on a commercially reasonable basis, unless a different standard is expressly stated in a particular sentence. In addition, the implied covenant of good faith and fair dealing shall be applicable to this entire Agreement.

[Signatures appear on the following page.]

To evidence their acceptance of this Agreement, the Parties' authorized representatives have signed below effective as of the date first specified above.

MARGARITAVILLE:

MARGARITAVILLE ENTERPRISES, LLC

By:________________________________
Name:
Title:

COMPANY:

____

By:________________________________
Name:
Title:

EXHIBIT D TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

MARGARITAVILLE®
A STATE OF MIND SINCE 1977

Brand Operations Standards

| HOTELS & RESORTS |

2021

TABLE OF

Contents

EXHIBIT E TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF CALIFORNIA

The following paragraphs are added to the disclosure document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INVESTMENT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INVESTMENT at www.dfpi.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Item 3 is amended by adding the following:

Neither the franchisor, any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

The following paragraphs are added at the end of Item 17 of the disclosure document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Liquidated Damages. The Franchise Agreement contains a liquidated damages clause.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Arbitration. You must resolve certain disputes through binding arbitration. The arbitration will occur in Atlanta, Georgia, USA, with the costs of arbitration being borne equally by both parties. The non-prevailing party in any dispute must reimburse the prevailing party of all costs and expenses it incurs, including attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the franchise agreement restricting venue to a forum outside the State of California.

Forum Selection Clause. Litigation must occur in the Northern District of Georgia (Atlanta Division) or the Superior Court of Fulton County, Georgia. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§310000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code

§§20000 through 20043).

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

The maximum rate of interest chargeable under California law is 10% annually.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.

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

ADDENDUM
TO FRANCHISE AGREEMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF CALIFORNIA

No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

MARGARITAVILLE HOTELS & RESORTS, LLC

By:_______________________________________
Name:
Title:
Date:

By:_______________________________________
Name:
Title:
Date:

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF HAWAII

THIS ADDENDUM (the "**Addendum**") amends the Franchise Disclosure Document of **MARGARITAVILLE HOTELS & RESORTS, LLC** for its Margaritaville Hotels & Resorts Franchise pursuant to the Hawaii Franchise Investment Law.

1. THESE FRANCHISES WILL BE/HAVE 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.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. 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 THE FRANCHISOR AND THE FRANCHISEE.

4. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (i) WAIVING ANY CLAIMS UNDER APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (ii) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISIONS SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

HAWAII RIDER TO
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of __________ __, 20______ (the "**Agreement Date**"), and amends the Franchise Agreement dated __________ __, 20_(the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** ("**we**," "**us**," "**our**" or the "**Franchisor**") and ___________________ ("**you**," "**your**" or the "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Franchise Fee**. The payment of the initial franchise fee is deferred until all of our pre-opening obligations to you are completed and your business has opened.

3. **Effective Date**. This Rider is effective on the Agreement Date regardless of the actual date of signature.

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

Intending to be bound, the parties sign and deliver this Rider to each other as shown below:

Us:	**You:**
MARGARITAVILLE HOTELS & RESORTS, LLC	________________________________
By:_____________________________	By:_____________________________
Name:___________________________	Name:___________________________
Title:___________________________	Title:___________________________
Date:___________________________	Date:___________________________

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF ILLINOIS

The following is added to Item 17:

The Illinois Franchise Disclosure Act (the "**Act**"), Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois. The Act does permit agreements to require you to arbitrate outside the state of Illinois.

The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41).

You cannot waive any of your rights given to you by the Act (Section 41). You may have other rights under the Act or other laws of the state of Illinois.

To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced, and the terms of the applicable Illinois law shall apply.

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

Item 5 is modified to provide that payment of the initial franchise fees will be deferred until the we have fulfilled our initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

ILLINOIS RIDER TO
MARGARITAVILLE HOTELS & RESORTS
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of _______________ __, 20__ (the "**Agreement Date**"), and amends the Franchise Agreement dated _______________ __, 20 (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** (the "**Franchisor**") and _ (the "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Franchise Fees**. Franchisor will not accept or require payment of any initial franchise fees until it has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. **Termination**. The following is added to Article XIV of the Agreement:

The conditions under which this franchise can be terminated and the Parties' rights on termination may be affected by Illinois law, 815 ILCS 705/1-44.

4. **Entire Agreement**. Section 19.10 of the Agreement is amended by adding the following:

Nothing contained in the Agreement waives any of the Franchisee's right to rely on the disclosure made by the Franchisor in its Franchise Disclosure Document or any corresponding rights the Franchisee has under the Illinois Act.

5. **Governing Law and Jurisdiction**. Sections 17.05 and 19.06 of the Agreement are amended by adding the following:

All matters coming under the Illinois Act will be governed by the Illinois Act. The Parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois for all matters coming under the Illinois Act.

6. **Waiver of Jury Trial**. The last paragraph of Section 17.06 of this Agreement is deleted in its entirety.

7. **Enforcement**. The following language is added to Section 17.06 to Article XVII of the Agreement to read as follows:

Any condition, stipulation, or provision contained in the Agreement purporting to waive compliance with any provision of the Illinois Act or any other Illinois law is void.

8. Be advised that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. No person may be prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall arbitration of any claim pursuant to the provisions of Title 9 of the United States Code be prevented.

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

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	______________________________
By:_______________________________	By:_______________________________
Name:_____________________________	Name:_____________________________
Title:______________________________	Title:______________________________
Date:______________________________	Date:______________________________

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF MARYLAND

THIS ADDENDUM (the "**Addendum**") amends the Franchise Disclosure Document of **MARGARITAVILLE HOTELS & RESORTS, LLC** for its Margaritaville Hotels & Resorts Franchise.

Sections (c) and (l) of Item 17 are amended by adding the following language:

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

Item 17 is amended by adding the following language after the table:

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

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

Based upon the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

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

MARYLAND RIDER TO
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of ___________ __, 20__ (the "**Agreement Date**"), and amends the Franchise Agreement dated ___________ __, 20__ (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** (the "**Franchisor**") and (the "**Franchisee**").

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **General Release.** Pursuant to COMAR 02.02.08.16L, the general release otherwise required by the Agreement as a condition of renewal, sale and/or assignment/transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **Limitation of Claims.** Any limitations of claims provisions will not act to reduce the 3-year statute of limitations afforded Franchisee for bringing a claim arising under Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise to Franchisee.

4. **Jurisdiction and Venue.** Franchisee may bring a lawsuit against us in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **No Waiver.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law, including, but not limited to, any acknowledgments or representations made by Franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law.

6. **Effective Date.** This Rider is effective on the Agreement Date regardless of the actual date of signature.

7. **Fee Deferral.** Based upon the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee. Intending to be bound, the Parties sign and deliver this Rider to each other as shown below.

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

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	________________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF MINNESOTA

Additional Disclosures:

1. MINNESOTA LAW PROVIDES YOU WITH CERTAIN TERMINATION AND NON-RENEWAL RIGHTS. MINN. STAT. §80C.14 SUBD. 3, 4 AND 5 REQUIRE, EXCEPT IN CERTAIN CASES, THAT YOU BE GIVEN 90 DAYS' NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS' NOTICE FOR NONRENEWAL OF THE FRANCHISE AGREEMENT.

2. MINN. STAT. §80C.21 AND MINN. RULE 2860.4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

3. Item 13 is amended to state that we will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Item 17, summary column for (f) is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement and that consent to transfer of the franchise will not be unreasonably withheld.

5. Item 17, summary column for (l) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

6. Item 17, summary columns for (u) and (v) are amended to add the following:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statues, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. Item 17 is amended to include the following at the end:

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

MINNESOTA RIDER TO THE
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of ___________ __, 20__ (the "**Agreement Date**"), and amends the Franchise Agreement dated ___________ __, 20__ (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** ("**Franchisor**") and ___________________ (the "**Franchisee**").

1. **Background**. Franchisor and Franchisee are Parties to that certain Franchise Agreement dated_________ __, 20__ (the "**Franchise Agreement**") that has been signed concurrently with the signature of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the ____________ Business to be operated by Franchisee pursuant to the Franchise Agreement will be located in the State of Minnesota and/or because Franchisee is a resident of the State of Minnesota.

2. **Renewal Term**. Section 1.03(g) is amended to read as follows:

   In connection with signing the Successor Franchise Agreement, and as a condition of renewal, Franchisee will be required to sign Franchisor's then-current form of general release, releasing Franchisor and its parents, subsidiaries, and affiliates and the respective directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents, attorneys, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacity) (collectively, the "**Released Parties**"), from all claims Franchisee may have against Released Parties as of the date of the Successor Franchise Agreement, except for matters coming under the Minnesota Franchise law.

3. **Trademarks**. Franchisor will protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. **Default and Termination**. The following is added at the beginning of Section 19.06:

   Minnesota Law provides Franchisee with certain termination and non-renewal rights. Minn. Stat. §80C.14 Subd. 3, 4 and 5 require, except in certain case, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

5. **Governing Law**. The following sentence is added at the end of Section 19.06.

   MINN. STAT. §80C.21 AND MINN. RULE 2860.4400J PROHIBIT FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR FRANCHISEE'S RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

6. **Injunctive Relief**. Nothing in the Franchise Agreement is construed to mean that Franchisee is consenting to Franchisor obtaining injunctive relief. Franchisor may, however, seek injunctive relief. The court will determine if a bond is required.

7. **Waiver of Jury Trial**. The last paragraph of Section 17.06 is amended to state:

EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS FOR THIRD PARTY CLAIMS UNDER ARTICLE IX, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES (INCLUDING LIQUIDATED DAMAGES) IT SUSTAINS.

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

Intending to be bound, the Parties sign and deliver this Rider to each other as shown below:

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	______________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR IMFORMATION. RESGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENTS IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSIONAND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 is amended by added the following at the beginning of the Item.

Other than those actions listed below, neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following us added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular:

A. Filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

B. Obtained a discharge of its debts under the bankruptcy code; or

C. Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5 is amended to add the following sentence at the end: The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. Items 17 (c) and (m) are amended to add the following:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. Item 17(d) is amended to add the following sentence: The franchisee may terminate the agreement on any grounds available by law.

7. Item 17 (j) is amended to add the following sentence: However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

8. Items 17(v) and (w) are amended to add the following sentence: The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business law of the state of New York.

9. Item 17 is amended to include the following sentence at the end:

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

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF NORTH DAKOTA

1. The Summary column of Item 17 paragraph (c) of this disclosure document is modified to read as follows:

> "Give us at least 90 days' notice of your intention to renew, sign our current form of Franchise Agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the "**ND Law**")."

2. Section 51-19-09 of the North Dakota Franchise Investment Law provides that any requirement that you consent to liquidated damages is unfair, unjust, and inequitable. Therefore, the Summary column of Item 17 paragraph (i) of this disclosure document is amended by deleting the last subsection (d) of the paragraph which reads as follows: "(d) where applicable, pay liquidated damages".

3. The Summary column of Item 17 paragraph (q) of this disclosure document is modified by adding the following at the end of the sentence:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. The Summary column of Item 17 paragraph (v) of this disclosure document is amended by adding the following at the end of the paragraph:

> ", except that matters coming under the ND Law will be submitted to mediation or arbitration in a mutually agreeable location not remote from Franchisee's place of business."

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

NORTH DAKOTA RIDER TO
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of ____________ __, 20__ (the "**Agreement Date**"), and amends the Franchise Agreement dated ___________ __, 20__ (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** (the "**Franchisor**") and ____________________ (the "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Terms and Conditions for Successor Franchise**. Franchisee is not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "**ND Law**").

3. **Competitive Restrictions**. Covenants not to compete, such as those mentioned in this Section 9.02, are generally unenforceable in the State of North Dakota.

4. **Jurisdiction**. All matters coming under the ND Law may be brought in the courts of North Dakota.

5. **Waiver of Punitive Damages and Jury Trial**. Section 17.06. of the Franchise Agreement is deleted in its entirety.

6. **Liquidated Damages**. Section 16.04 of the Agreement is deleted in its entirety, including cross-references thereto in the Agreement.

7. **Mediation**. Section 17.02 of the Agreement is amended by adding the following to the end of the first sentence in the paragraph: ", except that matters coming under the ND Law will be submitted to mediation in a mutually agreeable location not remote from Franchisee's place of business."

8. **Arbitration**. Section 17.03 of the Agreement is amended by adding the following to the end of the first sentence in the paragraph: ", except that matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location not remote from Franchisee's place of business."

9. **Limitation of Claims**. The statute of limitations under ND Law applies to all matters coming under ND Law.

10. **Governing Law**. This Agreement will be governed by North Dakota law.

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

[signatures on following page]

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	______________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

ADDENDUM

TO FRANCHISE DISCLOSURE DOCUMENT FOR MARGARITAVILLE HOTELS & RESORTS, LLC STATE OF RHODE ISLAND

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Item 17 is amended to include the following language at the end:

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

ADDENDUM

TO FRANCHISE DISCLOSURE DOCUMENT FOR MARGARITAVILLE HOTELS & RESORTS, LLC STATE OF SOUTH DAKOTA

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law. If any of the provisions in this disclosure document or the Franchise Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota.

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

SOUTH DAKOTA RIDER TO
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of ___________ __, 20__ (the "**Agreement Date**"), and amends the Franchise Agreement dated ___________ __, 20__ (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** (the "**Franchisor**") and __________________ (the "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination**. The following is added to Section 14.01:

Franchisee will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the Franchise Agreement, failure to meet performance and quality standards and failure to make royalty payments.

3. **Covenants Not to Complete**. Covenants not to compete on termination or expiration of a Franchise Agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law. This statement is given for informational purposes only.

4. **Jurisdiction and Venue**. Any provision which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

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

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	________________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR MARGARITAVILLE HOTELS & RESORTS, LLC STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act (the "**Act**"), the Franchise Disclosure Document for **MARGARITAVILLE HOTELS & RESORTS, LLC** for use in the Commonwealth of Virginia is amended as follows:

1. Pursuant to Section 13.1-564 of the Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Act or the Laws of Virginia, that provision may not be enforceable.

2. Item 17 is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

3. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by the franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise disclosure document.

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

VIRGINIA RIDER TO
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of___, 2021 (the "**Agreement Date**"), and amends the Franchise Agreement dated____, 2021 (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** (the "**Franchisor**") and

______________________________ (the "**Franchisee**").

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by the franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise disclosure document.

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

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	______________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
MARGARITAVILLE HOTELS & RESORTS, LLC
STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the area of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Use of Franchise Brokers. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON RIDER TO
MARGARITAVILLE HOTELS & RESORTS, LLC
FRANCHISE AGREEMENT

THIS RIDER (the "**Rider**") is effective as of _________ __, 2021 (the "**Agreement Date**"), and amends the Franchise Agreement dated ___________ __, 2021 (the "**Agreement**"), between **MARGARITAVILLE HOTELS & RESORTS, LLC** (the "**Franchisor**") and ________________ (the "**Franchisee**").

Precedence and Defined Terms. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

Initial Franchise Fee. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business

Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the "**Act**"), Chapter 19.100 RCW, prevail.

Relationship. Section RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.

Dispute Resolution. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

Waiver of Rights. A release or waiver of rights executed by you will not include rights under the Act or any rule or order thereunder except when signed pursuant to a negotiated settlement after the agreement(s) are in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer Fees. Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

Non-Competition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

No-poaching Provisions. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

Intending to be bound, Franchisee and Franchisor sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

Franchisor:	**Franchisee:**
MARGARITAVILLE HOTELS & RESORTS, LLC	______________________________
By:_____________________________	By:_____________________________
Name:___________________________	Name:___________________________
Title:___________________________	Title:___________________________
Date:___________________________	Date:___________________________

EXHIBIT F TO THE DISCLOSURE DOCUMENT

CURRENT AND FORMER FRANCHISEES

AS OF DECEMBER 31, 2022

CURRENT FRANCHISEES AS OF DECEMBER 31, 2022

Name	Business Address	City	State	Zip Code	Telephone Number
AGRE DCP Palm Springs Tenant, LLC	1600 North Indian Canyon Dr.	Palm Springs	California	92262	(760) 327-8311
Paradise Lessee, Inc.*	1404 Vacation Road	San Diego	California	92109	(858) 240-4913
TPI-FMB, LLC & Torgerson Properties, Inc.*	251 Crescent Street	Fort Myers Beach	Florida	33931	TBD
Happy Hour Lessee, LLC	1111 N. Ocean Drive	Hollywood	Florida	33019	(844) 562-5625
MSB Hotels IV, LLC	715 1st Street North	Jacksonville Beach	Florida	32250	(904) 222-0222
Horizon Hotel Owner, LLC	8000 Fins Up Circle	Kissimmee	Florida	34747	(855) 995-9099
PCB Acres, LLC*	16230 Front Beach Road	Panama City Beach	Florida	32413	(850) 235-7870
Little Sabine, Inc.	165 Fort Pickens Road	Pensacola Beach	Florida	32561	(850) 916-9755
Bachelor Fourth St., LLC*	522 S. Fourth St.	Louisville	Kentucky	40202	TBD
Bossier Casino Venture, LLC	77 Margaritaville Way	Bossier City	Louisiana	71111	(855) 346-2489
Biloxi Lodging, LLC	195 Beach Boulevard	Biloxi	Mississippi	39530	(228) 271-6377
Tan Tar A State Road, LLC	494 Tan Tar A Drive	Osage Beach	Missouri	60565	(573) 348-3131
560 Seventh Avenue Owner Primary LLC	560 Seventh Avenue	New York	New York	10018	(212) 221-3007
Margaritaburg, LLC	539 Parkway	Gatlinburg	Tennessee	37738	(865) 430-4200
Jimmy’s Last Laugh, LLC	425 5th Avenue South	Nashville	Tennessee	37203	(615) 986-9300
Leconte Village Hotel Partners, LLC	131 Island Drive, Suite 5118	Pigeon Forge	Tennessee	37863	(865) 774-2300

Name	Business Address	City	State	Zip Code	Telephone Number
Parkway Hotel Partners, LLC	2735 Parkway	Pigeon Forge	Tennessee	37863	(866) 776-2530
Lakeside Resort JV, LLC	600 Margaritaville Parkway	Montgomery	Texas	77356	(877) 286-9590
Historic Rampart, LLC*	TBD	TBD	TBD	TBD	TBD
Souldriver Lessee, Inc.*	435 6th Avenue	San Diego	California	92101	TBD
HOSP SOUTX MARG, LLC*	310 Padre Blvd	South Padre Island	Texas	78597	(956) 761-6551
DiamondRock KW South Tenant, LLC	2001 S. Roosevelt Blvd.	Key West	Florida	33040	(305) 292-9800
HFMGV KCK, LLC*	Northwest corner of 94th Street and State Avenue	Kansas City	Missouri	TBD	TBD
Sodalite Tahoe Hotel TRS, LLC*	4130 Lake Tahoe Boulevard	Lake Tahoe	California	96150	TBD
MHROC Property Owner, LLC*	1301 Atlantic Avenue	Ocean City	Maryland	21842	TBD
RH GGB Hospitality Operating Co., LLC*	East Beach Drive	Galveston Island	Texas	77550	TBD
RH MB Hospitality Operating Co., LLC*	17th Avenue and Ocean Blvd	Myrtle Beach	South Carolina	29577	TBD
Hyannis LSOF Operating, LLC*	1225 Iyannough Rd	Hyannis	Massachusetts	02601	TBD

*Not open as of December 31, 2022

LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN 2022

None.

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, Margaritaville Holdings LLC, a Delaware limited liability company (the **"Guarantor"),** located at 6900 Turkey Lake Road, Suite 200, Orlando, FL 32819 absolutely and unconditionally guarantees to assume the duties and obligations of Margaritaville Hotels & Resorts, LLC, located at 6900 Turkey Lake Road, Suite 200, Orlando, FL 32819 (the **"Franchisor"),** under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Palm Beach, FL on the 28 day of April, 2023.

Guarantor:

MARGARITAVILLE HOLDINGS LLC

By: ______________________

Name: John Cohlan

Title: Chief Executive Officer

Consolidated Financial Statements and Supplementary Information

Margaritaville Holdings LLC
Years Ended December 31, 2022 and 2021
With Report of Independent Auditors

Ernst & Young LLP

EY
Building a better working world

Margaritaville Holdings LLC

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2022 and 2021

Contents

Ernst & Young LLP
Suite 2800
200 South Orange Avenue
Orlando, Florida 32801

Tel: +1 407 872 6600
ey.com

Building a better working world

Report of Independent Auditors

The Partners
Margaritaville Holdings LLC

Opinion

We have audited the accompanying consolidated financial statements of Margaritaville Holdings LLC and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2022, and 2021, and the related consolidated statements of operations, changes in partners' deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2022 and 2021, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Building a better
working world

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Other Information

Management is responsible for the other information. The Other Financial Information on pages 26 and 27 is presented for purposes of additional analysis but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst + Young LLP

April 20, 2023

Margaritaville Holdings LLC

Consolidated Balance Sheets

		December 31		
		2022		2021
Assets				
Current assets:				
Cash	$	7,528,661	$	11,201,783
Accounts receivable		16,125,917		10,129,167
Due from related parties		5,394		27,902
Short-term notes receivable		362,295		185,873
Short-term notes receivable – employees		–		7,900
Short-term contract asset		260,728		169,816
Inventory		295,328		226,879
Prepaid and other assets		2,066,984		2,186,303
Total current assets		26,645,307		24,135,623
Contract assets, less current portion		2,853,989		1,454,887
Investments in unconsolidated entities		2,000,000		2,000,000
Property and equipment, net		3,595,821		5,290,884
Intangible assets		122,140		122,140
Right-of-use assets		946,878		–
Long-term notes receivable		2,677,122		451,406
Long-term notes receivable – employees		961,586		827,790
Restricted cash		288,995		288,957
Total assets	$	40,091,838	$	34,571,687
Liabilities and partners' deficit				
Current liabilities:				
Accounts payable and accrued expenses	$	8,730,515	$	6,990,246
Accounts payable due to related parties		10,699		12,912
Contract liabilities		50,000		115,831
Current portion of tenant allowance		–		30,258
Deferred revenue		4,595,494		4,482,739
Lease liability		580,262		–
Current portion of notes payable		1,050,000		1,250,000
Total current liabilities		15,016,970		12,881,986
Accrued expenses, less current portion		2,383,076		524,878
Contract liabilities, less current portion		222,534		119,045
Tenant allowance, less current portion		–		14,358
Deferred revenue, less current portion		17,348,211		16,654,058
Lease liability, less current portion		347,726		–
Notes payable, related parties		9,805,332		9,805,332
Notes payable, less current portion		103,162,500		100,634,254
Deferred rent		–		68,036
Total liabilities		148,286,349		140,701,947
Total partners' deficit		(108,194,511)		(106,130,260)
Total liabilities and partners' deficit	$	40,091,838	$	34,571,687

See accompanying notes.

Margaritaville Holdings LLC

Consolidated Statements of Operations

	Year Ended December 31 2022	2021
Revenues		
Restaurant and retail merchandise sales	**$ 6,487,545**	$ 6,256,377
Restaurant royalties	**9,033,781**	7,129,393
Resort royalties	**26,963,473**	19,786,011
Residential and timeshare royalties	**21,691,627**	15,274,518
Consumer products royalties	**4,705,602**	4,887,758
Other revenue	**5,978,600**	4,090,652
Total revenues	**74,860,628**	57,424,709
Operating expenses		
Cost of restaurant and retail merchandise sales	**1,740,415**	1,588,876
Selling, general, and administrative	**47,750,487**	37,130,718
Depreciation	**1,420,259**	987,329
Total operating expenses	**50,911,161**	39,706,923
Income from operations	**23,949,467**	17,717,786
Other income (expenses)		
Net gain from investments in unconsolidated entities	**375,000**	–
Net loss on sale of venues	**(3,171,426)**	–
Net loss on extinguishment of debt	**(4,336,839)**	–
Net gain on settlements	**–**	100,000
Interest income	**208,929**	87,375
Interest expense	**(9,421,558)**	(11,196,363)
Net income before income taxes	**7,603,573**	6,708,798
Income taxes	**359,741**	289,675
Net income from continuing operations	**$ 7,243,832**	$ 6,419,123

See accompanying notes.

Margaritaville Holdings LLC

Consolidated Statements of Changes in Partners' Deficit

Balance at December 31, 2020	$ (100,956,669)
Contributions	–
Distributions paid	(11,592,714)
Distributions payable	–
Class B interest	–
Net income for the year ended December 31, 2021	6,419,123
Balance at December 31, 2021	(106,130,260)
ASC 842 opening equity adjustment	**68,036**
Contributions	**155,455,945**
Redemptions/distributions paid	**(158,034,914)**
Equity issuance transaction costs	**(8,503,316)**
Class C interest	**1,706,166**
Net income for the year ended December 31, 2022	**7,243,832**
Balance at December 31, 2022	**$ (108,194,511)**

See accompanying notes.

Margaritaville Holdings LLC

Consolidated Statements of Cash Flows

	Year Ended December 31 2022	2021
Operating activities		
Net income	$ 7,243,832	$ 6,419,123
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,420,259	987,329
Amortization of debt issue costs	1,066,162	1,338,094
Amortization of tenant incentive allowance	(44,617)	(31,570)
Amortization of right-of-use asset	941,504	–
Loss on sale of venues	3,171,427	–
Equity compensation – Class C shares	1,706,166	–
Loss on extinguishment of debt	4,336,839	–
Changes in operating assets and liabilities:		
Accounts receivable	(6,554,861)	(1,195,038)
Receivables from related parties	22,507	(24,982)
Inventory	(194,730)	(49,877)
Contract assets	(1,432,012)	(223,578)
Prepaid and other assets	119,319	285,303
Right-of-use assets	(1,888,382)	–
Accounts payable and accrued expenses	1,498,468	3,632,165
Payable to related parties	(2,212)	12,912
Contract liabilities	37,658	(116,347)
Lease liability	927,988	–
Deferred revenue	806,908	19,411,363
Deferred rent	–	(64,895)
Net cash provided by operating activities	13,182,223	30,380,002
Investing activities		
Notes receivable	–	(637,279)
Capital expenditures	(2,572,370)	(3,415,757)
Receivables from employees	(125,896)	15,700
Net cash used in investing activities	(2,698,266)	(4,037,336)
Financing activities		
Contributions from partners	155,455,945	–
Distributions to partners	(158,034,914)	(11,592,714)
Equity issuance transaction costs	(8,503,316)	–
Principal payments on notes payable	(104,567,390)	(12,155,001)
Borrowings on notes payable	105,000,000	–
Payments of finance costs	(3,507,366)	–
Net cash used in financing activities	(14,157,041)	(23,747,715)
Net (decrease) increase in cash	(3,673,084)	2,594,951
Cash and restricted cash at beginning of year	11,490,740	8,895,789
Cash and restricted cash at end of year	$ 7,817,656	$ 11,490,740
Supplemental disclosure of cash flows		
Interest paid	$ 8,320,029	$ 9,858,267
Non-cash investing activities		
Notes receivable conversion to/ from accounts receivable	$ 500,111	$ 637,279

See accompanying notes.

Margaritaville Holdings LLC

Notes to Consolidated Financial Statements

December 31, 2022

1. Description of the Company

Margaritaville Holdings LLC (the Company) was formed on September 5, 1997, under the laws of the State of Delaware. Affairs of the Company are governed by its Operating Agreement (the Operating Agreement). Company income and losses are allocated in accordance with the Operating Agreement. The Company shall be indefinite in duration, subject to the provisions for termination in the Operating Agreement. The Company licenses or operates a chain of Margaritaville and LandShark restaurants, which include retail stores, licensed resorts, residential developments, and casinos themed after the lifestyle of Jimmy Buffett. There are Margaritaville venues in the United States, Mexico, Canada, the Caribbean, Puerto Rico, Costa Rica, and Panama. The Company also licenses its brands to various companies in the consumer products, timeshare, cruise ship, and food industries.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries, Margaritaville Enterprises, LLC; Margaritaville of Myrtle Beach, LLC; and Margaritaville Las Vegas, LLC. Margaritaville Enterprises, LLC is comprised of 69 subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

The Company has investments in unconsolidated entities. The Company does not control these entities and uses the equity or cost method to account for these investments. For equity investments, the Company records its share of the income or loss from each entity in the fiscal year in which each entity's year-end occurs. Investments are tested for other than temporary impairment (OTTI) annually. Refer to Note 5 for further explanation of these investments in unconsolidated entities.

Fiscal Year-End

The Company reports results of operations on a calendar-year basis.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized when the earnings process is complete. This is considered to have occurred when persuasive evidence of an agreement between the Company and the customer exists, when the name is freely and immediately exploitable by the licensee and the Company has satisfied its obligations under the agreement, when the amount of revenue is fixed or determinable, and when collection of unpaid revenue amounts is probable.

Restaurant and Retail Merchandise Sales

Revenue is earned and recognized at the point of sale, net of any discounts.

Restaurant Royalties

Licensing restaurant royalties are received from the operators of restaurants and bars located in the United States, Canada, the Caribbean, Mexico, Puerto Rico, and Panama. These royalties are calculated based on gross sales and are recognized in the period earned.

Resort Royalties

Licensing resort royalties are received from the operators of resorts located in the United States, the Caribbean, Costa Rica, and Mexico. These royalties are calculated based on gross sales or as a fixed annual amount. Royalties are recognized in the period earned. Minimum payments of licensing fees collected in advance of the earnings process being complete are recorded as deferred revenue.

Consumer Product Royalties

Licensing fees are received from entities that have contracted with the Company for the limited right to use Margaritaville brand names. The names are used by other retailers and manufacturers in the sales and marketing of various consumer products and services. Fees are calculated based on net sales; gross profit; earnings before interest, taxes, depreciation, and amortization (EBITDA); or a fixed annual amount, as defined in each respective agreement.

2. Summary of Significant Accounting Policies (continued)

Residential and Timeshare Royalties

Licensing royalties are earned on permanent dwelling and vacation home sales in Margaritaville themed housing communities throughout the United States. The royalties are calculated as a percentage of the purchase price and recognized once the home sales have closed. The Company also earns royalties associated with the sale of timeshare units in the United States and the Caribbean. These royalties are subject to a minimum annual guarantee.

Other Revenues

Other revenues consist of earnings derived from activities outside the Company's core operations. Sub-lease rental income, reimbursed expenses from partners, reservation system revenues, marketing fees, and gift card breakage are all reflected in this grouping.

Cost of Restaurant and Retail Merchandise Sales

Costs of restaurant and retail merchandise sales consist of food, beverage, and retail merchandise sales.

Deferred Revenue

Amounts received in advance of the period earned are recorded as a liability under deferred revenue on the accompanying consolidated balance sheets.

Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Company classifies cash equivalents that are restricted as to use for a particular purpose as restricted cash.

The restricted cash balance in 2022 and 2021 is a deposit held for a letter of credit for the Company's New York office lease.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are recorded when the revenue is recognized, as defined above. The Company records an allowance for certain receivables when there are collectability concerns. The Company recorded an allowance for doubtful accounts of $0 and $65,000 in 2022 and 2021, respectively. The Company wrote off $217,330 and $0 of receivables in 2022 and 2021, respectively.

Notes Receivable

Notes receivable relate to receivables from the Margaritaville Biloxi resort and from the Caribbean restaurant locations. The Company records an allowance for certain notes receivable when there are collectability concerns. An allowance was recorded against the Biloxi note receivable in 2021; refer to Note 6 for details. No allowance was recorded against the Caribbean note as of December 31, 2022 or 2021.

Notes receivable also relate to the sale of the Atlanta venue to IMC. No allowance was recorded against the IMC note. Refer to Note 3 for further details on the sale.

Notes Receivable From Employees

Notes receivable from employees are recorded when the loan is made. Notes receivable from employees primarily relate to cash advances bearing an interest rate of 2% to 5% and mature in 2025. No allowance for notes receivable from employees was recorded as of December 31, 2022 or 2021.

Notes Receivable From Related Party

Notes receivable from related party relate to a loan the Company extended to Lifestyle Brands, LLC (Lifestyle Brands), a related party. The loan bears an annual interest rate of 11%, and matured in 2021. The carrying value of the note was $0 as of December 31, 2022 and 2021. The notes decreased by the losses absorbed on the equity investment in Lifestyle Brands in 2020. In 2022, Lifestyle Brands paid $375,000 of the outstanding loan balance. The proceeds are recorded in net gain from investments in unconsolidated entities on the consolidated statement of operations.

2. Summary of Significant Accounting Policies (continued)

Inventory

Inventory, consisting of food, beverage, retail merchandise, and other non-food items, is stated at the lower of cost or market. Cost is determined using the average cost method.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method and charged to operations over the estimated useful lives of the assets, generally as follows:

Computer hardware and software	2–3 years
Furniture, fixtures, and equipment	3–10 years
Leasehold improvements	5–20 years

Leasehold improvements are amortized over the remaining lease term or the useful life of the asset, whichever is shorter.

Normal repair and maintenance costs are charged to expense as incurred. Renovations, betterments, and major repairs greater than $2,000 that materially extend the lives of assets are capitalized and the assets replaced, if any, are retired. Upon the sale or retirement of property and equipment, the accounts are relieved of the cost and the related accumulated depreciation and amortization, and any resulting gain or loss is included in the results of operations.

Intangibles

Intangible assets relate to purchased trade names and website domains. Intangibles are not considered to have a limited useful life and, therefore, are not subject to amortization. Federal trademarks are renewed every ten years and renewal costs are expensed as incurred. The Company assesses the recoverability of its intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company did not recognize impairment of its intangible assets during the years ended December 31, 2022 or 2021.

2. Summary of Significant Accounting Policies (continued)

Contract Assets and Contract Liabilities

Contract costs are deferred incremental costs associated with obtaining a new licensing agreement. A contract asset and contract liability are recorded at the time the agreement is executed or once conditional circumstances are met. Contract assets are only recorded in instances in which the Company expects to recover the costs through related royalty revenues and the contract term is greater than one year. The costs are deferred over the term of the agreement. The contract liability is relinquished as payments for the costs are made.

Advertising

The costs of public event sponsorship, ticket, and merchandise promotion materials are charged to operations in the year incurred. Advertising expenses totaled $1,610,945 and $1,648,973 for the years ended December 31, 2022 and 2021, respectively, and are included in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

Income Taxes (Business Taxes and Foreign Holdings)

The Company, for federal income tax purposes, is treated as a partnership and is, therefore, not subject to state or federal income taxes. The Company's owners are liable for their respective share of taxable income reported by the Company.

The Company pays state franchise, business operation, and other taxes related to the operations of its business. These taxes are recorded in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

The Company is subject to foreign withholding taxes on royalties received from franchisees in certain foreign jurisdictions. Additionally, the Company is liable for certain state and federal income taxes that are excluded from partnership treatment for tax purposes. These are reported by the Company as income tax expense on the accompanying consolidated statements of operations.

There is no liability for uncertain income tax positions; however, should such liabilities arise in the future, the Company will recognize interest and penalties associated with uncertain tax positions as part of its income tax provisions.

2. Summary of Significant Accounting Policies (continued)

Sales Taxes

Revenues collected from the sale of merchandise and food and beverages are reported net of sales tax on the accompanying consolidated statements of operations. The Company considers itself an agent as the amounts collected are passed through to the applicable taxing authorities.

Concentrations of Credit Risk

At various times throughout the years ended December 31, 2022 and 2021, cash balances held at financial institutions were in excess of federally insured limits. The Company believes no significant concentration of risk exists with respect to these balances.

Management Equity Incentive Plans

For purposes of calculating the stock-based compensation expense, fair value of the awards is estimated at date of the grant using the Black-Scholes simulation model under the option-pricing method and the cost is amortized over the vesting period. This model incorporates various assumptions, including equity value, volatility, time to liquidity, risk-free rates, and expected dividends. Although the assumptions used reflect management's best estimates, they involve assumptions based on market conditions generally outside of the control of the Company.

The fair value of awards with only a service condition granted, modified, or settled is recognized on a straight-line basis over the applicable vesting period as stock-based compensation expense in selling, general, and administrative expenses on the consolidated statements of operations and membership interests within partners' deficit on the consolidated balance sheets.

Estimates

Accounting principles generally accepted in the United States (U.S. GAAP) require that management make estimates and assumptions in preparing the Company's consolidated financial statements. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from the estimates, and such differences could be material.

2. Summary of Significant Accounting Policies (continued)

Long-Lived Assets

The Company periodically assesses whether its long-lived assets owned and used are impaired whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors considered include, but are not limited to, significant underperformance relative to expected historical or projected future operating results; significant negative industry or economic trends; and significant changes in legal factors or in the business climate. The assessment of impairment is performed on a location-by-location basis. Recoverability is assessed by comparing the carrying value of the asset to the undiscounted cash flows expected to be generated by the asset. This assessment process requires the use of estimates and assumptions regarding future cash flows and estimated useful lives, which are subject to a significant degree of judgment. If management determines that the carrying value of the asset exceeds the fair value of the restaurant assets, an impairment charge is recorded to reduce the carrying value of the asset to its fair value.

Recent Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which updates the existing guidance on accounting for leases. This standard update intends to increase transparency and improve comparability by requiring entities to recognize assets and liabilities on the balance sheet for all leases, with certain exceptions. In addition, through improved disclosure requirements, the standard update will enable users of financial statements to further understand the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted ASU 2016-02 in its consolidated financial statements on January 1, 2022, using the modified retrospective approach and recognized a $68,036 cumulative effect adjustment to the opening balance of Partner's deficit, refer to Note 11 for additional details. The Company applied ASU 2016-02 to leases that were not completed as of January 1, 2022. Financial results for the 12 months ended December 31, 2021, have not been revised and are reported under the accounting standards in effect during that period.

2. Summary of Significant Accounting Policies (continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. The FASB issued ASUs 2018-19, 2019-04, 2019-05, 2019-10, 2019-11, and 2020-03, which all clarified implementation guidance. Effective for fiscal years beginning after December 15, 2022, earlier application is permitted. The Company is currently evaluating the impact that this ASU will have on its consolidated financial statements and related disclosures.

3. Venue Sales

On December 1, 2013, the Company entered into an agreement to sell certain venues, including domestic licensing rights (first right of refusal), in perpetuity, to International Meal Company, Inc. to operate several pre-existing restaurants. Additionally, the sale applied to venue and expansion units that were not opened at the time of the sale. The last expansion unit opened in Atlanta, GA, on June 24, 2022. The purchase price, calculated as a multiple of the venues' earnings during the first 12 months of operations, is estimated to be $1,902,027. In addition to cash proceeds, the Company will also receive ongoing royalty payments based on each venue's monthly net sales. No venue sales occurred in 2021.

The breakdown of components of the assets sale to IMC for the year ended December 31, 2022, is outlined in the table below:

Total purchase price, net of adjustments	$ 1,902,027
Fixed assets	(2,847,174)
Development costs	(2,100,000)
Inventory	(126,279)
Loss on disposal of venue	$ (3,171,426)

Proceeds from the sale are reflected in the notes receivable balance. Notes accrue interest at a rate of 5.75% per annum and are payable quarterly over a seven-year period from closing.

3. Venue Sales (continued)

Components of the notes receivable from the asset sale to IMC are reflected in the table below:

	Short-Term Note Receivable	Long-Term Note Receivable
Year ended December 31, 2022	$ 134,817	$ 1,767,210

Principal payments on the notes receivable approximate:

Year ending December 31:	
2022	$ –
2023	134,817
2024	281,459
2025	297,995
2026	315,503
2027	334,039
Thereafter	538,214

4. Property and Equipment, Net

Property and equipment consisted of the following:

	December 31 2022	2021
Computer hardware and software	**$ 3,821,190**	$ 2,885,938
Furniture, fixtures, and equipment	**2,324,149**	3,142,817
Leasehold improvements	**2,498,842**	2,890,230
Subtotal	**8,644,181**	8,918,985
Less accumulated depreciation	**(5,048,360)**	(3,628,101)
Total	**$ 3,595,821**	$ 5,290,884

Depreciation expense for the years ended December 31, 2022 and 2021, totaled $1,420,259 and $987,329, respectively.

5. Investments in Unconsolidated Entities

Effective February 5, 2018, the Company owns a 3.2% interest in 560 MV Hotel LLC (a resort in New York, New York) and did not have significant influence over the entity. The investment was accounted for at cost under ASC 325-20. The investment account for 560 MV Hotel LLC was $2,000,000 for the years ended December 31, 2022 and 2021.

Effective July 1, 2016, the Company owned a 20% interest in Lifestyle Brands. The Company contributed $1,848,203 and the right to use the brand name in exchange for its ownership interest. Lifestyle Brands was formed to benefit synergies among the consumer products licensing partners, which, in addition to private equity, are also investors in the entity. The Lifestyle Brands Operating Agreement included a clause in which certain financial metrics were to be met during the first two years of operations. These financial metrics were not met, and, as a result, the Company's ownership interest was diluted to 5.43% in 2019. On December 31, 2020, the private equity company divested of its interest in the entity and ownership interest was subsequently increased to 49.9%. In March 2021, the license agreement, brand services agreement, and e-commerce agreement with Lifestyle Brands was terminated; however, it was agreed that the entity would be able to liquidate its remaining inventory. The Company continues to have significant influence over the entity, as it holds a seat on the board and is involved in key business decisions. Therefore, the investment is accounted for using the equity method. The investment account for Lifestyle Brands, LLC was $0 for the years ended December 31, 2022 and 2021.

6. Notes Receivable

As of December 31, 2018, the Company had a note receivable from Biloxi Lodging, LLC (Biloxi). The note was for payment of royalties associated with the Margaritaville Biloxi resort and included an annual interest rate of 5%. The value of the note receivable was $1,824,422. The note and accrued interest were due in full on May 20, 2019. In 2019, due to financial difficulties, the resort failed to make full payment on the note. Biloxi made payments against the note of $472,659 in 2019 and an additional $125,000 in 2020. In 2020, the principal payment date was amended through June 30, 2022. The Company reserved $858,735 (70%) of the outstanding balance in 2019 and the remaining $368,028 in 2020. In 2022, the resort made principal payments against the note totaling $1,226,763. These payments are reflected in selling, general, and administrative costs in the consolidated statements of operations. No payments were made against the note in 2021.

6. Notes Receivable (continued)

On April 19, 2021, the Company executed a promissory note with the Caribbean restaurant license partner that is associated with uncollected receivable balances from 2020 and 2019 in the amount of $637,279. The note bears interest of 2%, paid quarterly, and commences on May 31, 2021. Principal payments commence June 30, 2022, and will be collected alongside interest quarterly over the subsequent two-year period. In November 2022, the note was amended and increased to $1,137,390 to include uncollected accounts receivable balances from 2022 and 2021 and new payment terms. The amended note bears interest of 5%, paid monthly, with principal payments commencing January 2023 through December 2027. The receivable balance is reflected in short- and long-term note receivables in the accompanying consolidated financial statements.

7. Notes Payable

In June 2022, the Company refinanced its debt resulting in a full extinguishment of the prior notes payable and line of credit. The refinanced debt consists of a $160,000,000 debt facility term loan from a lender group, including $105,000,000 in closing date term loans, $50,000,000 in delayed draw term loans, and a $5,000,000 revolving credit loan. The closing date term loans and line of credit both expire in June 2027. The delayed draw is available to be withdrawn from the closing date through the first 27 months of the loan. The term loan agreement requires minimum principal of 1% to be paid each year beginning June 30, 2022. The debt issuance costs related to securing the debt facility approximate $449,152. These costs were amortized fully in 2022. The Company opted to amortize the debt issuance costs in the current year as it was calculated immaterially different from the effective interest method over the remainder of the loan term. The interest rate associated with the debt is 4.75% plus Secured Overnight Financing Rate (SOFR), with a SOFR floor of 1%. The note requires quarterly principal payments of $262,500 and $312,500 in 2022 and 2021, respectively. Additional principal payments of $0 and $5,905,000 were made in each year. The Company used the proceeds of the refinanced debt facility to pay off the previous debt. The company recorded a loss on extinguishment of debt on the prior notes of $4,336,839 in 2022.

Consistent with the previous debt, the new debt facility includes subordinated debt associated with related-party entities. The balance of the related-party note payable was $9,805,332 as of December 31, 2022 and 2021. The subordinated note is owned by select equity holders of the Company and is thus classified as related-party notes payable.

Debt issuance costs, net of amortization, on the accompanying consolidated balance sheets are $0 and $1,895,635 at December 31, 2022 and 2021, respectively.

7. Notes Payable (continued)

As defined in the related credit agreements, the Company is obligated to maintain certain financial covenants, which includes the Maximum Consolidated Leverage Ratio as set forth in the new debt facility term loan agreement. As of December 31, 2022 and 2021, the Company was in compliance with the financial covenants in effect as of those dates.

Debt consists of the following:

	December 31	
	2022	**2021**
Note payable to financial institution	**$ 104,212,500**	$ 103,779,889
Line of credit	**–**	–
Related-party subordinated note	**9,805,332**	9,805,332
Total notes payable	**114,017,832**	113,585,221
Less current portion	**1,050,000**	1,250,000
Less notes payable, related parties	**9,805,332**	9,805,332
Less debt issuance costs	**–**	1,895,635
Total notes payable, less current portion and related parties	**$ 103,162,500**	$ 100,634,254

Interest expense on the notes payable was $7,609,371 and $9,858,267 for the years ended December 31, 2022 and 2021, respectively. Interest expense on the subordinated related-party note was $710,658 and $770,263 for the years ended December 31, 2022 and 2021, respectively. Debt issuance cost amortization was $449,152 and $1,338,094 for the years ended December 31, 2022 and 2021, respectively.

The debt facility requires annual principal payments of $1,050,000 through 2027, when the remaining principal is due in full.

8. Related-Party Transactions

Related-party transactions consist of expenses and expense reimbursements to and from shareholders in the Company. These balances are reflected in the accounts payable due to related parties and the due from related parties balances on the consolidated balance sheets.

Additionally, a portion of the note was funded by related-party entities. See Note 7 for further details on notes payable.

9. Gift Card Program

In 2013, the Company implemented a national gift card program applicable to all Margaritaville Cafes, Landshark Bar and Grill, retail stores, and e-commerce sales through Margaritaville.com. Gift cards can be purchased and redeemed online, as well as at most U.S. Margaritaville locations. The Company recognizes breakage when redemption is remote. The Company recognized gift card breakage of $0 and $119,801 for the years ended December 31, 2022 and 2021, respectively. Gift card breakage is included in other revenue on the accompanying consolidated statements of operations.

10. Commitments and Contingencies

Legal

The Company is subject to legal proceedings, claims, and liabilities that arise in the ordinary course of business. In the opinion of management, after consulting with legal counsel, the amount of the ultimate liability with respect to these actions will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

11. Operating Leases

The Company leases property for administrative offices. These leases range in duration from month to month to seven years. The Company does not have any financing leases.

The Company adopted ASC 842 in 2022 using the modified retrospective transition method. The Company determines whether a contract contains a lease at contract inception. The Company excludes leases that have a duration of 12 months or less. This election is made by class of underlying asset and was elected for leases of administrative offices and the restaurant space. Right-of-use (ROU) assets and lease liabilities are measured based on the estimated present

11. Operating Leases (continued)

value of lease payments over the lease term. In determining the present value of lease payments, we use our estimated incremental borrowing rate at the lease commencement date unless the lease provides an implicit or explicit interest rate. The incremental borrowing rate for the year ended December 31, 2022, is 7.48%.

Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease costs are recognized as incurred. The Company's lease expense for the years ended December 31, 2022 and 2021, was $981,953 and $950,683, respectively. Lease expense is included in selling, general, and administrative expenses on the accompanying consolidated statements of operations. The Company's lease payments for the years ended December 31, 2022 and 2021, were $987,678 and 973,319, respectively, which are included within operating activities in the consolidated statements of cash flows.

The following is a schedule of minimum payments for all operating leases:

Year ending December 31:	
2023	$ 580,260
2024	330,461
2025	19,553
	930,274
Less imputed interest	(2,286)
Lease liability	$ 927,988

Certain leases include standard renewal and termination options available at the Company's discretion. The Company only includes renewal options in the ROU asset and lease liability if it is reasonably certain that the Company will exercise such options. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In 2017, the Company engaged in a sub-lease of its vacant New York, New York, office lease. The sub-lease commenced in July 2017 at a monthly base rent of $34,760, with annual rent escalations of 3% through April 30, 2023. Sub-lease rental income of $510,999 and $479,863 was recorded for the years ended December 31, 2022 and 2021, respectively, and is included in other revenue on the consolidated statements of operations. Minimum future rentals, which approximate $175,000, are not included in the lease obligations table above.

12. Management Equity Incentive Plan (MEIP)

The Company adopted the first MEIP (MEIP I or Class B shares), with an effective date of July 20, 2016, and the second (MEIP II or Class C shares), with an effective date of June 29, 2022. The purpose of the MEIPs is to provide eligible participants with an opportunity to receive grants of profits interests of the Company designated as management units. The award of management units pursuant to the MEIP is intended to compensate employees of the Company and its subsidiaries. The participants in the MEIP, as a group, are eligible to participate in the fair value gain over the initial investment made in the Company once certain specified Company benchmarks have been achieved. Grants of the aggregate number of management units (the Units) that may be issued or transferred under the MEIP are determined from time to time by the Board of Directors, (the Board) of the Company, subject to the conditions and limitations set forth in the Company's Operating Agreement. The Company may grant awards to eligible participants, upon such terms and conditions as the Board shall determine, and as set forth by the Board in an award agreement.

Activity relating to the MEIP I Units granted and forfeited is as follows:

	MEIP I Fair Value	MEIP II Fair Value
Outstanding as of December 31, 2020	$ 2,666,239	$ –
Granted/vested	–	–
Forfeited/redeemed	–	–
Outstanding as of December 31, 2021	2,666,239	–
Granted/vested	–	**1,706,166**
Forfeited/redeemed	–	–
Outstanding as of December 31, 2022	**$ 2,666,239**	**$ 1,706,166**

The Company uses the Black-Scholes simulation model under the option-pricing method to value the Units. This model incorporates various assumptions, including equity value, volatility, time to liquidity, risk-free rates, and expected dividends.

12. Management Equity Incentive Plan (MEIP) (continued)

The fair value of the MEIP I and II Units for purposes of determining compensation expense was estimated on the grant date using the following assumptions:

	MEIP I	MEIP II
Expected time to liquidity (in years)	3	5
Estimated equity volatility	30.00%	30.00%
Risk-free rate	1.47%	2.79%
Dividend rate	0.00%	0.00%

The Company estimated the expected time to a liquidity event, as defined below, for the Units and estimated the volatility based upon the volatility observed for certain guideline companies and considering the Company's expected financial leverage. The yield on treasury notes with maturities closest to the expected time to the liquidity event, as defined, was used. The Company does not intend to pay dividends in the foreseeable future and, accordingly, used a dividend rate of zero in the simulation model.

The Class B units are fully vested. The Class C shares have a service-based component for vesting, vesting monthly on a straight-line basis over five years. The Company recorded $1,706,166 of compensation expense for the year ended December 31, 2022. The Class B and C units entitle recipients to receive a share of future profits and appreciation in the Company that accrue above a Hurdle Amount upon a Company Transaction. A Company Transaction is defined in the MEIPs as the sale of the Company, a liquidity event, a qualified IPO, or the dissolution of the Company.

As of December 31, 2022 and 2021, the total unrecognized compensation cost related to the non-vested Class C units is $15,355,492 and $0, respectively. All Class B compensation cost was recognized in previous years.

In addition to the issuance of Class C shares, Class A shares were also redeemed and issued in 2022. The impact of the Class A change in ownership resulted in adjusted paid in capital of $3,764,000 and equity transaction costs of $8,503,316, which are reflected in partners' deficit in the consolidated balance sheet.

13. Retirement Plan

Employees are eligible to receive benefits under the 401(k) retirement plan of the Company. Participation in the plan is voluntary. Employees are eligible to enroll after one year of continuous service (minimum 1,000 hours worked) and if they are age 21 or older. Enrollment occurs twice per year in January and July. The Company provides a statutory matching contribution equal to 100% of all participant contributions up to the first 3% of compensation and 50% of participants' contributions up to the next 2%. Participants are immediately vested in their salary deferral contributions and matching contributions plus actual earnings thereon. The Company's matching contributions were $327,840 and $299,773 for the years ended December 31, 2022 and 2021, respectively.

14. Subsequent Events

The Company has evaluated subsequent events through April 20, 2023, which represents the date the accompanying consolidated financial statements were available to be issued. Subsequent events occurring after April 20, 2023, have not been evaluated by management.

No material events have occurred since December 31, 2022, that require recognition or disclosure in the consolidated financial statements.

Supplementary Information

2303-4200066

Margaritaville Holdings LLC

Other Financial Information (Unaudited)

December 31, 2022

Prior Shareholders

In 2014, the Company's ownership structure changed to include a minority interest of a private equity investment. Amendments were made to the Operating Agreement stipulating that only the ownership group existing at the time of the venue sales, that is the Prior Shareholders, are entitled to the proceeds or distributions arising from the transaction. Accordingly, the Company records these transactions separately from the other ongoing business activities. The breakdown of these internal component segments is presented in the tables below.

Consolidated Balance Sheets by Segment 2022 and 2021

	2022			2021		
	Brand Company	Prior Shareholders	Consolidated	Brand Company	Prior Shareholders	Consolidated
Assets						
Current assets:						
Cash	$ 6,861,080	$ 667,581	$ 7,528,661	$ 6,776,236	$ 4,425,547	$ 11,201,783
Accounts receivable	16,100,239	25,678	16,125,917	10,129,167	–	10,129,167
Due from related parties	5,394	–	5,394	27,902	–	27,902
Short-term notes receivable	227,478	134,817	362,295	185,873	–	185,873
Short-term notes receivable – employees	–	–	–	7,900	–	7,900
Short-term contract asset	260,728	–	260,728	169,816	–	169,816
Inventory	295,328	–	295,328	226,879	–	226,879
Prepaid and other assets	2,066,984	–	2,066,984	1,566,303	620,000	2,186,303
Total current assets	25,817,231	828,076	26,645,307	19,090,076	5,045,547	24,135,623
Contract assets, less current portion	2,853,989	–	2,853,989	1,454,887	–	1,454,887
Investment in unconsolidated entities	2,000,000	–	2,000,000	2,000,000	–	2,000,000
Property and equipment, net	3,595,821	–	3,595,821	3,842,837	1,448,047	5,290,884
Intangible assets	122,140	–	122,140	122,140	–	122,140
Right-of-use asset	946,878	–	946,878	–	–	–
Long-term note receivable	909,912	1,767,210	2,677,122	451,406	–	451,406
Long-term note receivable – employees	–	961,586	961,586	–	827,790	827,790
Restricted cash	288,995	–	288,995	288,957	–	288,957
Total assets	$ 36,534,966	$ 3,556,872	$ 40,091,838	$ 27,250,303	$ 7,321,384	$ 34,571,687
Liabilities and partners' (deficit) equity						
Current liabilities:						
Accounts payable and accrued expenses	$ 8,035,407	$ 695,108	$ 8,730,515	$ 6,499,305	$ 490,941	$ 6,990,246
Accounts payable due to related parties	10,699	–	10,699	12,912	–	12,912
Contract liabilities	50,000	–	50,000	115,831	–	115,831
Current portion of tenant allowance	–	–	–	30,258	–	30,258
Deferred revenue	4,595,494	–	4,595,494	4,482,739	–	4,482,739
Lease liability	580,262		580,262	–	–	–
Current portion of notes payable	1,050,000	–	1,050,000	1,250,000	–	1,250,000
Total current liabilities	14,321,862	695,108	15,016,970	12,391,045	490,941	12,881,986
Accrued expenses, less current portion	487,243	1,895,833	2,383,076	524,878	–	524,878
Contract liabilities, less current portion	222,534	–	222,534	119,045	–	119,045
Tenant allowance, less current portion	–	–	–	14,358	–	14,358
Deferred revenue, less current portion	17,348,211	–	17,348,211	16,654,058	–	16,654,058
Lease liability, less current portion	347,726	–	347,726	–	–	–
Notes payable, related parties	9,805,332	–	9,805,332	9,805,332	–	9,805,332
Notes payable, less current portion	103,162,500	–	103,162,500	100,634,254	–	100,634,254
Deferred rent	–	–	–	68,036	–	68,036
Total liabilities	145,695,408	2,590,941	148,286,349	140,211,006	490,941	140,701,947
Total partners' (deficit) equity	(109,160,442)	965,931	(108,194,511)	(112,960,703)	6,830,443	(106,130,260)
Total liabilities and partners' (deficit) equity	$ 36,534,966	$ 3,556,872	$ 40,091,838	$ 27,250,303	$ 7,321,384	$ 34,571,687

Margaritaville Holdings LLC

Other Financial Information (Unaudited) (continued)

A reconciliation of Brand Company net income to consolidated net income is below.

	Year Ended December 31 2022	2021
Brand Company net income	**$ 11,108,345**	$ 6,354,595
Prior shareholder activity:		
Selling, general, and administrative costs	**(852,561)**	(35,472)
Loss on sale of venues	**(3,171,426)**	–
Interest income	**159,474**	–
Gain on settlements	**–**	100,000
Consolidated net income	**$ 7,243,832**	$ 6,419,123

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

ey.com

Consolidated Financial Statements and Supplementary Information

Margaritaville Holdings LLC
Years Ended December 31, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

Margaritaville Holdings LLC

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2021 and 2020

Contents

Building a better
working world

Ernst & Young LLP
Suite 2800
200 South Orange Avenue
Orlando, Florida 32801

Tel: +1 407 872 6600
ey.com

Report of Independent Auditors

The Partners
Margaritaville Holdings LLC

Opinion

We have audited the accompanying consolidated financial statements of Margaritaville Holdings LLC and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2021, and 2020, and the related consolidated statements of operations, changes in partners' deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2021 and 2020, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Other Information

Management is responsible for the other information. The Other Financial Information on pages 25 and 26 is presented for purposes of additional analysis but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst + Young LLP

April 5, 2022

Margaritaville Holdings LLC

Consolidated Balance Sheets

	December 31 2021	December 31 2020
Assets		
Current assets:		
Cash	**$ 11,201,783**	$ 8,607,329
Accounts receivable	**10,129,167**	8,934,129
Due from related parties	**27,902**	2,920
Short-term notes receivable	**185,873**	–
Short-term notes receivable – employees	**7,900**	23,600
Short-term contract asset	**169,816**	144,160
Inventory	**226,879**	177,002
Prepaid and other assets	**2,186,303**	2,471,606
Total current assets	**24,135,623**	20,360,746
Contract assets, less current portion	**1,454,887**	1,256,965
Investments in unconsolidated entities	**2,000,000**	2,000,000
Property and equipment, net	**5,290,884**	2,887,671
Intangible assets	**122,140**	96,926
Long-term notes receivable	**451,406**	–
Long-term notes receivable – employees	**827,790**	827,790
Restricted cash	**288,957**	288,460
Total assets	**$ 34,571,687**	$ 27,718,558
Liabilities and partners' deficit		
Current liabilities:		
Accounts payable and accrued expenses	**$ 6,990,246**	$ 3,287,738
Accounts payable due to related parties	**12,912**	–
Contract liabilities	**115,831**	263,183
Current portion of tenant allowance	**30,258**	31,571
Deferred revenue	**4,482,739**	1,725,434
Current portion of notes payable	**1,250,000**	1,250,000
Total current liabilities	**12,881,986**	6,557,926
Accrued expenses, less current portion	**524,878**	595,221
Contract liabilities, less current portion	**119,045**	88,040
Tenant allowance, less current portion	**14,358**	44,617
Deferred revenue, less current portion	**16,654,058**	–
Notes payable, related parties	**9,805,332**	9,805,332
Notes payable, less current portion	**100,634,254**	111,451,160
Deferred rent	**68,036**	132,931
Total liabilities	**140,701,947**	128,675,227
Total partners' deficit	**(106,130,260)**	(100,956,669)
Total liabilities and partners' deficit	**$ 34,571,687**	$ 27,718,558

See accompanying notes.

Margaritaville Holdings LLC

Consolidated Statements of Operations

	Year Ended December 31	
	2021	**2020**
Revenues		
Restaurant and retail merchandise sales	**$ 6,256,377**	$ 4,355,499
Restaurant royalties	**7,129,393**	3,877,352
Resort royalties	**19,786,011**	14,284,491
Residential and timeshare royalties	**15,274,518**	12,834,391
Consumer products royalties	**4,887,758**	4,258,669
Other revenue	**4,090,652**	3,740,716
Total revenues	**57,424,709**	43,351,118
Operating expenses		
Cost of restaurant and retail merchandise sales	**1,588,876**	1,130,970
Selling, general, and administrative	**37,130,718**	28,742,160
Depreciation	**987,329**	933,856
Total operating expenses	**39,706,923**	30,806,986
Income from operations	**17,717,786**	12,544,132
Other income (expenses)		
Net loss from investments in unconsolidated entities	**–**	(366,166)
Net loss on sale of venues and investments in unconsolidated entities	**–**	(291,416)
Net gain on settlements	**100,000**	–
Interest income	**87,375**	566,731
Interest expense	**(11,196,363)**	(11,628,977)
Net income before income taxes	**6,708,798**	824,304
Income taxes	**289,675**	543,755
Net income from continuing operations	**6,419,123**	280,549
Income from discontinued operations	**–**	505,865
Net income	**$ 6,419,123**	$ 786,414

See accompanying notes.

Margaritaville Holdings LLC

Consolidated Statements of Changes in Partners' Deficit

		Partners' Deficit
Balance at December 31, 2019	$	(97,149,456)
Contributions		–
Distributions paid		(4,593,627)
Distributions payable		–
Class B interest		–
Net income for the year ended December 31, 2020		786,414
Balance at December 31, 2020		(100,956,669)
Contributions		**–**
Distributions paid		**(11,592,714)**
Distributions payable		**–**
Class B interest		**–**
Net income for the year ended December 31, 2021		**6,419,123**
Balance at December 31, 2021	**$**	**(106,130,260)**

See accompanying notes.

Margaritaville Holdings LLC

Consolidated Statements of Cash Flows

	Year Ended December 31 2021	2020
Operating activities		
Net income	**$ 6,419,123**	$ 786,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**987,329**	933,856
Amortization of debt issue costs	**1,338,094**	1,275,241
Amortization of tenant incentive allowance	**(31,570)**	(45,996)
Net loss from unconsolidated entities	**–**	657,582
Changes in operating assets and liabilities:		
Accounts receivable	**(1,195,038)**	1,330,003
Receivables from related parties	**(24,982)**	573,676
Inventory	**(49,877)**	28,269
Contract assets	**(223,578)**	29,012
Prepaid and other assets	**285,303**	91,810
Accounts payable and accrued expenses	**3,632,165**	(2,113,901)
Payable to related parties	**12,912**	(17,684)
Contract liabilities	**(116,347)**	(89,175)
Deferred revenue	**19,411,363**	471,897
Deferred rent	**(64,895)**	(49,431)
Contribution from discontinued operations	**–**	900,757
Net cash provided by operating activities	**30,380,002**	4,762,330
Investing activities		
Collection of principal on notes receivable	**–**	6,339,337
Notes receivable	**(637,279)**	–
Capital expenditures	**(3,415,757)**	(574,539)
Sale of Hollywood resort investment	**–**	158,584
Receivables from employees	**15,700**	(16,100)
Net cash (used in) provided by investing activities	**(4,037,336)**	5,907,282
Financing activities		
Distributions to partners	**(11,592,714)**	(8,524,815)
Principal payments on notes payable	**(12,155,001)**	(1,826,440)
Borrowings on notes payable	**–**	5,000,000
Payments of finance costs	**–**	(1,225,667)
Net cash used in financing activities	**(23,747,715)**	(6,576,922)
Net increase in cash	**2,594,951**	4,092,690
Cash and restricted cash:		
Beginning of year	**8,895,789**	4,803,099
End of year	**$ 11,490,740**	$ 8,895,789
Supplement disclosure of cash flows		
Interest paid	**$ 9,858,267**	$ 10,353,722
Non-cash investing activities		
Notes receivable conversion to/ from accounts receivable	**$ 637,279**	$ 1,400,885
Reduction to notes receivable from related-party due to loss from investment	**$ –**	$ 352,376

See accompanying notes.

1. Description of the Company

Margaritaville Holdings LLC (the Company) was formed on September 5, 1997, under the laws of the State of Delaware. Affairs of the Company are governed by its Operating Agreement (the Operating Agreement). Company income and losses are allocated in accordance with the Operating Agreement. The Company shall be indefinite in duration, subject to the provisions for termination in the Operating Agreement. The Company licenses or operates a chain of Margaritaville and LandShark restaurants, which include retail stores, licensed resorts, residential developments, and casinos themed after the lifestyle of Jimmy Buffett. There are Margaritaville venues in the United States, Mexico, Canada, the Caribbean, Puerto Rico, the Dominican Republic, Costa Rica, and Panama. The Company also licenses its brands to various companies in the consumer products, timeshare, cruise ship, and food industries.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries, Margaritaville Enterprises, LLC; Margaritaville of Myrtle Beach, LLC; and Margaritaville Las Vegas, LLC. Margaritaville Enterprises, LLC is comprised of 69 subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

The Company has investments in unconsolidated entities. The Company does not control these entities and uses the equity or cost method to account for these investments. For equity investments, the Company records its share of the income or loss from each entity in the fiscal year in which each entity’s year-end occurs. Investments are tested for other than temporary impairment (OTTI) annually. Refer to Note 5 for further explanation of these investments in unconsolidated entities.

Fiscal Year-End

The Company reports results of operations on a calendar-year basis.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized when the earnings process is complete. This is considered to have occurred when persuasive evidence of an agreement between the Company and the customer exists, when the name is freely and immediately exploitable by the licensee and the Company has satisfied its obligations under the agreement, when the amount of revenue is fixed or determinable, and when collection of unpaid revenue amounts is probable.

Restaurant and Retail Merchandise Sales

Revenue is earned and recognized at the point of sale, net of any discounts.

Restaurant Royalties

Licensing restaurant royalties are received from the operators of restaurants and bars located in the United States, Canada, the Caribbean, Mexico, Puerto Rico, and Panama. These royalties are calculated based on gross sales and are recognized in the period earned.

Resort Royalties

Licensing resort royalties are received from the operators of resorts located in the United States, the Caribbean, the Dominican Republic, Costa Rica, and Mexico. These royalties are calculated based on gross sales and are recognized in the period earned.

Consumer Product Royalties

Licensing fees are received from entities that have contracted with the Company for the limited right to use Margaritaville brand names. The names are used by other retailers and manufacturers in the sales and marketing of various consumer products and services. Fees are calculated based on net sales; gross profit; earnings before interest, taxes, depreciation, and amortization (EBITDA); or volume of products sold, as defined in each respective agreement. Minimum payments of licensing fees collected in advance of the earnings process being complete are recorded as deferred revenue.

2. Summary of Significant Accounting Policies (continued)

Residential and Timeshare Royalties

Licensing royalties are earned on permanent dwelling and vacation home sales in Margaritaville themed housing communities throughout the United States. The royalties are calculated as a percentage of the purchase price and recognized once the home sales have closed. The Company also earns royalties associated with the sale of timeshare units in the United States and the Caribbean. These royalties are paid as the timeshare units are sold.

Other Revenues

Other revenues consist of earnings derived from activities outside the Company's core operations. Sub-lease rental income, reimbursed expenses from partners, reservation system revenues, exclusivity fees, Paycheck Protection Program forgiveness, and gift card breakage are all reflected in this grouping.

Cost of Restaurant and Retail Merchandise Sales

Costs of restaurant and retail merchandise sales consist of food, beverage, and retail merchandise sales.

Deferred Revenue

Amounts received in advance of the period earned are recorded as a liability under deferred revenue on the accompanying consolidated balance sheets.

Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Company classifies cash equivalents that are restricted as to use for a particular purpose as restricted cash.

The restricted cash balance in 2021 and 2020 is a deposit held for a letter of credit for the Company's New York office lease.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are recorded when the revenue is recognized, as defined above. The Company records an allowance for certain receivables when there are collectability concerns. The Company recorded an allowance for doubtful accounts of $65,000 and $514,414 in 2021 and 2020, respectively. The Company wrote off $0 in receivables in 2021 and $244,022 in receivables in 2020.

Notes Receivable

Notes receivable relate to receivables from the Margaritaville Biloxi resort and from the Caribbean restaurant locations. The Company records an allowance for certain notes receivable when there are collectability concerns. An allowance was recorded against the Biloxi note receivable in 2021 and 2020; refer to Note 6 for details. No allowance was recorded against the Caribbean note as of December 31, 2021 or 2020.

Notes Receivable From Employees

Notes receivable from employees are recorded when the loan is made. Notes receivable from employees primarily relate to cash advances bearing an interest rate of 2% to 5% and mature in 2025. No allowance for notes receivable from employees was recorded as of December 31, 2021 or 2020.

Notes Receivable From Related Party

Notes receivable from related party relate to a loan the Company extended to Lifestyle Brands, LLC (Lifestyle Brands), a related party. The loan balance was $0 as of December 31, 2021 and 2020, bears an annual interest rate of 11% and matures in 2021. The notes decreased by the losses absorbed on the equity investment in Lifestyle Brands of $0 in 2021 and $352,376 in 2020.

Inventory

Inventory, consisting of food, beverage, retail merchandise, and other non-food items, is stated at the lower of cost or market. Cost is determined using the average cost method.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method and charged to operations over the estimated useful lives of the assets, generally as follows:

Computer software	2-3 years
Furniture, fixtures, and equipment	3–10 years
Leasehold improvements	5–20 years

Leasehold improvements are amortized over the remaining lease term or the useful life of the asset, whichever is shorter.

Normal repair and maintenance costs are charged to expense as incurred. Renovations, betterments, and major repairs greater than $2,000 that materially extend the lives of assets are capitalized and the assets replaced, if any, are retired. Upon the sale or retirement of property and equipment, the accounts are relieved of the cost and the related accumulated depreciation and amortization, and any resulting gain or loss is included in the results of operations.

Intangibles

Intangible assets relate to purchased tradenames and website domains. Intangibles are not considered to have a limited useful life and therefore are not subject to amortization. Federal trademarks are renewed every 10 years and renewal costs are expensed as incurred. The Company assesses the recoverability of its intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company did not recognize impairment of its intangible assets during the years ended December 31, 2021 or 2020.

2. Summary of Significant Accounting Policies (continued)

Contract Assets and Contract Liabilities

Contract costs are deferred incremental costs associated with obtaining a new licensing agreement. A contract asset and contract liability are recorded at the time the agreement is executed. Contract assets are only recorded in instances in which the Company expects to recover the costs through related royalty revenues and the contract term is greater than one year. The costs are deferred over the term of the agreement. The contract liability is relinquished as payments for the costs are made.

Advertising

The costs of public event sponsorship, ticket, and merchandise promotion materials are charged to operations in the year incurred. Advertising expenses totaled $1,648,973 and $666,410 for the years ended December 31, 2021 and 2020, respectively, and are included in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

Income Taxes (Business Taxes and Foreign Holdings)

The Company, for federal income tax purposes, is treated as a partnership and is, therefore, not subject to state or federal income taxes. The Company's owners are liable for their respective share of taxable income reported by the Company.

The Company pays state franchise, business operation, and other taxes related to the operations of its business. These taxes are recorded in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

The Company is subject to foreign withholding taxes on royalties received from franchisees in certain foreign jurisdictions. Additionally, the Company is liable for certain state and federal income taxes that are excluded from partnership treatment for tax purposes. These are reported by the Company as income tax expense on the accompanying consolidated statements of operations.

There is no liability for uncertain income tax positions; however, should such liabilities arise in the future, the Company will recognize interest and penalties associated with uncertain tax positions as part of its income tax provisions.

2. Summary of Significant Accounting Policies (continued)

Sales Taxes

Revenues collected from the sale of merchandise and food and beverages are reported net of sales tax on the accompanying consolidated statements of operations. The Company considers itself an agent as the amounts collected are passed through to the applicable taxing authorities.

Concentrations of Credit Risk

At various times throughout the years ended December 31, 2021 and 2020, cash balances held at financial institutions were in excess of federally insured limits. The Company believes no significant concentration of risk exists with respect to these balances.

Management Equity Incentive Plan

For purposes of calculating the stock-based compensation expense, fair value of the awards is estimated at date of the grant using the Black-Scholes simulation model under the option-pricing method and the cost is amortized over the vesting period. This model incorporates various assumptions, including equity value, volatility, time to liquidity, risk-free rates, and expected dividends. Although the assumptions used reflect management's best estimates, they involve assumptions based on market conditions generally outside of the control of the Company.

The fair value of awards with only a service condition granted, modified or settled is recognized on a straight-line basis over the applicable vesting period as stock-based compensation expense in selling, general, and administrative expenses on the consolidated statements of operations and membership interests within partners' deficit on the consolidated balance sheets.

Estimates

Accounting principles generally accepted in the United States (U.S. GAAP) require that management make estimates and assumptions in preparing the Company's consolidated financial statements. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from the estimates, and such differences could be material.

2. Summary of Significant Accounting Policies (continued)

Long-Lived Assets

The Company periodically assesses whether its long-lived assets owned and used are impaired whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors considered include, but are not limited to, significant underperformance relative to expected historical or projected future operating results; significant negative industry or economic trends; and significant changes in legal factors or in the business climate. The assessment of impairment is performed on a location-by-location basis. Recoverability is assessed by comparing the carrying value of the asset to the undiscounted cash flows expected to be generated by the asset. This assessment process requires the use of estimates and assumptions regarding future cash flows and estimated useful lives, which are subject to a significant degree of judgment. If management determines that the carrying value of the asset exceeds the fair value of the restaurant assets, an impairment charge is recorded to reduce the carrying value of the asset to its fair value.

Paycheck Protection Program

In July 2020, the Company applied for and received a Paycheck Protection Program (PPP) loan with the U.S. Small Business Administration (SBA) office in the amount of $1,215,908. The Company elected to account for the proceeds as akin to government grant income. As a result, the Company recorded the entire amount received in other revenue on the consolidated statement of operations during 2020, the period in which eligible expenses were incurred. The loan was forgiven in July 2021.

Recent Accounting Standards

In October 2020, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2020-10, *Codification Improvements*. The ASU includes changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification; however, the ASU does not change U.S. GAAP and, therefore, is not expected to result in a significant change in practice or create significant administrative cost to most entities. For nonpublic entities, the ASU is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application of the amendments in this update is permitted for public business entities for any annual or interim period for which financial statements have not been issued. For all other entities, early application

2. Summary of Significant Accounting Policies (continued)

of the amendments is permitted for any annual or interim period for which financial statements are available to be issued. The amendments in this update should be applied retrospectively. An entity should apply the amendments at the beginning of the period that includes the adoption date. The Company is currently evaluating the impact that this ASU will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will update the existing guidance on accounting for leases. This standard update intends to increase transparency and improve comparability by requiring entities to recognize assets and liabilities on the balance sheet for all leases, with certain exceptions. In addition, through improved disclosure requirements, the standard update will enable users of financial statements to further understand the amount, timing, and uncertainty of cash flows arising from leases. This standard update is effective for the Company beginning after December 15, 2021. The Company is currently evaluating the impact that this ASU will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. The FASB issued ASUs 2018-19, 2019-04, 2019-05, 2019-10, 2019-11, and 2020-03, which all clarified implementation guidance. Effective for fiscal years beginning after December 15, 2022, earlier application is permitted. The Company is currently evaluating the impact that this ASU will have on its consolidated financial statements and related disclosures.

3. Venue Sales

On December 1, 2013, the Company entered into an agreement to sell certain venues, including domestic licensing rights (first right of refusal), in perpetuity, to IMC to operate several pre-existing restaurants. Additionally, the sale applies to five venues that had not opened as at the time of the agreement. The following expansion units and opening dates have been determined as follows: Destin, Florida (February 2014); Pigeon Forge, Tennessee (June 2014); Syracuse, New York (February 2015); San Antonio, Texas (July 2016); and Atlanta, Georgia (estimated opening summer 2022). These new venues, except for Destin, are to be designed and prepared for opening by the Company and transitioned to IMC on the first day of operations. In addition to cash proceeds, the Company will also receive ongoing royalty payments based on each venue's monthly net revenues.

3. Venue Sales (continued)

The notes receivable balance was paid in full in 2020. A prepayment discount of $450,000 was provided at the time, the balance of which is reflected in the net loss on sale of venues and investments in unconsolidated entities for 2020 on the accompanying consolidated statement of operations.

4. Property and Equipment, Net

Property and equipment consisted of the following as of December 31:

	2021	2020
Computer hardware and software	**$ 2,885,938**	$ 1,634,087
Furniture, fixtures, and equipment	**3,142,817**	1,176,117
Leasehold improvements	**2,890,230**	2,718,239
Subtotal	**8,918,985**	5,528,443
Less accumulated depreciation	**(3,628,101)**	(2,640,772)
Total	**$ 5,290,884**	$ 2,887,671

Depreciation expense for the years ended December 31, 2021 and 2020 totaled $987,329 and $933,856, respectively.

5. Investments in Unconsolidated Entities

Through April 2018, the Company owned a 4.5% interest in MHBR JV, L.P. (a resort in Hollywood, Florida) and did not have significant influence over the entity. The investment was accounted for at cost, under ASC 325-20. In April 2018, the Company sold its interest in the property for $6,237,599 and recognized a net gain on the transaction of $3,665,350. In February 2020, the Company received a final distribution associated with the closeout of the escrow account from the sale in the amount of $158,584. The gain is reflected in the net loss on sale of venues and investments in unconsolidated entities for 2020 on the consolidated statement of operations.

Effective July 1, 2016, the Company owned a 20% interest in Lifestyle Brands. The Company contributed $1,848,203 and the right to use the brand name in exchange for its ownership interest. Lifestyle Brands was formed to benefit synergies among the consumer products licensing partners

5. Investments in Unconsolidated Entities (continued)

which, in addition to private equity, are also investors in the entity. The Lifestyle Brands Operating Agreement included a clause in which certain financial metrics were to be met during the first two years of operations. These financial metrics were not met and, as a result, the Company's ownership interest was diluted to 5.43% in 2019. On December 31, 2020, the private equity company divested of its interest in the entity and ownership interest was subsequently increased to 49.9%. In March 2021, the license agreement, brand services agreement, and e-commerce agreement with Lifestyle Brands was terminated; however, it was agreed that the entity would be able to liquidate its remaining inventory. The Company continues to have significant influence over the entity as it holds a seat on the board and is involved in key business decisions. Therefore, the investment is accounted for using the equity method. The investment account for Lifestyle Brands, LLC was $0 for the years ended December 31, 2021 and 2020.

Effective February 5, 2018, the Company owns a 3.2% interest in 560 MV Hotel LLC (a resort in New York, New York), and did not have significant influence over the entity. The investment was accounted for at cost, under ASC 325-20. The investment account for 560 MV Hotel LLC was $2,000,000 for the years ended December 31, 2021 and 2020.

6. Notes Receivable

As of December 31, 2018, the Company had a note receivable from Biloxi Lodging, LLC (Biloxi). The note was for payment of royalties associated with the Margaritaville Biloxi resort and included an annual interest rate of 5%. The value of the note receivable was $1,824,422. The note and accrued interest were due in full on May 20, 2019. In 2019, due to financial difficulties, the resort failed to make full payment on the note. Biloxi made payments against the note of $472,659 in 2019 and an additional $125,000 in 2020. In 2020, the principal payment date was amended through June 30, 2022. The Company reserved $858,735 (70%) of the outstanding balance in 2019 and the remaining $368,028 in 2020.

On April 19, 2021, the Company executed a promissory note with the Caribbean restaurant license partner that is associated with uncollected accounts receivable balances from 2020 and 2021 in the amount of $637,279. The note bears interest of 2%, paid quarterly and commences on May 31, 2021. Principal payments commence June 30, 2022, and will be collected alongside interest quarterly over the subsequent two-year period. The receivable balance is reflected in short and long-term note receivables in the accompanying consolidated financial statements.

7. Notes Payable

In May 2018, the Company refinanced its debt resulting in a full extinguishment of the prior notes payable and line of credit. The refinanced debt consists of a $130,000,000 debt facility term loan from a lender group, including $125,000,000 in term loans, and a $5,000,000 line of credit. The term loans and revolver both expire in May 2023. The term loan agreement requires minimum principal of 1% to be paid each year beginning September 30, 2018. The debt issuance costs related to securing the debt facility approximate $4,804,836. These costs were deferred on the accompanying consolidated balance sheets and are being amortized to interest expense using the straight-line method over the term of the loan. The Company opted to amortize the debt issuance costs using the straight-line method as it was calculated immaterially different from the effective interest method. The interest rate associated with the debt is 6% plus LIBOR with a LIBOR floor of 1%. The Company used the proceeds of the refinanced debt facility to pay off the previous debt and pay distributions to shareholders.

In March 2020, the Company amended the note in association with the dissolution of the Alcoholic Beverages division (see Note 14). Key amendments to the note include an increase in interest rate of 1% and the subordination of the portion of the original note associated with related-party entities. The balance of the related-party note payable was $9,805,332 as of December 31, 2021 and 2020. The subordinated note is owned by select equity holders of the Company and is thus classified as related-party notes payable. Debt issuance costs associated in securing the amendments totaled $1,225,667. These costs are deferred on the accompanying consolidated balance sheets and are being amortized to interest expense using the straight-line method over the term of the loan. The straight-line method is immaterially different from the effective interest method. The expiration date of the loans was not impacted. Additionally, in March 2020, the Company withdrew the $5,000,000 line of credit.

In December 2021, the Company paid back the $5,000,000 line of credit, as well as an additional $5,905,000 of principal on the note. See the table below for details regarding the terms of the notes payable and line of credit.

Debt issuance costs, net of amortization, on the accompanying consolidated balance sheets are $1,895,635 and $3,233,731 at December 31, 2021 and 2020, respectively.

As defined in the related credit agreements, the Company is obligated to maintain certain financial covenants, which includes the Maximum Consolidated Leverage Ratio as set forth in the new debt facility term loan agreement. As of December 31, 2021 and 2020, the Company was in compliance with the financial covenants in effect as of those dates.

7. Notes Payable (continued)

Debt consists of the following at December 31:

	2021	2020
Note payable to financial institution, collateralized by the assets of the Company, interest of 6% (7% in 2020) plus LIBOR; with a LIBOR floor of 1%. Quarterly pay down of principal of $312,500 (2021 and 2020) plus additional principal payment in 2021 and 2020 of $5,905,000 and $576,440, respectively	**$ 103,779,889**	$ 110,934,891
Line of credit	**–**	5,000,000
Related-party subordinated note	**9,805,332**	9,805,332
Total notes payable	**113,585,221**	125,740,223
Less current portion	**1,250,000**	1,250,000
Less notes payable, related parties	**9,805,332**	9,805,332
Less debt issuance costs	**1,895,635**	3,233,731
Total notes payable, less current portion and related parties	**$ 100,634,254**	$ 111,451,160

Interest expense on the notes payable was $9,858,267 and $9,545,316 for the years ended December 31, 2021 and 2020, respectively. Interest expense on the subordinated related-party note was $770,263 and $808,420 for the years ended December 31, 2021 and 2020, respectively. Debt issuance cost amortization was $1,338,094 and $1,275,241 for the years ended December 31, 2021 and 2020, respectively.

The debt facility requires annual principal payments of $1,250,000 through 2023 when the remaining principal is due in full.

8. Related-Party Transactions

The Company purchases products from Lifestyle Brands, which is a non-consolidated equity method investment of the Company. Purchases primarily consisted of retail inventory, artwork, and creative design. The Company purchased $31,208 and $58,624 from Lifestyle Brands for the years ended December 31, 2021 and 2020, respectively.

8. Related-Party Transactions (continued)

In addition, Lifestyle Brands pays the Company a royalty based on sales and the Company pays Lifestyle Brands a commission based on royalty sales of select merchandise. The Company has a net related-party receivable from Lifestyle Brands of $0 for the years ended December 31, 2021 and 2020. The Company has an allowance against the receivable of $511,835 and $366,798 in the years ended December 31, 2021 and 2020, respectively. These figures are included in the due from related parties balance on the consolidated balance sheets. These balances do not bear interest and do not have maturity dates.

In March 2020, the Company amended the debt facility note that was initially entered into in 2018. A portion of the initial proceeds of the note was funded by related-party entities. When the debt facility was amended, the portion of the note associated with the related parties was subordinated. See Note 7 for further details on notes payable.

9. Gift Card Program

In 2013, the Company implemented a national gift card program applicable to all Margaritaville Cafes, Landshark Bar and Grill, retail stores, and e-commerce sales through Margaritaville.com. Gift cards can be purchased and redeemed online, as well as at most U.S. Margaritaville locations. The Company recognizes breakage when redemption is remote. The Company recognized gift card breakage of $119,801 and $115,564 for the years ended December 31, 2021 and 2020, respectively. Gift card breakage is included in other revenue on the accompanying consolidated statements of operations.

10. Commitments and Contingencies

Legal

The Company is subject to legal proceedings, claims, and liabilities that arise in the ordinary course of business. In the opinion of management, after consulting with legal counsel, the amount of the ultimate liability with respect to these actions will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

11. Operating Leases

As of December 31, 2021, the Company has one remaining operating lease for the restaurant and retail stores. The lease relates to the IMC expansion unit of Atlanta and is made effective on the date on which the venue opens for business. The Company's objective is to assign this lease to IMC upon opening of the new location. The Atlanta lease expires December 31, 2035, and is subject to minimum annual base rent of $600,000. The Company has excluded the estimated $10,850,000 related to the Atlanta lease from the future minimum rental payments schedule below.

The Company also leases property for administrative offices. These leases range in duration from month to month to seven years.

The following is a schedule of minimum payments for all operating leases:

Fiscal year ending:	
2022	$ 902,613
2023	351,485
2024	95,956
Thereafter	–
	$ 1,350,054

Minimum lease payments include, except as otherwise noted above, all leases executed subsequent to year-end and prior to the date of these consolidated financial statements. Total rent expense relating to the Company's operating leases for the years ended December 31, 2021 and 2020, was $950,683 and $933,436, respectively. Rent expense is included in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

In 2017, the Company engaged in a sub-lease of its vacant New York, New York office lease. The sub-lease commenced in July 2017 at a monthly base rent of $34,760, with annual rent escalations of 3% through April 30, 2023. Sub-lease rental income of $479,863 and $475,783 was recorded for the years ended December 31, 2021 and 2020, respectively, and is included in other revenue on the consolidated statements of operations. Minimum future rentals, which would range from approximately $480,000 to $515,000 when factoring in annual rent increases, are not included in the lease obligations table above.

12. Management Equity Incentive Plan (MEIP)

The Company adopted the MEIP, with an effective date of July 20, 2016. The purpose of the MEIP is to provide eligible participants with an opportunity to receive grants of profits interests of the Company designated as management units. The award of management units pursuant to the MEIP is intended to compensate employees of the Company and its subsidiaries. The participants in the MEIP, as a group, are eligible to participate in the fair value gain over the initial investment made in the Company once certain specified Company benchmarks have been achieved. Grants of the aggregate number of management units (the Units) that may be issued or transferred under the MEIP are determined from time to time by the Board of Directors, (the Board) of the Company, subject to the conditions and limitations set forth in the Company's Operating Agreement. The Company may grant awards to eligible participants, upon such terms and conditions as the Board shall determine, and as set forth by the Board in an award agreement.

Activity relating to the MEIP Units granted and forfeited during fiscal 2020 and 2021 is as follows:

	Fair Value
Outstanding as of December 31, 2019	$ 2,666,239
Granted/vested	–
Forfeited/redeemed	–
Outstanding as of December 31, 2020	2,666,239
Granted/vested	–
Forfeited/redeemed	–
Outstanding as of December 31, 2021	**$ 2,666,239**

The Company uses the Black-Scholes simulation model under the option-pricing method to value the Units. This model incorporates various assumptions, including equity value, volatility, time to liquidity, risk-free rates, and expected dividends.

The fair value of the Units for purposes of determining compensation expense was estimated on the grant date using the following assumptions:

Expected time to liquidity (in years)	3
Estimated equity volatility	30.00%
Risk free rate	1.47%
Dividend rate	0.00%

12. Management Equity Incentive Plan (MEIP) (continued)

The Company estimated the expected time to a liquidity event, as defined below, for the Units and estimated the volatility based upon the volatility observed for certain guideline companies and considering the Company's expected financial leverage. The yield on treasury notes with maturities closest to the expected time to the liquidity event, as defined, was used. The Company does not intend to pay dividends in the foreseeable future and, accordingly, used a dividend rate of zero in the simulation model.

Of the Class B units, 50% have a service-based component for vesting and the other 50% vested immediately upon grant date. The Company recorded $0 of compensation expense in fiscal 2021 and 2020 related to the service-based portion of these Class B units, as all units have fully vested. The Class B units entitle recipients to receive a share of future profits and appreciation in the Company that accrue above a Hurdle Amount upon a Company Transaction. A Company Transaction is defined in the MEIP as the sale of the Company, a liquidity event, a qualified IPO, or the dissolution of the Company.

As of December 31, 2021 and 2020, the total unrecognized compensation cost related to the non-vested Class B units with a service condition is $0.

13. Retirement Plan

Employees are eligible to receive benefits under the 401(k) retirement plan of the Company. Participation in the plan is voluntary. Employees are eligible to enroll after one year of continuous service (minimum 1,000 hours worked) and if they are age 21 or older. Enrollment occurs twice per year in January and July. The Company provides a statutory matching contribution equal to 100% of all participant contributions up to the first 3% of compensation and 50% of participants' contributions up to the next 2%. Participants are immediately vested in their salary deferral contributions and matching contributions plus actual earnings thereon. The Company's matching contributions were $299,773 and $334,945 for the years ended December 31, 2021 and 2020, respectively.

14. Discontinued Operations

On March 1, 2020, to facilitate the expansion of the Margaritaville Resorts division, the Company divested the Alcoholic Beverages division and has no continuing involvement. The prior year figures have been adjusted to be comparative and the Company did not recognize a gain or loss on the disposal of the division. The division earned royalties on the distribution and sale of alcoholic

14. Discontinued Operations (continued)

beverages, including beer, tequila, and spirits. Alcoholic Beverages royalty revenues were $0 and $1,198,277 for the periods ended December 31, 2021 and February 29, 2020, respectively. Divisional operating expenses for the same periods were $0 and $692,411, respectively. The transaction resulted in an amendment of the credit agreement and corresponding financial covenants which were made effective on March 1, 2020.

15. Subsequent Events

The Company has evaluated subsequent events through April 5, 2022, which represents the date the accompanying consolidated financial statements were available to be issued. Subsequent events occurring after April 5, 2022, have not been evaluated by management.

No material events have occurred since December 31, 2021, that require recognition or disclosure in the consolidated financial statements.

Supplementary Information

Margaritaville Holdings LLC

Other Financial Information (Unaudited)

December 31, 2021

Prior Shareholders

In 2014, the Company's ownership structure changed to include a minority interest of a private equity investment. Amendments were made to the Operating Agreement stipulating that only the ownership group existing at the time of the venue sales, that is the Prior Shareholders, are entitled to the proceeds or distributions arising from the transaction. Accordingly, the Company records these transactions separately from the other ongoing business activities. The breakdown of these internal component segments is presented in the tables below.

Consolidated Balance Sheets by Segment 2021 and 2020

	2021			2020		
Assets	**Brand Company**	**Prior Shareholders**	**Consolidated**	**Brand Company**	**Prior Shareholders**	**Consolidated**
Current assets:						
Cash	**$ 6,776,236**	**$ 4,425,547**	**$ 11,201,783**	$ 2,181,356	$ 6,425,973	$ 8,607,329
Accounts receivable	**10,129,167**	**–**	**10,129,167**	8,934,129	–	8,934,129
Due from related parties	**27,902**	**–**	**27,902**	2,920	–	2,920
Short-term notes receivable	**185,873**	**–**	**185,873**	–	–	–
Short-term notes receivable – employees	**7,900**	**–**	**7,900**	23,600	–	23,600
Short-term contract asset	**169,816**	**–**	**169,816**	144,160	–	144,160
Inventory	**226,879**	**–**	**226,879**	177,002	–	177,002
Prepaid and other assets	**1,566,303**	**620,000**	**2,186,303**	1,851,606	620,000	2,471,606
Total current assets	**19,090,076**	**5,045,547**	**24,135,623**	13,314,773	7,045,973	20,360,746
Contract assets, less current portion	**1,454,887**	**–**	**1,454,887**	1,256,965	–	1,256,965
Investment in unconsolidated entities	**2,000,000**	**–**	**2,000,000**	2,000,000	–	2,000,000
Property and equipment, net	**3,842,837**	**1,448,047**	**5,290,884**	2,188,164	699,507	2,887,671
Intangible assets	**122,140**	**–**	**122,140**	96,926	–	96,926
Long term note receivable	**451,406**	**–**	**451,406**	–	–	–
Long term note receivable – employees	**–**	**827,790**	**827,790**	–	827,790	827,790
Restricted cash	**288,957**	**–**	**288,957**	288,460	–	288,460
Total assets	**$ 27,250,303**	**$ 7,321,384**	**$ 34,571,687**	$ 19,145,288	$ 8,573,270	$ 27,718,558
Liabilities and partners' (deficit) equity						
Current liabilities:						
Accounts payable and accrued expenses	**$ 6,499,305**	**$ 490,941**	**$ 6,990,246**	$ 3,087,738	$ 200,000	$ 3,287,738
Accounts payable due to related parties	**12,912**	**–**	**12,912**	–	–	–
Contract liabilities	**115,831**	**–**	**115,831**	263,183	–	263,183
Current portion of tenant allowance	**30,258**	**–**	**30,258**	31,571	–	31,571
Deferred revenue	**4,482,739**	**–**	**4,482,739**	1,725,434	–	1,725,434
Current portion of notes payable	**1,250,000**	**–**	**1,250,000**	1,250,000	–	1,250,000
Total current liabilities	**12,391,045**	**490,941**	**12,881,986**	6,357,926	200,000	6,557,926
Accrued expenses, less current portion	**524,878**	**–**	**524,878**	104,280	490,941	595,221
Contract liabilities, less current portion	**119,045**	**–**	**119,045**	88,040	–	88,040
Tenant allowance, less current portion	**14,358**	**–**	**14,358**	44,617	–	44,617
Deferred revenue, less current portion	**16,654,058**	**–**	**16,654,058**	–	–	–
Notes payable, related parties	**9,805,332**	**–**	**9,805,332**	9,805,332	–	9,805,332
Notes payable, less current portion	**100,634,254**	**–**	**100,634,254**	111,451,160	–	111,451,160
Deferred rent	**68,036**	**–**	**68,036**	132,931	–	132,931
Total liabilities	**140,211,006**	**490,941**	**140,701,947**	127,984,286	690,941	128,675,227
Total partners' (deficit) equity	**(112,960,703)**	**6,830,443**	**(106,130,260)**	(108,838,998)	7,882,329	(100,956,669)
Total liabilities and partners' (deficit) equity	**$ 27,250,303**	**$ 7,321,384**	**$ 34,571,687**	$ 19,145,288	$ 8,573,270	$ 27,718,558

A reconciliation of consolidated net income to Brand Company net income for 2021 and 2020 is below.

	2021	2020
Consolidated net income	**$ 6,419,123**	$ 786,414
Prior shareholder activity:		
Selling, general, and administrative costs	**(35,472)**	(172,013)
Net loss from investments in unconsolidated entities	–	(450,000)
Interest income	–	327,929
Gain on settlements	**100,000**	–
Brand company net income	**$ 6,354,595**	$ 1,080,498

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

ey.com

Margaritaville Holdings, LLC

Statements of Operations

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 THE CONTENT OR FORM.

	Year to Date March 2023 (unaudited)
Revenues	
Restaurant and merchandise sales	1,516,623
Restaurant Royalties	2,172,484
Resort Royalties	6,341,313
Home Sales & Timeshare Revenue	8,203,802
Consumer Products Royalties	1,320,640
Other Revenue	1,967,079
Total Revenues	21,521,941
Operating Expenses	
Cost of retail and merchandise sales	401,079
Selling, general & administrative	13,277,183
Depreciation & Amortization	371,266
Total operating expenses	14,049,528
Income (loss) from operations	7,472,413
Other Income	
Income from unconsolidated entities, net	0
Gain / (Loss) on sale of assets	0
Gain / (Loss) on extinguishment of debt	0
Interest Income	38,350
Interest Expense	(2,665,518)
Brand Company net income (loss) from continuing operations before income taxes	**4,845,245**
Income taxes	143,316
Brand Company net income (loss) from continuing operations	**4,701,929**
Income (loss) from discontinued operations	0
Prior Shareholder costs	
Selling, general & administrative	30,510
Gain / (Loss) on sale of venues	0
Interest Income	0
Net Income (loss) incl. Prior shareholders	**$ 4,671,419**
Brand Company EBITDA	**$ 7,843,679**
EBITDA incl. Prior shareholders	**$ 7,813,169**

Margaritaville Holdings LLC
Consolidated Balance Sheets
For the three months ended March 2023

	March-23 (unaudited)
Assets	
Current assets:	
Cash	$4,594,333
Accounts receivable	16,860,805
Due from related parties	1,106
Short-term notes receivable	362,295
Short-term contract asset	264,796
Inventory	444,091
Prepaid and other assets	2,581,754
Total current assets	25,109,180
Contract assets, less current portion	2,865,011
Investments in unconsolidated entities	2,000,000
Property and equipment, net	3,398,873
Intangible assets	122,140
Right-of-use assets	717,870
Long-term notes receivable	2,620,252
Long-term notes receivable – employees	961,586
Restricted cash	289,101
Total assets	38,084,013
Liabilities and partners' deficit	
Current liabilities:	
Accounts payable and accrued expenses	4,494,283
Accounts payable due to related parties	13,600
Contract liabilities	50,000
Deferred revenue	4,560,053
Lease liability	441,669
Current portion of notes payable	1,050,000
Total current liabilities	10,609,605
Accrued expenses, less current portion	2,406,151
Contract liabilities, less current portion	247,359
Deferred revenue, less current portion	16,283,970
Lease liability, less current portion	262,331
Notes payable, related parties	9,805,332
Notes payable, less current portion	102,900,001
Total liabilities	142,514,749
Total partners' deficit	(104,430,736)
Total liabilities and partners' deficit	38,084,013

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 THE CONTENT OR FORM.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE

MARGARITAVILLE HOTELS & RESORTS, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

MARGARITAVILLE HOTELS & RESORTS, LLC ("**we**," "**us**," or "**our**") and the undersigned franchisee, ____ ("**you**" or "**your**"), currently are parties to a certain Franchise Agreement (the "**Franchise Agreement**") dated ____________________________. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] _
____.

We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "**Releasing Parties**"), hereby forever release and discharge us, our parents, and our affiliates, and our and their current and former officers, directors, shareholders, principals, agents, representatives, employees, successors, and assigns (collectively, the "Margaritaville Parties"), from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, "**Claims**") that you and any other Releasing Party now have, ever had, or, but for this document, hereafter would or could have against any Margaritaville Party (1) arising out of or related in any way to the Releasing Parties' rights or the Margaritaville Parties' obligations under the Franchise Agreement before the dates of the signatures below or (2) otherwise arising out of or related in any way to your and the other Releasing Parties' relationship, from the beginning of time to the dates of the signatures below, with any Margaritaville Party. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Margaritaville Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

[The following additional language should be used with California franchisees]

Each of the parties granting the release above acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor."

Each of the parties granting the release above recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which *he, she, or it is giving up by signing this release. Each of the parties granting this release hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.*

[The following additional language should be used with Washington franchisees]

You (and, if applicable, your owners) were advised to consult with independent legal counsel prior to executing this General Release, and you (and, if applicable, your owners) did consult with legal counsel, [insert name of attorney], before executing this General Release.

[This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

[This General Release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law to the extent prohibited by such law.]

MARGARITAVILLE HOTELS & RESORTS, LLC	______________________________ [Name of Franchisee]
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________
	______________________________ [Name of Owner]
	______________________________ Signature
	Date:_____________________________

EXHIBIT I TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

MARGARITAVILLE HOTELS & RESORTS, LLC
STATE REGISTRATIONS

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	**EFFECTIVE DATE**
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	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.

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 MARGARITAVILLE HOTELS & RESORTS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If MARGARITAVILLE HOTELS & RESORTS, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit "A" to this disclosure document).

The franchisor is Margaritaville Hotels & Resorts, LLC, located at 6900 Turkey Lake Road, Suite 200, Orlando, Florida 32819. Its phone number is (407) 930-7236.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us if we are registered in the particular state.

Issuance Date: April 28, 2023

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Jim Wiseman	6900 Turkey Lake Road, Suite 200, Orlando, FL 32819	407-930-7230
Rick Cunningham	3715 Northside Parkway, Suite 4-475, Atlanta, GA 30327	470-698-2273
Evan Laskin	6900 Turkey Lake Road, Suite 200, Orlando, FL 32819	407-930-7242
Shamim Lodin	3715 Northside Parkway, Suite 4-475, Atlanta, GA 30327	470-698-2274

I received a disclosure document dated April 28, 2023 (See the state effective date summary page for state effective dates.) The disclosure document included the following Exhibits:

A: State Agencies and Administrators/Agents for Service of Process
B: Franchise Agreement with Exhibits
C-1: FBR Rider
C-3: Lodge Rider
C-4: Management Rider
C-5: Confidentiality Agreement
D: Operating Manual Table of Contents
E: State Specific Addenda and Riders
F: Roster of Current and Former Franchisees
G: Financial Statements
H: General Release
I: State Effective Dates

KEEP THIS COPY FOR YOUR RECORDS.

____ _________________________________
Signature Date

Print Name:_______________________________

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MARGARITAVILLE HOTELS & RESORTS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If MARGARITAVILLE HOTELS & RESORTS, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit "A" to this disclosure document).

The franchisor is Margaritaville Hotels & Resorts, LLC, located at 6900 Turkey Lake Road, Suite 200, Orlando, Florida 32819. Its phone number is (407) 930-7236.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us if we are registered in the particular state.

Issuance Date: April 28, 2023

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Jim Wiseman	6900 Turkey Lake Road, Suite 200, Orlando, FL 32819	407-930-7230
Rick Cunningham	3715 Northside Parkway, Suite 4-475, Atlanta, GA 30327	470-698-2273
Evan Laskin	6900 Turkey Lake Road, Suite 200, Orlando, FL 32819	407-930-7242
Shamim Lodin	3715 Northside Parkway, Suite 4-475, Atlanta, GA 30327	470-698-2274

I received a disclosure document dated April 28, 2023 (See the state effective date summary page for state effective dates.) The disclosure document included the following Exhibits:

A: State Agencies and Administrators/Agents for Service of Process
B: Franchise Agreement with Exhibits
C-1: FBR Rider
C-3: Lodge Rider
C-4: Management Rider
C-5: Confidentiality Agreement
D: Operating Manual Table of Contents
E: State Specific Addenda and Riders
F: Roster of Current and Former Franchisees
G: Financial Statements
H: General Release
I: State Effective Dates

RETURN THIS RECEIPT TO US AT:
Margaritaville Hotels & Resorts, LLC
6900 Turkey Lake Road, Suite 200
Orlando, Florida 32819
legal@margaritaville.com

________________________________ ________________________________
Signature Date
Print Name:______________________________