

## FRANCHISE DISCLOSURE DOCUMENT

CrepeAffaire Franchising US, Inc.

A Texas corporation

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[www.crepeaffaire.com](http://www.crepeaffaire.com)

# CRÊPEAFFAIRE

The franchisee will obtain a master franchise for the license to grant subfranchisees the right to develop, open and operate fast casual crepe-oriented restaurants under the name “CrepeAffaire,” which feature sweet and savory crepes, coffee and ancillary items.

The total investment necessary to begin operating as a CrepeAffaire master franchisee ranges from approximately \$506,000 to \$591,000. This includes \$400,000 that must be paid to the franchisor or its affiliates.

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 Franchise Sales, Pixmore Centre, Pixmore Avenue, Letchworth Garden City, Herts, England SG6 1JG; and Telephone Number - +44 203 141 9790

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 by calling 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 agreement requires you to resolve disputes with the franchisor by litigation only in England. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in England than in your own state.

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.

**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF MICHIGAN**

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

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

- (a) A prohibition of 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 the Michigan Franchise Investment Law. 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.
- (f) 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.
- (g) 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.
- (h) 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.

(i) 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).

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

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

Any questions regarding this Notice shall be directed to the Attorney General's Office, Consumer Protection Division, 525 West Ottawa Street, G. Mennen Williams Building – 1<sup>st</sup> Floor, Lansing, Michigan 48913 (517) 373-7117.

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## ITEM 1

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

To simplify the language in this disclosure document, “CrepeAffaire,” “we,” or “us” means CrepeAffaire Franchising US, Inc., the franchisor. “You” means the person or legal entity who is granted the master franchise. If you are a corporation, partnership, limited liability company, or other business entity, certain provisions of this disclosure document also apply to your owners and will be noted.

CrepeAffaire is a Texas corporation formed on May 16, 2023, whose principal business address is Pixmore Centre, Pixmore Avenue, Letchworth Garden City, Herts, England SG6 1JG. We do business under the name “CrepeAffaire.” Our agents for service of process in various states are listed in Exhibit B.

We are wholly-owned by CrepeAffaire Holding Limited (“CrepeAffaire Holding”), a private limited company incorporated in England on November 13, 2017, whose principal business address is the same as ours. CrepeAffaire Holding does not offer franchises in any business and does not engage in any business other than owning us and our affiliates.

We are offering master franchises in the United States for the first time as of the date of this disclosure document. We have not offered franchises to develop and operate CrepeAffaire Restaurants and we have never operated a CrepeAffaire Restaurant.

We have 2 affiliates. CrepeAffaire Limited (“CL”), a private limited company incorporated in England on February 16, 2018, whose principal business address is the same as ours, operates and franchises CrepeAffaire Restaurants outside of the United States. As of the date of this disclosure document, CL operated 10 CrepeAffaire Restaurants in the United Kingdom and there were 2 franchised CrepeAffaire Restaurants in Kuwait, 1 franchised CrepeAffaire Restaurant in the Netherlands, 11 franchised CrepeAffaire Restaurants in Saudi Arabia and 4 franchised CrepeAffaire Restaurants in the United Kingdom. CrepeAffaire International Limited (“CIL”), a private limited company incorporated in England on February 16, 2018, whose principal business address is the same as ours, owns the Proprietary Marks and the other intellectual property associated with the CrepeAffaire system, which we have been licensed to use and sublicense.

#### **CrepeAffaire Restaurants**

CrepeAffaire Restaurants are fast casual crepe-oriented restaurants featuring sweet and savory crepes, coffee and ancillary items. A CrepeAffaire Restaurant occupies approximately 1,200 – 1,500 square feet with 80-90 seats.

CrepeAffaire Restaurants operate according to a unique and distinctive system (“System”), whose distinguishing characteristics include our décor, layout, color schemes, and designs (collectively, “Trade Dress”); our menu items, recipes and food preparation and service techniques; our standards and specifications for equipment, equipment layouts, and interior and exterior accessories; and the accumulated experience reflected in our training program, operating procedures, and standards and specifications.

We describe our mandatory and recommended standards, specifications, and operating procedures in our confidential operating manuals (“Manual”). We will loan you one copy of, or provide electronic access to, the Manual for the term of the Master Franchise Agreement. We may

periodically change, improve, add to, and further develop the Manual and the elements of the System.

### **CrepeAffaire Master Franchise**

We are offering, under the terms of this disclosure document, the opportunity to become a CrepeAffaire master franchisee. As a CrepeAffaire master franchisee, you will grant licenses to subfranchisees ("Subfranchisees") within a designated development territory ("Development Territory") for the right to develop and operate CrepeAffaire Restaurants and you will support those Subfranchisees and their subfranchised CrepeAffaire Restaurants ("Subfranchised Restaurant(s)") pursuant to the terms of a subfranchise agreement between the Subfranchisee and you.

If we grant you the right to become a CrepeAffaire master franchisee, you will execute our master franchise agreement, attached as Exhibit C to this disclosure document ("Master Franchise Agreement"), and will be granted the right and obligation to have open and operating a mutually agreed upon number of Subfranchised Restaurants in the Development Territory in accordance with a mutually agreed upon schedule ("Development Schedule"). For each subfranchise that you grant for the operation of a Subfranchised Restaurant, you must utilize and execute the form of subfranchise agreement agreed to by you and us ("Subfranchise Agreement").

Prior to executing a Subfranchise Agreement for a Subfranchised Restaurant, you will: **(a)** screen the prospective Subfranchisee to verify that the prospective Subfranchisee meets all criteria for Subfranchisees pursuant to a franchise marketing strategy you develop and we approve or as we otherwise require periodically; **(b)** submit to us a complete report (containing that information we reasonably require) for the prospective Subfranchisee; and **(c)** obtain our written consent to the prospective Subfranchisee and the proposed site at which the prospective Subfranchisee will operate its Subfranchised Restaurant. In addition, our prior written consent is required before a Subfranchisee can relocate or cease operations at a Subfranchised Restaurant.

As a CrepeAffaire master franchisee, you will be required to conduct our initial training program for your Subfranchisees, prepare and implement an approved franchise services program, conduct ongoing inspections, evaluations and consultation services with respect to all Subfranchised Restaurants and perform such other services for your Subfranchisees and their Subfranchised Restaurants as set forth in more detail in the Master Franchise Agreement and the Subfranchise Agreement.

This disclosure document offers a franchise only for the right to operate as a CrepeAffaire master franchisee. Under this disclosure document, you obtain no right to develop, open or operate a CrepeAffaire Restaurant and we are not making any offer of a CrepeAffaire Restaurant unit franchise under this disclosure document.

### **Market and Competition**

The market for restaurants that feature crepes and related products is well-developed and is not seasonal. You and your subfranchisees will compete with other national and regional restaurant brands as well as other franchised, chain or independent restaurants. Some of our competitors have longer operating histories than ours. The restaurant business is highly competitive based on price, service, restaurant location and food quality and is subject to fluctuations in consumer tastes, economic conditions, population, and traffic patterns. The ability of each Subfranchised Restaurant to compete depends on location, ingress and egress, signage, parking, service, ability to attract and maintain highly motivated employees, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

## **Industry-Specific Laws**

Because you will be offering and selling subfranchises, you will need to comply with the federal, state and local laws, rules and regulations that apply to the offer and sale of subfranchises. As such, you will prepare (and amend as necessary) a subfranchise disclosure document in compliance with federal and state laws, rules and regulations, and be subject to certain disclosure requirements to prospective subfranchisees. In certain states, you will be required to register the subfranchise offering with the applicable state agency prior to the offer and sale of these subfranchises. You may not offer or sell subfranchises in these states until you have an effective registration. Further, some states also have franchise relationship laws with which you may have to comply that impact the default, termination, transfer and renewal of subfranchises. You are exclusively responsible for compliance with all federal and state franchise and business opportunity laws, and the payment of all registration and filing fees, and all associated attorney fees. We recommend that you obtain the services of a franchise attorney in order to comply with all applicable franchise and business opportunity registration and disclosure laws.

You should consult with your attorney concerning all laws and regulations that may affect your business.

### **ITEM 2**

#### **BUSINESS EXPERIENCE**

##### **Director – Daniel Spinath**

Mr. Spinath has served as our Director since our formation. He also has been a Director of CrepeAffaire Holding for more than 5 years.

##### **Chief Executive Officer – Allen Kerlake**

Mr. Kerlake has served as our Chief Executive Officer since our formation. He also has been Chief Executive Officer of CrepeAffaire Holding since July 2018. From September 2016 to June 2018, Mr. Kerlake was Operations Manager for Costa Coffee in London, England.

### **ITEM 3**

#### **LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4**

#### **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## ITEM 5

### INITIAL FEES

When you sign the Master Franchise Agreement, you must pay us a Development Fee of \$400,000. The Development Fee is fully earned when the Master Franchise Agreement is signed, not refundable under any circumstances and is not credited against any other fees to be paid to us.

## ITEM 6

### OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
<b>Portion of the Initial Subfranchise Fee</b>	\$25,000 per Subfranchised Restaurant operated by a Subfranchisee that is your affiliate ("Affiliated Subfranchisee"); however, there is no Initial Subfranchise Fee for the first 9 CrepeAffaire Restaurants developed by Affiliated Subfranchisees and there is no Initial Subfranchise Fee to be paid to CrepeAffaire in connection with Subfranchisees that are not your affiliate	Upon execution of each Subfranchise Agreement	
<b>Subfranchise Royalty</b>	1.5% of each Subfranchisee's Fiscal Period Gross Sales (2)	Before 5:00 pm on the 10 <sup>th</sup> day after the end of each Fiscal Period – by electronic funds transfer (2) (4)	See Note (3) for a definition of Gross Sales and Note (4) for a definition of Fiscal Period.
<b>Brand Fund Contribution</b>	0.50% of each Subfranchisee's Fiscal Period Gross Sales	Same as Subfranchise Royalty	
<b>Transfer Fee</b>	An amount equal to 25% of the aggregate amounts received by you after deducting costs and expenses (other than legal fees) from the gross proceeds in a Transfer.	Prior to the Transfer being effective.	

Type of Fee (1)	Amount	Due Date	Remarks
<b>Additional Training</b>	As of the date of this disclosure document, there is no charge for attending additional training in the form of regularly-scheduled classes at our offices or designated training facilities if space is available.	As incurred	We have the right to charge a fee for additional training, whether mandatory or optional. You must also pay all travel, living and other expenses incurred by our employees providing additional training and your employees while attending any additional training programs.
<b>Training Facility Certification</b>	We currently do not charge a fee for certification of your training facility, although we reserve the right to do so.	Upon demand	You must establish a training facility at which the CrepeAffaire initial training program will be offered. We, in our sole discretion, will provide the assistance that we consider to be reasonably necessary to assist you in establishing the training facility. You must reimburse us for all travel, living, food and other expenses incurred while traveling to and from, and visiting, the training facility as we require.
<b>Indemnification</b>	Actual losses and expenses incurred by us and our officers, affiliates, managers, members, etc.	As incurred	You must defend, indemnify and hold us and our officers, affiliates, managers, members, etc. harmless with respect to any and all claims arising directly or indirectly from, as a result of, or in connection with the Master Franchise Agreement and any Subfranchise Agreement.
<b>Interest</b>	Interest on the amount owed from the due date until paid	When any payment due to us from you is not received in full by the due date	The interest rate is the lesser of 18% per annum or the maximum rate permitted for indebtedness of this nature in the state in which you are located.
<b>Collection Costs</b>	All costs and expenses that we incur, including reasonable professional fees	Upon demand	These costs and expenses may include commissions due a collection agency and all costs associated with litigation, in addition to interest charges on these costs.
<b>New Product and Supplier Testing</b>	A reasonable fee, not to exceed the actual cost of inspecting and testing the proposed product or evaluating the proposed supplier, including personnel and travel costs	Within 30 days after receipt of invoice	Payable if you ask us to review a new supplier or new product, whether or not we approve the supplier or product (see Item 8 for a description of the supplier approval process).

## NOTES

- (1) Unless otherwise noted, all fees are imposed by, collected by, and payable to us and are not refundable. We anticipate that the fees identified in this Item 6 will be uniformly imposed on our similarly situated master franchisees.

- (3) “Gross Sales” include all revenue from the sale of all services and products and all other income of every kind and nature (including stored value gift cards and gift certificates when redeemed, on-premises sales, other sales made or sold, at, in or upon or from the premises of a specific CrepeAffaire Restaurant, and any other type of sale) related to a specific CrepeAffaire Restaurant, whether for cash or credit and regardless of collection in the case of credit. Gross Sales will not include: (a) any bona fide documented sales (but not value added) taxes collected by the applicable Subfranchisee from customers and paid by the applicable Subfranchisee to the appropriate taxing authority; (b) the sale of food, beverage or merchandise for which refunds have been made in good faith to customers; (c) the sale of equipment used in the operation of the applicable CrepeAffaire Restaurant; (d) customer promotional discounts authorized by CrepeAffaire; and (e) employee meal discounts.
- (4) Currently, each “Fiscal Period” is a calendar week. We have the right, following written notice to you, to vary the time period that comprises a Fiscal Period.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount (1)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Development Fee	\$400,000	Lump Sum/Cash	No later than the date on which you sign the Master Franchise Agreement	CrepeAffaire
Furnishing, Fixtures, Equipment (2)	\$0- \$3,000	As Arranged	As Ordered	Suppliers
Computer Software and System (3)	\$0 - \$5,000	As Arranged	As Ordered	Suppliers
Travel and Living Expenses While Training (4)	\$10,000 - \$25,000	As Incurred	As Incurred	Airlines, Hotels, Restaurants
Legal and Accounting Fees (5)	\$40,000 - \$50,000	As Incurred	As Incurred	Lawyers, accountants
Franchise Registration Fees (6)	\$6,000- \$8,000	As Incurred	As Incurred	State agencies
Additional Funds -- 3 months (7)	\$50,000 - \$100,000	As Incurred	As Incurred	Employees, Suppliers, Utilities
<b>TOTAL ESTIMATED INITIAL INVESTMENT FOR MASTER FRANCHISE BUSINESS (8)</b>	\$506,000 - \$591,000			

## NOTES

- (1) None of the costs shown on this table are refundable unless a supplier has a refund policy of which we are not aware.
- (2) The costs of these items are dependent on the size and configuration of the offices from which you act as master franchisee. This estimate includes costs such as a phone system, desks, other office furniture, filing cabinets and related office supplies. The costs for furniture and fixtures may differ depending on the material quality and on other factors. It is assumed that some of the equipment will be leased. If you elect to purchase such equipment, your costs may be higher.
- (3) If you do not already have one available for your use as a CrepeAffaire master franchisee, you must purchase and utilize a computer hardware, software, internet connections and service, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment ("Computer System"). While we reserve the right to mandate the make and model for your Computer System, we do not currently do so. You must obtain high-speed communications access for your Computer System. You also agree to maintain a functioning e-mail address for your CrepeAffaire master franchise business. The cost of the Computer System that you will be required to purchase varies depending on your number of employees that you hire.
- (4) As described in Item 11, prior to the opening of the first Subfranchised Restaurant developed pursuant to the Master Franchise Agreement, the number of trainers we specify must attend our initial CrepeAffaire initial training program. We do not charge tuition for this training program, but you are responsible for all salaries, benefits, and travel, living, and other expenses incurred by you and your employees while attending the training. The cost of these expenses will depend on the distance you must travel, the types of accommodations, the number of your employees attending training, and their wages.
- (5) We recommend strongly that you engage the services of professionals to assist you in evaluating our master franchise and to help you establish your business. This will include attorneys and accountants. Actual cost depends on the work done by your attorneys and accountants and their rates.
- (6) This range varies based on the number of states in which the subfranchise offering is registered.
- (7) This is our estimate of your operating expenses for the initial 3 months of your business, including payroll costs for management, rent, insurance, and utilities. These expenses do not include advertising or royalty payments made to us. The estimate also does not take into account revenue you may take in. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your actual costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience and business acumen; financing costs; local economic conditions; the prevailing wage rate; competition in the marketplace; and the sales level reached during the initial period.
- (8) We relied on our and our affiliates' experience offering to compile these estimates. You should review these figures carefully with a business advisor before making any decision to

purchase a master franchise. We do not offer financing directly or indirectly for any part of the initial investment.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Supplier Approval Process

We have the right to require that all food and non-food products, supplies, equipment and services that you and your Subfranchisees purchase for use, sale or resale: **(a)** meet specifications that we establish from time to time; **(b)** be purchased only from suppliers that we have consented to (which may include us and/or our affiliates); and/or **(c)** be purchased only from a single source or from a limited number of designated sources (which may include us and/or our affiliates). To the extent that we establish specifications, require our consent to suppliers or designate specific suppliers for particular items, we will publish our requirements in the Manual or otherwise in writing (which includes electronic publication).

We have developed and may continue to develop certain proprietary food products that will be prepared by or for us according to our proprietary special recipes and formulas. You must require your Subfranchisees to purchase and use those food products developed by us pursuant to a special recipe or formula only from us, our affiliates or a third party designated and licensed by us to prepare and sell such products. We may create purchasing restrictions to control the quality and selection, and ensure the consistency, of menu items, ingredients and other merchandise; to consolidate System purchases to reduce costs or ensure availability of products; or for other valid business reasons.

You may not, and must ensure that your Subfranchisees do not, engage in “grey market” activities in which you take advantage of any group purchasing arrangements for CrepeAffaire Restaurants to purchase products that are then resold to purchasers outside of the System or use in a business outside of the System.

As of the date of this disclosure document, neither we nor any of our affiliates are approved suppliers for any product. We and our affiliates may earn income on sales of products, ingredients, and/or supplies to you. We may receive rebates, commissions, or other payments from third-party suppliers based on your purchases from them. You agree that we are entitled to retain such income and consideration.

If you would like to purchase products or services from a supplier to which we have not consented, you must submit a written request for consent. Criteria for approving proposed suppliers will be made available to you on your request. We have the right to inspect the proposed supplier’s facilities and test samples of the proposed products. You agree to pay to us a reasonable fee, not to exceed the actual cost of the inspection and testing the proposed product or evaluating the proposed supplier, including personnel and travel costs, whether or not the product or supplier is accepted. We have the right to grant, deny or revoke consent to products, services and suppliers in our sole discretion. We will notify you of our decision as soon as practicable following our evaluation, not to exceed 90 days. If approval is obtained, you may contract with the accepted supplier. We reserve the right to reinspect the facilities and products of any accepted supplier and revoke acceptance in writing upon the supplier’s failure to meet any of our then-current criteria.



We estimate that the purchase of products from us, our affiliates, or our approved or designated suppliers and/or products that are subject to our standards and specifications represents approximately 1-5% of your overall purchases in establishing a CrepeAffaire master franchise business and 1-5% of your overall purchases in operating as a CrepeAffaire master franchisee.

Currently, we do not provide material benefits to you based on your use of approved or designated suppliers. As of the date of this disclosure document, we have not negotiated any system-wide purchasing arrangements. We do not currently have purchasing or distribution cooperatives, but we reserve the right to establish them.

There are no approved suppliers in which any of our officers own an interest.

**Computer System**

See Item 11 for information regarding our current minimum standards for the Computer System for your master franchise business and your related obligations under the Master Franchised Agreement.

**Insurance**

During the term of the Master Franchise Agreement, you must maintain in full force and effect such insurance, with such minimum liability coverages, as we may periodically determine to be necessary or appropriate to cover all existing, anticipated or threatened claim controversy, case, suit, action, proceeding, dispute, demand, cause of action, complaint, defense, affirmative defense, counterclaim, impleader, interpleader, third party or derivative claim, class action, investigation, petition for legal, equitable or declarative relief, inquiry, whether formal or informal, or other claim arising out of, in connection with or in relation to the Master Franchise Agreement, any Subfranchise Agreement or any related agreement.

**ITEM 9**

**FRANCHISEE’S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Master Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Section 10.1	Items 7 and 11
b. Pre-opening purchases/leases	Not Applicable	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Section 10	Items 7 and 11
d. Initial and ongoing training	Section 9	Items 6, 7 and 11
e. Opening	Section 10	Item 11
f. Fees	Section 4 and Appendix B	Items 5 and 6
g. Compliance with standards and policies/ Manual	Section 6	Items 8, 11, and 14
h. Trademarks and proprietary information	Sections 13 and 17	Items 13 and 14

Obligation	Section in Master Franchise Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Section 11.10	Item 16
j. Warranty and customer service requirements	Not Applicable	Item 11
k. Territorial development and sales quotas	Sections 2.1 and 2.3	Item 12
l. Ongoing product/service purchases	Section 11.10	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Item 11
n. Insurance	Section 12	Items 6, 7 and 8
o. Advertising	Section 8	Items 6 and 11
p. Indemnification	Section 21	Item 6
q. Owner's participation/management/staffing	Section 11.10	Items 11 and 15
r. Records and reports	Section 5	Item 6
s. Inspections and audits	Sections 5.3 and 7	Items 6, 8, and 11
t. Transfer	Section 16	Items 6 and 17
u. Renewal	Not Applicable	Item 17
v. Post-termination obligations	Section 19.3	Item 17
w. Non-competition covenants	Section 17.3	Item 17
x. Dispute resolution	Section 26	Item 17

## ITEM 10

### FINANCING

We do not offer any 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.**

#### **Our Pre-Opening Obligations**

Before you commence operations as a CrepeAffaire master franchisee, we will:

1. Provide you prototypical plans and specifications for a CrepeAffaire Restaurant. (Master Franchise Agreement §6.1)

2. Loan you one copy of, or provide you with electronic access to, the Manual, which contains detailed information related to the System, CrepeAffaire Restaurants and/or the Proprietary Marks. You may keep the Manual for as long as the Master Franchise Agreement remains in effect, but the Manual remains our property. We may revise the contents of the Manual,

and you agree to comply with each new or changed section. (Master Franchise Agreement § 6.1). We will permit you to inspect a copy of the Manual at our offices before you purchase a franchise, if you first sign a Confidentiality Agreement, which is attached as Exhibit D.

### **Our Obligations After Opening**

During your operation as a CrepeAffaire master franchisee, we will:

1. Advise you in writing whether we have approved prospective Subfranchisee candidates that you propose. (Master Franchise Agreement § 11.2)
2. Advise you in writing whether we have accepted sites for Subfranchised Restaurants that you propose to us within 30 days after we receive a complete site review report (as determined by us). (Master Franchise Agreement § 10.1)
3. Collect, administer, and spend for advertising purposes monies paid by Subfranchisees into the Brand Fund as described below. (Master Franchise Agreement § 8.1)
4. Periodically change the System, including modifications to the Manual, the menu, the required equipment, the signage, the Proprietary Marks, and the Trade Dress. You must comply, and require your Subfranchisees to comply, with any such System changes and make such expenditures as the System changes require. We also have the right to vary System standards, in our reasonable judgment, to accommodate circumstances of individual franchisees. (Master Franchise Agreement § 6.2)
5. Prior to the opening of the first Subfranchised Restaurant developed under the Master Franchise Agreement, we will provide the CrepeAffaire initial training program to your trainers. (Master Franchise Agreement § 9.1)
6. Provide additional ongoing training to your training personnel at the times and locations that we designate. (Master Franchise Agreement § 9.1)
7. Provide the assistance that we consider to be reasonably necessary to assist you in establishing a training facility at which you will offer the CrepeAffaire initial training program. The training facility must be certified by us before you commence any training at the training facility, and we may periodically visit and evaluate the training facility and your trainers to ensure that they continue to meet our standards. We may revoke our certification of the training facility if the training facility or your trainers cease to meet our standards. (Master Franchise Agreement § 9.2)

### **Brand Fund and Marketing**

**Brand Fund.** Once the first Subfranchised Restaurant opens, we will establish a Brand Fund to which each Subfranchisee must contribute 0.50% of its Fiscal Period Gross Sales. There currently is no franchisee advertising council that advises us on advertising policy.

We may use the Brand Fund contributions and any earnings of the Brand Fund for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national, regional or local in scope) and/or any other activities that we believe would benefit the System, including the following: advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a web site; celebrity endorsements; trade shows;

association dues; search engine optimization costs; establishment of a third party facility for customizing local advertising; accounting costs; and holding an annual franchise convention. We will not use the Brand Fund for any activity whose sole purpose is the marketing of franchises or the soliciting of franchisees; however, you acknowledge that the CrepeAffaire web site, public relations activities, community involvement activities, and other activities that may be supported by the Brand Fund may contain information about franchising opportunities. We have the right to direct all programs supported by the Brand Fund, with final discretion over creative concepts, the materials and media used in the programs, and their placement. We may work with our in-house advertising department and/or a regional advertising agency to develop advertising for print and radio. We do not guarantee that you will benefit from the Brand Fund in proportion to your contributions to the Brand Fund. In spending advertising monies, we will not be obligated to make expenditures for any franchisee or subfranchisee that are equivalent or proportionate to that franchisee's or subfranchisee's contribution or to ensure that any particular franchisee or subfranchisee benefits directly or on a pro rata basis from expenditures of the funds. We likewise will not be obligated to spend any amount on advertising in the area of territory in which you or your Subfranchisees are located. All Subfranchisees must participate in all advertising, marketing, promotions, research, and public relations programs instituted by the Brand Fund.

We will not use any contributions to the Brand Fund to defray any of our general operating expenses, except for reasonable administrative costs and overhead that we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including salaries of our personnel who devote time to Brand Fund activities). We will separately account for the Brand Fund, but we do not need to segregate Brand Fund monies from our other monies.

We are not required to have an independent audit of the Brand Fund completed. We will make available an unaudited statement of contributions and expenditures for the Brand Fund no sooner than 90 days after the close of our fiscal year to franchisees who make a written request for a copy. CrepeAffaire Restaurants owned by us and/or our affiliates will contribute to the Brand Fund on the same basis as comparable franchisees. If we reduce the Brand Fund Contribution for comparable franchisees, we will have the right to reduce by the same amount the required contribution for CrepeAffaire Restaurants operated by us or our affiliates.

We may spend in any fiscal year an amount greater or less than the aggregate contribution of CrepeAffaire Restaurants to the Brand Fund, generally, we believe that we will spend all advertising payments during the taxable year in which the contribution and earnings are received. If we do not spend the advertising payments in one year, we will likely spend them in the following year or distribute any surplus to then-current franchisees who contribute to the applicable Fund and restaurants operated by us or our affiliates.

**Marketing Fund.** You must establish a Marketing Fund to which all Subfranchised Restaurants will contribute. We will make available to you samples of marketing materials we use.

**Local Marketing.** You must, at all times throughout the term of the Master Franchise Agreement, use your best efforts to advance the reputation of CrepeAffaire Restaurants and the products sold under the Proprietary Marks and to develop awareness of CrepeAffaire Restaurants among consumers in order to increase the goodwill of the Proprietary Marks and the System. Prior to use, you must submit all advertising materials to us for our approval, which approval will not be unreasonably withheld.

**Social Media.** We may establish a Social Media policy (defined as any form of electronic communications, including Internet web sites, social networking sites, applications or other future

technological avenues that enable users to create and share content or to participate in social networking), and you must comply with any such Social Media policy, as modified periodically, and any additional policies that we issue. Any copyright in your sites or pages on any Social Media are owned by us, and you must sign any documents that we reasonably deem necessary to affirm our ownership of the copyright.

**Public and Media Relations.** You may not issue any press or other media releases or other communications without our prior consent. As a master franchisee of the System, you may only participate in internal and external communications activities that create goodwill, enhance our public image, and build the CrepeAffaire brand.

### **Computer System**

If you do not already have one available for use as a CrepeAffaire master franchisee, you must purchase and utilize a Computer System. While we reserve the right to mandate the make and model for your Computer System, we do not currently do so. You must obtain high-speed communications access for your Computer System. You also agree to maintain a functioning e-mail address for your CrepeAffaire master franchise business. If you do not have a suitable Computer System, it may cost you up to \$5,000 to acquire a suitable Computer System.

We will have independent access to the information and data on the Computer System, and there are no contractual limitations on our right to access that information. Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. Currently, there are no optional or required maintenance/upgrade contracts for your Computer System. We estimate that the annual cost of optional or required maintenance, upgrades, or updates for your Computer System is approximately \$1,000 - \$3,000.

### **Selecting the Location of a Subfranchised Restaurant**

We do not provide site selection assistance although we must accept the site for a Subfranchised Restaurant. In evaluating a proposed site, we consider demographic information, the characteristics of the site (including access and egress points and the amount of road traffic), other restaurant options in the area, and any other information that we consider relevant. We do not provide assistance with conforming the premises of any Subfranchised Restaurant to local ordinances and building codes or in obtaining any required permits and/or constructing, remodeling or decorating the premises and/or hiring and training employees.

### **Typical Time Between Agreement Signing and Opening**

We estimate that there will be an interval of 90 to 180 days between the signing of the Master Franchise Agreement and you beginning to act as master franchisee. You may not begin acting as master franchisee until you have complied with all franchise registration and disclosure requirements.

### **Training**

**ITP.** Prior to the opening of the first Subfranchised Restaurant developed pursuant to the Master Franchise Agreement, your trainers must attend and successfully complete the CrepeAffaire initial training program ("ITP"). The length of the ITP is approximately 6 weeks. We offer the ITP during the year on an as-needed basis. Until you have established a training facility, we will provide your employees and you the ITP at locations we determine periodically, including a

CrepeAffaire Restaurant operated by our affiliate and/or our corporate office, which is currently in Letchworth Garden City, England.

The ITP must be completed before any trainer provides training to your employees, Subfranchisees or any other person and before any Subfranchised Restaurant opens. Upon our request, as a prerequisite to the ITP, your trainers must successfully complete (as we determine in our sole discretion), at your cost, a ServSafe food safety training and certification program administered by the National Restaurant Association Educational Foundation. Any replacement employees who are required to attend the ITP, may do so, subject to space availability and your payment of a training fee. You must pay all salaries, benefits, travel, living, and other expenses incurred by your employees while attending the training. We have the right to dismiss from the ITP any person whom we believe will not perform acceptably in the position for which he/she has been hired, and you must provide a suitable replacement within 30 days of dismissal. If you or your trainers fail to complete the ITP to our satisfaction, we may terminate the Master Franchise Agreement or permit you or your trainers to repeat the ITP at the next available scheduled training session. We reserve the right to charge a training fee if you or your trainers are required to repeat the ITP.

The ITP is conducted by general managers of CrepeAffaire Restaurants under the supervision of our Chief Executive Officer, Allen Kerslake, whose experience is described in Item 2. He has over 5 years' experience providing the ITP

The following chart summarizes the subjects taught during ITP:

#### **TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Health & Safety training	3	5	Online or at an affiliate owned restaurant
Core skills training	9	72	An affiliate owned restaurant
Team Leader/shift manager training	20	70	An affiliate owned restaurant
General management processes	10	35	An affiliate owned restaurant

**Training by Master Franchisee and Certification of Your Training Facility.** You will conduct such initial and continuing training programs for your employees and for your Subfranchisees and Subfranchisees' employees as we may require periodically. You must establish a training facility in the Development Territory (which may be a Subfranchised Restaurant) at which the ITP will be offered. Following our certification, you will train all persons who must complete the ITP at the training facility unless we advise you otherwise or our certification is revoked. Before any Subfranchisee may open a Subfranchised Restaurant, its key

personnel for the respective Subfranchised Restaurant will attend, and successfully complete, the ITP provided by you at the training facility.

**Ongoing Training.** We may require you or any trainer or any employee of you or a Subfranchisee whom we may designate periodically take and successfully complete (as we determine in our sole discretion), at the times and locations that we designate, training other than the initial CrepeAffaire restaurant management training. We reserve the right to require you or a Subfranchisee to pay tuition for any such additional training in amounts we determine periodically.

Except for the initial trainers who receive the CrepeAffaire ITP, we reserve the right to require you to pay a training fee for each person who participates in any training we conduct (regardless of whether such training is mandatory, voluntary or conducted at your request). Such tuition will be payable in amounts we determine periodically in advance of the relevant training and will be refundable, if at all, only on terms and conditions as we may periodically determine. You will pay all travel and living expenses of our personnel who provide any training (other than training at an affiliate-owned restaurant) to your or a Subfranchisee's personnel. You will be responsible for all costs, expenses and liabilities related to participation of your employees in any training under the Master Franchise Agreement. Such costs, expenses and liabilities will include, but not be limited to, all travel, living, food, insurance and other expenses reasonably incurred by you or your employees in connection with any training under the Master Franchise Agreement.

Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

**Training Materials and Methods.** Our training materials consist of interactive workbooks. All training materials that we provide to you remain our property. We have the right to provide training programs in person, on DVD, via the Internet, in printed or electronic format, or by other means, as we determine.

## ITEM 12

### TERRITORY

You will not receive an exclusive territory under the Master Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will not receive under the Master Franchise Agreement any right of first refusal or any other similar rights to acquire additional franchises.

Under the Master Franchise Agreement, you will receive a Development Territory, which will be the United States of America. We reserve to ourselves, and we do not grant to you any, rights to take, or license any third party to take, the following actions in the Development Territory during or after the Development Term: **(a)** grant licenses to any third party to sell products under the Proprietary Marks in foodservice facilities primarily identified by the trademark of a third party; **(b)** merchandise or distribute products identified by the Proprietary Marks through any method or channel of distribution other than CrepeAffaire Restaurants, including, without limitation, by means of electronic commerce, any website and through supermarkets or other retail facilities; **(c)** develop, open and operate any other business under any system other than the System; **(d)** develop and own other systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and/or **(e)** purchase, be purchased by, merge or combine with, businesses that directly compete with CrepeAffaire Restaurants.

Except as reserved above, we will not develop, open or operate, or license any third party to develop, open or operate, a CrepeAffaire Restaurant in the Development Territory during the Development Term. We will have the right to modify or terminate Master Franchisee's limited exclusive rights in the Development Territory in accordance with Section 18.1 of the Master Franchise Agreement as an alternative to terminating the Development Term.

Continuation of the limited restrictions on our ability to operate and license others to operate CrepeAffaire Restaurants in the Development Territory does not depend on your achieving a certain sales volume, market penetration or other contingency. However, if you are in default of the Master Franchise Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any agreement related to the Master Franchise Agreement and fail to cure the default within the applicable cure period (if any), we may terminate the Master Franchise Agreement and your limited rights in the Development Territory. There are no other circumstances in which we can unilaterally modify your limited rights in the Development Territory.

There are no restrictions on the areas in which you or we may advertise or solicit customers, nor must we compensate you if we solicit or accept orders from inside the Development Territory. We reserve all rights to use and license the System other than those we expressly grant under the Master Franchise Agreement. The rights we reserve include the right to use any other channel of distribution, including the Internet, to make sales in the Development Territory using the Proprietary Marks or different proprietary marks. You do not acquire any rights of first refusal or any other similar rights to acquire additional franchises.

### ITEM 13

#### TRADEMARKS

We grant you the right to grant licenses to Subfranchisees to operate Subfranchised Restaurants under the "CrepeAffaire" name and mark and to use the Proprietary Marks in connection with those Subfranchised Restaurants. By Proprietary Marks, we mean the "CrepeAffaire" name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols, and designs that we have designated, or may in the future designate, for use with the System.

We have the right, following reasonable notice to you, to change, discontinue, or substitute any of the Proprietary Marks and adopt new Proprietary Marks for use with the System without any liability for any diminishment of the System. You and your Subfranchisees must implement any such change at your expense within the time that we specify.

Our affiliate, CIL, has applied to register the following trademark with the United States Patent and Trademark Office ("USPTO") on the Principal Register:

Mark	Application Number	Application Date
CREPEAFFAIRE	975576783	September 2, 2022

*CIL does not have a federal registration for its principal trademark. Therefore, the trademark that has not been registered does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.*



We have entered into a license agreement with CIL dated as of May 18, 2023 under which we have a perpetual license to use, and license third parties to use, the Proprietary Marks. We will provide you guidelines for the use of the Proprietary Marks. You must follow our guidelines and rules when you use the Proprietary Marks. You cannot use the Proprietary Marks in any manner not authorized by us or in any corporate or legal name. You cannot use any other trade names, service marks, or trademarks in conjunction with your master franchise business.

There are no presently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the principal Proprietary Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Proprietary Marks. Except as stated above, there are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Proprietary Marks in any state.

The Master Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Proprietary Marks. The Master Franchise Agreement does require that you notify us promptly of any unauthorized use of the Proprietary Marks and any challenge by any person or entity to the validity of, our ownership of, or our right to use, any of the Proprietary Marks. We have the right, but not the obligation, to initiate, direct, and control any litigation or administrative proceedings relating to the Proprietary Marks, including any settlement. You must sign all documents and provide any other assistance we believe is necessary for the defense or prosecution of any such litigation or proceeding. You may not, directly or indirectly, contest, or aid in contesting, the validity, or our ownership, of the Proprietary Marks.

## **ITEM 14**

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

We do not own any patents or copyrights, nor do we have any pending patent applications, that are material to your master franchise business or the System; however, we claim copyright protection in the Manual and certain forms, architectural engineering and construction plans, advertising materials, product specifications, computer programs, newsletters, training materials, and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights.

The Manual and these other materials contain our detailed standards, specifications, instructions, forms, reports, and procedures for the management and operation of CrepeAffaire Restaurants. You must treat the Manual, training materials, and any other manuals or materials created or approved by us for use with the System as secret and confidential. You may not copy, duplicate, or otherwise reproduce the Manual or other materials provided by us. In addition, you may not make any confidential information or materials supplied by us available to any unauthorized person without our prior written consent.

You may not communicate, divulge, or use for any purpose other than the operation of the master franchise business any confidential information, knowledge, trade secrets, or know-how that may be communicated to you or that you may learn by virtue of the Master Franchise Agreement or the operation of the master franchise business. You may not divulge confidential information to anyone who is not an employee of yours or your Subfranchisees who must have access to the information to develop or operate the master franchise business or Subfranchised Restaurants, respectively. All information, knowledge and know-how relating to us, our business

plans, or the System are deemed confidential, except information that you can demonstrate came to your attention by lawful means prior to our disclosure, or that, at the time of our disclosure to you, had become a part of the public domain. At our request, you must require your Subfranchisees and your and/or their employees and any other person or entity to whom you wish to disclose any confidential information to sign agreements providing that they will maintain the confidentiality of the disclosed information. The agreements must be in a form satisfactory to us and must identify us as a third-party beneficiary with the independent right to enforce the agreements.

## **ITEM 15**

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

You are not obligated to participate personally in the day-to-day operation of the CrepeAffaire master franchise business, but we recommend that you do so.

You must appoint an individual to serve as your Operating Principal. The Operating Principal: **(a)** must be accepted by CrepeAffaire; **(b)** must have an equity ownership interest in Master Franchisee; **(c)** must successfully complete the ITP and any other required training; and **(d)** must devote full-time and best efforts to the master franchise business. The Operating Principal must have authority over all business decisions related to the Franchised Restaurant and have the authority to bind you in your dealings with us. We will provide all services to, and communicate primarily with, the Operating Principal. You must obtain our prior written consent before you change the Operating Principal. If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as the Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. We will advise you whether we have consented to the new Operating Principal within a reasonable time after receipt of your notice. If we do not consent, you will have 15 days from your receipt of our decision to designate another person to act as Operating Principal who satisfies the preceding qualifications.

All direct or indirect holders of an equity interest in you of 10% or more ("10% Owners") must jointly and severally guarantee your payment and performance of your obligations under the Master Franchise Agreement and must bind themselves to the terms of those agreements by executing the guarantee attached thereto.

## **ITEM 16**

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

As a CrepeAffaire master franchisee, unless otherwise approved by us in writing, you must only offer and sell CrepeAffaire subfranchises and those products and services that we have approved in the Manual or otherwise in writing. (See Items 8 and 9 for additional information regarding authorized products and services.) We, in our sole discretion, and without limitation, may periodically change the System, including modifications to the Manual, the menu (including authorized products), the required equipment, the signage, the Proprietary Marks and the Trade Dress. You must accept any such System changes and make such expenditures as the System changes require, and you must direct your Subfranchisees to do the same. We also have the right to vary System standards in particular instances as we deem appropriate in our reasonable judgment.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

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

#### THE MASTER FRANCHISE AGREEMENT

Provision	Section In Master Franchise Agreement	Summary
a. Length of the franchise term	Section 3	The Development Term begins on the effective date of the Master Franchise Agreement and, unless sooner terminated, expires on the first to occur of: <b>(a)</b> the date that the last CrepeAffaire Restaurant is required to be opened pursuant to the Development Schedule; or <b>(b)</b> the date that the last CrepeAffaire Restaurant required by the Development Schedule opens for business. The Agreement Term begins on the effective date of the Master Franchise Agreement and, unless sooner terminated, ends on the date on which the last Subfranchise Agreement for a Subfranchised Restaurant developed under the Master Franchise Agreement expires or is terminated (or our assumption of some or all of the Subfranchise Agreements)
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Sections 18.1 and 19.1	We may terminate upon default.
g. "Cause" defined - curable defaults	Section 19.1	You have 30 days (10 days for any monetary default) to cure defaults other than those discussed in Sections 19.1 of the Master Franchise Agreement
h. "Cause" defined – non-curable defaults	Sections 18.1 and 19.1	Non-curable defaults include: failure to comply with the Development Schedule or construction of a Subfranchised Restaurant prior to execution of Subfranchise Agreement (as termination relates to the development term); failure to hold requisite license; insolvency; bankruptcy; execution levied against your business or property; abandonment of franchise; material breach of confidentiality or non-compete covenants); transfer without approval; material misrepresentation; falsification of reports; conviction or no contest plea to a crime likely to harm the System or our goodwill; default by your or your affiliates beyond cure period under any agreement with us or our affiliates; failure to comply materially with requirements;

Provision	Section In Master Franchise Agreement	Summary
		execution of a Subfranchise Agreement that includes a material modification to our form without our consent; no Subfranchised Restaurants in operation at expiration or termination of Development Term.
i. Your obligations on termination/non-renewal	Section 19.3	Obligations include, but are not limited to: loss of right to license subfranchisees; return of materials to us; continued observance of covenants; payment of amounts due to us and our affiliates; forfeiture of Development Fee; de-identification of all facilities; and cessation of use of System and confidential and proprietary information. In addition, we will have the right to take assignment of your right in the Subfranchise Agreements without any payment to you.
j. Assignment of contract by us	Section 15	There are no restrictions on our right to assign.
k. "Transfer" by you-defined	Section 16 and Appendix A	Includes voluntary or involuntary sale, assignment, transfer, conveyance, merger, gift, donation, devise, bequest, placement in trust, placement in escrow, pledge, acquisition, merger, reorganization, public offering, exempt offering or private placement or other transfer, whether inter vivos, testamentary, intestate or otherwise in you, your owners, any person with a direct or indirect interest in your owners, in the Master Franchise Agreement or any related agreement, in any assets relating to your operations under the Master Franchise Agreement, a Subfranchise Agreement or any related agreement.
l. Our approval of transfer by you	Section 16.1(a)	Generally, if you propose to undertake a Transfer, you must obtain our prior written consent. The decision as to whether to consent to a Transfer will be made in the exercise of our business judgment, but our consent will not be unreasonably withheld.
m. Conditions for our approval of transfer	Section 16.1(b)	Except as provided below, if you propose to undertake a Transfer, the conditions for our consent include: Master Franchisee's full compliance with the Manual, Systems, Master Franchise Agreement, Subfranchise Agreements and any and all agreements with us, our affiliates or related to the Master Franchise Agreement; payment of a transfer fee (see Item 6); qualified transferee; sign assignment agreement and any other agreements that we require to reflect the transfer and sign general release..
n. Our right of first refusal to acquire your business	Not Applicable	
o. Our option to purchase your business	Not Applicable	
p. Your death or disability	Not Applicable	

Provision	Section In Master Franchise Agreement	Summary
q. Non-competition covenants during the development term	Section 17.3(b)	<p>No interest in any Competitive Business. "Competitive Business" means any business, store, restaurant or location whose sales of crepes and crepe-related food items are reasonably likely to account for 20% or more of the food sales of the business in any calendar month. "Competitive Business" does not, however, include those businesses in which any of your owners or you have a direct or indirect, legal or beneficial interest and: <b>(a)</b> that had been in operation prior to the date of the first franchise-related agreement between you and us; or <b>(b)</b> that your owners or you had contracted to develop prior to the date of the first franchise-related agreement between you and us, provided those businesses are listed in Exhibit A to the Master Franchise Agreement.</p> <p>In addition, you may not divert any business or customer to any Competitive Business.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 17.3(b)	For 2 years following the expiration, termination or transfer of the Master Franchise Agreement, no interest in any Competitive Business that is located in the Development Territory or within 2 miles of any then-existing CrepeAffaire Restaurant.
s. Modification of the agreement	Section 24	No modification generally without signed agreement, but we may modify the System.
t. Integration/merger clause	Section 24	Only the terms of the Master Franchise Agreement, the documents referred to therein and the Manual are binding (subject to state law). Any other oral or written promises related to the subject matter of the Master Franchise Agreement may not be enforceable. This is not intended to disclaim any representation made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 26.2	You can only file suit where our principal offices are located, and we must file suit in the jurisdiction where our principal offices are located (currently England).
w. Choice of law	Section 26.1	Subject to state law, the laws of Texas will apply.

Certain states require franchisors to make additional disclosures related to the information contained in this disclosure document. These disclosures are contained in Exhibit F to this disclosure document

## ITEM 18

### PUBLIC FIGURES

We do not use any public figures to promote our franchise or the System at this time.

## 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.

We do not make any representations about a franchisee's financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Daniel Spinath, our Director, at Pixmore Centre, Pixmore Avenue, Letchworth Garden City, Herts, England SG6 1JG, +44 203 141 9790, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

We have not previously offered master franchise rights for CrepeAffaire Restaurants and there are no CrepeAffaire Restaurants in the United States.

**Table No. 1**  
**Systemwide Outlet Summary**  
**Fiscal Years 2020 to 2022 (1)**

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

### NOTES

- (1)** Our fiscal year runs January 1 through December 31.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than CrepeAffaire)**  
**For Years 2020 to 2022 (1)**

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0

**NOTES**

- (1) Our fiscal year runs January 1 through December 31.

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2018 to 2020 (1) (3)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations – Other Reasons	Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

**NOTES**

- (1) Our fiscal year runs January 1 through December 31.
- (2) Attached as Exhibit G is a list of the addresses and telephone numbers of all franchised CrepeAffaire locations and the name of the franchisee for each franchised location as of the date of this disclosure document.
- (3) No confidentiality agreements were signed with any franchisees that would restrict them from speaking openly with you about their experiences with us. Exhibit G includes a list of all CrepeAffaire franchisees who had a franchised restaurant terminated, canceled or not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement, including in connection with a transfer, during the period January 1, 2021 to December 31, 2022, or failed to communicate with us within 10 weeks of the date of this disclosure document, including one franchised restaurant that had operated less than one year. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. As of the date of this disclosure document, there are no CrepeAffaire franchisee organizations.

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2020 to 2022 (1)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees (3)	Outlets at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**NOTES**

(1) Our fiscal year runs January 1 through December 31.

**Table No. 5.A.**  
**Projected Master Franchise Openings as of January 1, 2023**

State	Master Franchise Agreements Signed but Outlet Not Opened	Projected New Master Franchised Businesses in Next Fiscal Year	Projected New Company-Owned Businesses in Next Fiscal Year
United States	0	1	0
Total	0	1	0

**Table No. 5.B.**  
**Projected Restaurant Openings as of January 1, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
All States	0	0	0

As of the date of this disclosure document, there are no CrepeAffaire franchisee organizations.

**ITEM 21**

**FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit E is our audited opening balance sheet as of November 30, 2023. As stated in Item 1, we were formed on May 16, 2023. Since we have been in business for less than one year, we cannot provide financial statements for prior fiscal years.



## ITEM 22

### CONTRACTS

The following agreements related to a franchised business are attached as exhibits to this disclosure document:

Exhibit C                      Master Franchise Agreement

Exhibit D                      Confidentiality Agreement

## ITEM 23

### RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

**EXHIBIT A**  
**LIST OF STATE ADMINISTRATORS**

## LIST OF STATE ADMINISTRATORS

### California:

Department of Financial Innovation and  
Protection  
1-866-275-2677

[www.dfpi.ca.gov](http://www.dfpi.ca.gov)

[Ask.DFPI@dfpi.ca.gov](mailto:Ask.DFPI@dfpi.ca.gov)

### Los Angeles

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

### Sacramento

2101 Arena Boulevard,  
Sacramento, CA 95834  
(916) 445-7205

### San Diego

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

### San Francisco

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 972-8559

### Hawaii:

Department of Commerce and  
Consumer Affairs  
Business Registration Division  
P.O. Box 40  
335 Merchant Street  
Room 203  
Honolulu, Hawaii 96810  
(808) 586-2744

### Illinois:

Franchise Division  
Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

### Indiana:

Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

### Maryland:

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

### Michigan:

Michigan Attorney General's Office  
Consumer Protection Division  
Attn.: Franchise Section  
G. Mennen Williams Bldg. – 1st Floor  
525 W. Ottawa Street  
Lansing, MI 48933  
(517) 335-7567

### Minnesota:

MN Department of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, MN 55101  
(651) 539-1500

**New York:**

NYS Department Of Law  
Investor Protection Bureau  
Franchise Section  
28 Liberty Street  
New York, NY 10005  
(212) 416-8222

**North Dakota:**

North Dakota Securities Department  
600 Boulevard Avenue, State Capitol  
Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

**Oregon:**

Division of Consumer and Business  
Services  
Finance & Corporate Securities  
350 Winter Street, NE  
Labor and Industries Building, Rm 21  
Salem, OR 97301-3881  
(503) 378-4100

**Rhode Island:**

Securities Division  
Department of Business  
Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex-Bldg.  
69  
Cranston, Rhode Island 02920  
(401) 462-9527

**South Dakota:**

Department of Labor & Regulations  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**Virginia:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

**Washington:**

Department of Financial Institutions  
Securities Division  
150 Israel Road, S  
P.O. Box 9033  
Olympia, WA 98507  
(360) 902-8760

**Wisconsin:**

Division of Securities  
Department of Financial  
Institutions  
345 W. Washington Avenue  
Madison, WI 53703  
(608) 266-2801

**EXHIBIT B**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

## AGENTS FOR SERVICE OF PROCESS

### California:

California Commissioner of the Department  
of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013-2344

[www.dfpi.ca.gov](http://www.dfpi.ca.gov)

[Ask.DFPI@dfpi.ca.gov](mailto:Ask.DFPI@dfpi.ca.gov)

### Hawaii:

Commissioner of Securities  
Dep't of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
King Kalakaua Building  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

### Illinois:

Illinois Attorney General  
Office of the Attorney General  
500 South Second Street  
Springfield, IL 62706

### Indiana:

Franchise Section  
Indiana Securities Division  
Secretary of State  
302 W. Washington Street  
Room E-111  
Indianapolis, IN 46204

### Maryland:

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202

### Michigan:

Michigan Department of Commerce  
Corporations and Securities Bureau  
525 W. Allegan Street  
Lansing, MI 48913

### Minnesota:

Commissioner of Commerce  
Minnesota Department of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, MN 55101

### New York:

Attn: New York Secretary of State  
New York Department of State  
The Division of Corporations  
One Commerce Plaza  
99 Washington Avenue, 6th Floor  
Albany, NY 12231-0001

### North Dakota:

Securities Commissioner  
North Dakota Securities Department  
600 Boulevard Avenue  
State Capitol  
Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510

### Rhode Island:

Director of Rhode Island Department of  
Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, Rhode Island 02920

### South Dakota:

Department of Labor and Regulations  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

**Virginia:**

Clerk  
State Corporation Commission  
1300 E. Main Street  
Richmond, VA 23219

**Washington:**

Director of Dept. of Financial Institutions  
Securities Division  
150 Israel Road, SW  
Tumwater, Washington 98501

**Wisconsin:**

Administrator, Division of Securities  
Department of Financial Institutions  
345 W. Washington Avenue, Fourth Floor  
Madison, WI 53703

***EXHIBIT C***  
***MASTER FRANCHISE AGREEMENT***



**CREPEAFFAIRE MASTER FRANCHISE AGREEMENT**

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Appendix A	Table of Defined Terms
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Exhibit 1	Guarantee and Assumption of Master Franchisee's Obligations

## CREPEAFFAIRE MASTER FRANCHISE AGREEMENT

**THIS AGREEMENT** is made as of \_\_\_\_\_, 2023 by and between CrepeAffaire Franchising US, Inc. ("**CrepeAffaire**"), a Texas corporation with its principal offices at Pixmore Centre, Pixmore Avenue, Letchworth, Garden City, England SG6 1J6 and \_\_\_\_\_ ("**Master Franchisee**"), a \_\_\_\_\_ with its principal offices at \_\_\_\_\_.

### RECITALS

As the result of the expenditure of time, skill, effort and money, CrepeAffaire and its Affiliates have developed, continue to develop and own the CrepeAffaire System. CrepeAffaire and its Affiliates and franchisees have established a consumer demand and reputation for high quality food and beverage products and services at CrepeAffaire Restaurants.

Master Franchisee desires to obtain from CrepeAffaire the right to: **(1)** license Subfranchisees to develop, open and operate Subfranchised Restaurants in the Development Territory; and **(2)** support the Subfranchised Restaurants in the Development Territory. CrepeAffaire is willing to grant these rights to Master Franchisee subject to the terms, conditions and limitations described in this Agreement.

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

#### 1. Purpose and Defined Terms.

**1.1 Purpose.** The purpose of this Agreement is to: **(a)** set out the terms and conditions on which Master Franchisee is to be granted the right to license Subfranchisees to develop, open and operate Subfranchised Restaurants in the Development Territory using the Proprietary Marks, the Confidential Information and the CrepeAffaire System and the duration of those rights; **(b)** set out Master Franchisee's payment and other obligations to CrepeAffaire; **(c)** enable CrepeAffaire to exercise control over Master Franchisee's use of the Proprietary Marks, the Confidential Information and the CrepeAffaire System in order to protect their value and integrity and to ensure a consistent customer experience in all CrepeAffaire Restaurants in the Development Territory; and **(d)** describe the general structure of the business relationship between CrepeAffaire and Master Franchisee during the Agreement Term and following the termination or expiration of the Agreement Term.

**1.2 Defined Terms.** Capitalized terms in this Agreement will have the meanings given to them in the Table of Defined Terms attached as **Appendix A**.

#### 2. Grant of Rights.

**2.1 Grant of Rights.** Subject to the terms and conditions of this Agreement, CrepeAffaire grants Master Franchisee the following rights, and Master Franchisee accepts the following obligations: **(a)** during the Development Term, to grant Subfranchisees the right to develop, open and operate Subfranchised Restaurants at Authorized Sites in the Development Territory; and **(b)** during the Agreement Term, to maintain Master Franchisee's entire right, title and interest, and all liabilities and obligations, as the subfranchisor of the CrepeAffaire System in the Development Territory pursuant to each Subfranchise Agreement (subject to the terms of this Agreement and the rights granted to CrepeAffaire under the Subfranchise Agreement).

## 2.2 Limitation on Rights Granted.

(a) **Subfranchise Rights Only.** This Agreement is not a franchise agreement or a subfranchise agreement and does not grant Master Franchisee any right to operate any business including, without limitation, any CrepeAffaire Restaurant. This Agreement only gives Master Franchisee the opportunity to enter into Subfranchise Agreements with Subfranchisees granting the respective Subfranchisee the right to develop, open and operate a Subfranchised Restaurant at an Authorized Site in the Development Territory. Each Subfranchised Restaurant developed pursuant to this Agreement will be opened and operated only in Full Compliance with a separate Subfranchise Agreement, regardless of whether the Subfranchisee or the Subfranchised Restaurant is owned in whole or in part by an Affiliated Subfranchisee or an Unaffiliated Subfranchisee.

(b) **Rights Reserved to CrepeAffaire.** All rights that CrepeAffaire does not specifically and expressly grant to Master Franchisee in this Agreement are reserved to CrepeAffaire. Without limiting the generality of the foregoing, CrepeAffaire reserves to itself all, and does not grant to Master Franchisee any, rights to take the following actions in the Development Territory during or after the Development Term: (i) grant licenses to any Third Party to sell products under the Proprietary Marks in foodservice facilities primarily identified by the trademark of a Third Party; (ii) merchandise or distribute products identified by the Proprietary Marks through any method or channel of distribution other than CrepeAffaire Restaurants, including, without limitation, by means of electronic commerce, any Website and through supermarkets or other retail facilities; (iii) develop, open and operate any other business under any system other than the CrepeAffaire System; (iv) develop and own other systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and/or (v) purchase, be purchased by, merge or combine with, businesses that directly compete with CrepeAffaire Restaurants.

(c) **Limited Exclusivity.** Subject to Section 2.3(b), so long as Master Franchisee is in Full Compliance, CrepeAffaire will not develop, open or operate, or license any Third Party to develop, open or operate, a CrepeAffaire Restaurant in the Development Territory during the Development Term. CrepeAffaire will have the right to modify or terminate Master Franchisee's limited exclusive rights in the Development Territory in accordance with Section 18.1 as an alternative to terminating the Development Term pursuant to that Section.

(d) **Website and E-Commerce.** Master Franchisee may not establish a Website for the CrepeAffaire System in the Development Territory. Any Website for the CrepeAffaire System in the Development Territory may only be established as a country extension to CrepeAffaire's global Website. Master Franchisee may not conduct electronic or digital commerce (such as the sale of products via the Internet) relating or referring to CrepeAffaire, the CrepeAffaire System, any Proprietary Mark, any Confidential Information or any CrepeAffaire Restaurant without first obtaining CrepeAffaire's written consent, which CrepeAffaire may grant or deny in its sole discretion.

**2.3 Full Compliance with Development Schedule.** With regard to Master Franchisee's obligations under this Agreement, **TIME IS OF THE ESSENCE.** All rights granted to Master Franchisee under this Agreement are subject to Master Franchisee's Full Compliance with the Development Schedule (including any Opening Date). CrepeAffaire may terminate the Development Term in accordance with Section 18.1 if Master Franchisee fails at any time to meet any Opening Date or fails to have open and operating the minimum cumulative number of CrepeAffaire Restaurants required by the Development Schedule.

### 3. Term.

**3.1 Agreement Term.** The Agreement Term begins on the Effective Date and, unless earlier terminated, ends on the date on which the last Subfranchise Agreement for a Subfranchised Restaurant developed under this Agreement expires or is terminated.

**3.2 Development Term.** The Development Term begins on the Effective Date and, unless this Agreement and/or the Development Term is earlier terminated, expires at the end of the Development Term.

### 4. Fees.

**4.1 Development Fee.** Within 30 days after the Effective Date, Master Franchisee will pay CrepeAffaire the Development Fee. ***THE DEVELOPMENT FEE IS FULLY EARNED WHEN THIS AGREEMENT IS SIGNED AND IS NOT REFUNDABLE.***

**4.2 Various Fees.** For each Subfranchised Restaurant, Master Franchisee will timely pay CrepeAffaire the fees stated in **Appendix B**.

**4.3 Sales Reports.** By 5:00 p.m. on the day after the end of each Fiscal Period, Master Franchisee must submit to CrepeAffaire, in writing, by email, polling by computer or such other form or method as CrepeAffaire may designate, the amount of Gross Sales of each Subfranchised Restaurant during the preceding Fiscal Period and any other data or information as CrepeAffaire may require.

**4.4 Payment of Fees.** Master Franchisee must participate in CrepeAffaire's electronic funds transfer program, which authorizes CrepeAffaire to use a pre-authorized bank draft system. Master Franchisee agrees to sign and complete such documents as CrepeAffaire may require periodically to authorize and direct Master Franchisee's bank or financial institution to pay and deposit directly to CrepeAffaire's account. All amounts owed under this Agreement, including any interest charges, must be received by CrepeAffaire or credited to CrepeAffaire's account by pre-authorized bank debit by the Due Date. Master Franchisee must furnish to CrepeAffaire and Master Franchisee's bank all authorizations necessary to effect payment by the methods CrepeAffaire specifies. CrepeAffaire reserves the right to modify, at its option, the method by which Master Franchisee must pay amounts owed under this Agreement upon receipt of written notice from CrepeAffaire.

**4.5 Interest.** If any payments by Master Franchisee due to CrepeAffaire are not received in full by the Due Date, in addition to paying the amount owed, Master Franchisee must pay to CrepeAffaire interest on the amount owed from the Due Date until paid at the rate of 18% per annum, unless the maximum rate permitted for indebtedness of this nature in the state or tribal territory where Master Franchisee is located is lower, in which case the latter will apply. Payment of a late fee and/or interest by Master Franchisee on past due obligations is in addition to all other remedies and rights available to CrepeAffaire pursuant to this Agreement or under applicable law.

**4.6 Partial Payments.** No payment by Master Franchisee of a lesser amount than due will be treated as anything other than a partial payment on account, regardless of whether Master Franchisee includes an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment. CrepeAffaire has sole discretion to apply any payments by Master Franchisee to any past due indebtedness and CrepeAffaire has the right to accept payment from any other entity as payment by Master Franchisee without that entity being substituted for Master Franchisee.

**4.7 Collection Costs and Expenses.** Master Franchisee agrees to pay CrepeAffaire on demand any and all Collection Costs and Expenses CrepeAffaire incurs in enforcing the terms of this Agreement and/or any Related Agreement.

**4.8 No Right of Offset.** All amounts payable to CrepeAffaire or CrepeAffaire Affiliates under this Agreement or any Related Agreement will: **(a)** be paid, in addition to, and not by way of limitation of, all other charges, royalties, fees or amounts assessed against or owed by Master Franchisee or any Master Franchisee Affiliate or payable to CrepeAffaire or any CrepeAffaire Affiliate in relation to this Agreement or any Related Agreement; **(b)** not be credited or creditable against any other amounts; **(c)** be deemed earned by CrepeAffaire when paid; and **(d)** not be subject to refund or return, unless otherwise specifically provided in this Agreement.

**4.9 Taxes.** Master Franchisee must promptly pay when due all taxes levied or assessed (including, without limitation, unemployment and sales taxes) and all accounts and other indebtedness of every kind incurred by Master Franchisee in the conduct of its master franchise business operated under this Agreement. In the event of any bona fide dispute as to Master Franchisee's liability for taxes assessed or other indebtedness, Master Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will Master Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Training Facility, or any other facility used by Master Franchisee in connection with this Agreement.

## **5. Records, Reports and Audits.**

**5.1 Records.** Master Franchisee will remain in Full Compliance with the recordkeeping standards and specifications, as well as the accounting principles, that CrepeAffaire may periodically establish in the Manual or otherwise and will: **(a)** keep and maintain truthful, complete, accurate and up-to-date books and records relating to licensing Subfranchisees to develop, open and operate Subfranchised Restaurants in the Development Territory, including, without limitation, any reports regarding prospective Subfranchisees, Site Acceptance Requests, Site Acceptances, financial records, and any other information as CrepeAffaire may specify periodically; **(b)** ensure that all recordkeeping conforms to the recordkeeping and accounting requirements stated in the Manual; **(c)** preserve all books and records for at least 7 years after preparation; and **(d)** within 10 days after any written request by CrepeAffaire, make available to CrepeAffaire, and provide duplicate copies to CrepeAffaire such books and records, as CrepeAffaire may periodically request.

**5.2 Reports.** Master Franchisee will submit to CrepeAffaire, for review or auditing, those forms, reports, records, information and data relating to any and all Subfranchised Restaurants as CrepeAffaire may reasonably designate. Master Franchisee will ensure that each report is prepared and submitted at Master Franchisee's sole expense using such forms as CrepeAffaire may periodically require.

**5.3 Audit Rights.** CrepeAffaire and its designees will have the right at all reasonable times, both during and after the Agreement Term, to inspect, copy and audit Master Franchisee's books and records and such other forms, reports, information and data relating to Subfranchised Restaurants as CrepeAffaire reasonably may designate, that are applicable to Master Franchisee's obligations under this Agreement. Master Franchisee must provide such requested information following 30 days' notice from CrepeAffaire.

If any inspection or audit discloses that any payment to CrepeAffaire has been understated, Master Franchisee will pay CrepeAffaire, within 10 days after receipt of notice of the results of the inspection or audit report, the difference between the payment actually due to CrepeAffaire and the

amount paid to CrepeAffaire, plus interest on the difference (calculated in accordance with Section 4.5) from the date that such amount was originally due until the date that such amount is paid to CrepeAffaire in full. If an inspection or audit is made necessary by Master Franchisee's failure to provide reports or supporting records as required under this Agreement or the inspection or audit shows that any payment made to CrepeAffaire for the period of any audit was 5% less than the amount actually owed to CrepeAffaire, Master Franchisee also will reimburse CrepeAffaire for the reasonable amount or cost incurred by or on behalf of CrepeAffaire in connection with the inspection or audit (including, without limitation, the fees and expenses of attorneys and independent accountants and the travel expenses, room and board and compensation for the employees or designees of CrepeAffaire involved in the audit or inspection). The foregoing remedies will be in addition to all other remedies and rights available to CrepeAffaire under this Agreement or applicable law.

**5.4 Right to Prepare Reports.** If Master Franchisee fails to provide CrepeAffaire on a timely basis the records, reports and other information required by this Agreement or, upon request of CrepeAffaire, copies of same, in addition to constituting a Default, CrepeAffaire and its designees will have access at all reasonable times (and as often as necessary) to Master Franchisee's books and records for the purpose of, among other things, preparing the required records, reports and other information. Master Franchisee promptly will reimburse CrepeAffaire and its designees for all costs, including any attorneys' fees, expenses and liabilities associated with CrepeAffaire preparing or obtaining such records, reports or other information.

**5.5 Ownership of Data.** Master Franchisee agrees that all data that it collects from its Subfranchisees, prospective Subfranchisees, customers or others in connection with the Subfranchised Restaurants relating to any CrepeAffaire-related loyalty program is deemed to be owned by CrepeAffaire. Master Franchisee has the right to use the customer data while this Agreement is in effect, but only in accordance with any privacy policy that CrepeAffaire may establish from time to time.

## **6. The Crepeaffaire System.**

### **6.1 Manual and Plans and Specs.**

**(a) Generally.** CrepeAffaire will loan Master Franchisee 1 copy of the Plans and Specs and provide electronic access to the Manual. Master Franchisee will at all times keep its copy of the Manual current and up-to-date with all updates and will purchase any equipment and related services as CrepeAffaire may periodically determine to be necessary or desirable for Master Franchisee to receive, use, store or retrieve the Manual. CrepeAffaire may deliver the updates to the Manual in any manner or medium that CrepeAffaire may periodically determine is appropriate. Notwithstanding the foregoing, no update to the Manual may directly contravene an express term of this Agreement, and, in the event of a direct conflict between the update and the terms of this Agreement, the terms of this Agreement will control. The Manual, the Plans and Specs and all copyrights to the Manual and the Plans and Specs are the sole property of CrepeAffaire, notwithstanding any assistance by Master Franchisee in modifying and/or translating them.

Master Franchisee will loan each Subfranchisee 1 copy of the Plans and Specs and provide electronic access to, the Manual. Master Franchisee will maintain a record of the Subfranchisees to whom Master Franchisee has loaned a copy of the Manual and the Plans and Specs, which will include, without limitation, the name of the Subfranchisee and the date on which each Subfranchisee received the Manual and the Plans and Specs.

**(b) Use of the Manual.** Master Franchisee must require Subfranchisees to develop and operate the Subfranchised Restaurants in Full Compliance with the Manual. In addition, Master Franchisee will treat the Manual as Confidential Information. Accordingly, Master Franchisee will not reproduce the Manual in whole or in part and may disclose the contents of the Manual only to those employees of Master Franchisee who have a need to know and to Subfranchisees.

## **6.2 Modifications to the CrepeAffaire System.**

**(a) By CrepeAffaire.** CrepeAffaire may periodically change or modify all or any aspect of the CrepeAffaire System. CrepeAffaire will provide Master Franchisee 7 days' notice of such modification, provided that, with respect to a modification to address an immediate threat to public health and safety, prior notice by CrepeAffaire is not required. Notwithstanding the foregoing, if Master Franchisee reasonably believes that a change or modification would have a materially adverse commercial effect on the operations of the Subfranchised Restaurants, the Parties will negotiate in good faith whether to implement the change or modification. If CrepeAffaire changes or modifies the CrepeAffaire System as permitted by this Section 6.2 (a), Master Franchisee will accept those changes or modifications as if they were a part of the CrepeAffaire System at the time this Agreement was executed. Master Franchisee will make, with respect to its obligations under this Agreement and any Related Agreement, and direct each Subfranchisee to make with respect to its operation of a Subfranchised Restaurant, such expenditures as any changes or modifications to the CrepeAffaire System may require.

### **(b) By Master Franchisee.**

**(i) Recommendations.** Master Franchisee may periodically make further recommendations for changes to or localizations of the CrepeAffaire System. The implementation of any such recommendations will be subject to the approval of CrepeAffaire, which may be granted or withheld in CrepeAffaire's discretion. Master Franchisee agrees that, at all times, all such recommendations, whether or not approved, will be the exclusive property of CrepeAffaire, will be Confidential Information and may, in the discretion of CrepeAffaire, be incorporated into the CrepeAffaire System or used, licensed or transferred for the benefit of Third Parties without any payment to or permission of Master Franchisee, whose only rights or interests in and to any such recommendation will derive exclusively from this Agreement. Master Franchisee waives all moral rights it may have (if any) under applicable law to be identified as the author of any such modifications.

**(ii) Developments.** Master Franchisee will not seek to develop, nor will Master Franchisee use, implement or conduct any test or study regarding, any new, changed or localized concept, process, improvement or materials (including new menu items or ingredients) relating to any aspect of the CrepeAffaire System without CrepeAffaire's prior written approval. If Master Franchisee does so, whether or not with the approval of CrepeAffaire, Master Franchisee, at Master Franchisee's sole expense, will promptly: **(A)** provide CrepeAffaire with all information regarding such concept, process, improvement or materials, all of which information at all times will be the exclusive property of CrepeAffaire and may be incorporated into the CrepeAffaire System without any payment to Master Franchisee; **(B)** take all actions that CrepeAffaire requests to perfect exclusive ownership of such concept, process, improvement or materials in CrepeAffaire; and **(C)** use best efforts to cause its officers, employees and contractors to execute all documents requested by CrepeAffaire to enable CrepeAffaire to use and otherwise deal with such concept, process, improvement or materials as CrepeAffaire determines in its sole discretion without infringing the rights of any Person.



**7. Inspections.** To determine whether Master Franchisee and each Subfranchised Restaurant are in Full Compliance with this Agreement and the CrepeAffaire System, CrepeAffaire or its designee has the right, but not the obligation, at any reasonable time without notice to Master Franchisee and whether or not Master Franchisee is present to: **(a)** enter on the premises of any CrepeAffaire Restaurant; **(b)** inspect that CrepeAffaire Restaurant; **(c)** observe, photograph and videotape the operations of that CrepeAffaire Restaurant for such consecutive or intermittent periods as deemed necessary (subject to applicable privacy laws); **(d)** remove samples of any food or beverage product, material or other products from that CrepeAffaire Restaurant for testing and analysis (without paying for samples); **(e)** interview personnel and customers of that CrepeAffaire Restaurant; and **(f)** remove any marketing materials or samples of marketing materials (without paying for such materials or samples).

Master Franchisee agrees to cooperate fully (and to use its reasonable best efforts to direct Subfranchisees to cooperate fully) with CrepeAffaire or its designee, in connection with any such inspection, observation, videotaping, removal or interview and, if the review was undertaken at Master Franchisee's request, reimburse CrepeAffaire for all reasonable costs and expenses incurred in connection with those reviews at each Subfranchised Restaurant. Master Franchisee must pay such amounts to CrepeAffaire within 10 days after receipt of an invoice from CrepeAffaire.

## **8. Brand Fund and Marketing.**

### **8.1 Brand Fund.**

**(a)** CrepeAffaire has established the Brand Fund to which Subfranchisees must contribute in the amount set forth in **Appendix B**. CrepeAffaire has the right to direct all programs supported by the Brand Fund, with final discretion over creative concepts, the materials and media used in the programs and their placement. CrepeAffaire does not guarantee that Master Franchisee or any of its Subfranchisees will benefit from the Brand Fund in proportion to their contributions to the Brand Fund. Master Franchisee agrees to require all Subfranchisees to participate, in all advertising, marketing, promotions, research, public relations and other programs instituted by the Brand Fund.

**(b)** CrepeAffaire will not use any contributions to the Brand Fund to defray any of its general operating expenses, except for reasonable administrative costs and overhead that CrepeAffaire incurs in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including reasonable portions of the salaries of CrepeAffaire personnel who devote time to Brand Fund activities). CrepeAffaire will separately account for the Brand Fund, but it does not need to segregate Brand Fund monies from its monies.

**(c)** CrepeAffaire is not required to have an independent audit of the Brand Fund completed. CrepeAffaire may spend in any fiscal year an amount greater or less than the aggregate contribution of all CrepeAffaire Restaurants to the Brand Fund during that year or cause the Brand Fund to invest any surplus for its future use or distribute any surplus to then-current franchisees who contributed to the Brand Fund and restaurants operated by CrepeAffaire or its affiliates. (The Brand Fund will reimburse CrepeAffaire for any monies advanced by CrepeAffaire in excess of any of its pro rata contributions to the Brand Fund with respect to any CrepeAffaire Restaurants owned or operated by CrepeAffaire or its Affiliates.) CrepeAffaire will make available an unaudited statement of contributions and expenditures for the Brand Fund no sooner than 90 days after the close of its fiscal year to its unit franchisees and master franchisees who make a written request for a copy.

**8.2 Marketing Fund.** Master Franchisee will establish a Marketing Fund to which all Subfranchised Restaurants will contribute. CrepeAffaire will make available to Master Franchisee samples of marketing materials used by CrepeAffaire.

**8.3 Local Marketing.** Master Franchisee will, at all times throughout the Agreement Term, use its best efforts to advance, and/or cause its Subfranchisees to advance, the reputation of CrepeAffaire Restaurants and the products sold under the Proprietary Marks and to develop awareness of CrepeAffaire Restaurants among consumers in order to increase the goodwill of the Proprietary Marks and the CrepeAffaire System. Prior to use, Master Franchisee must submit all advertising materials to CrepeAffaire for its approval, which approval will not be unreasonably withheld.

**8.4 Subfranchisee Marketing Obligation.** In addition to the Brand Fund contribution, each Subfranchisee will have a marketing obligation of at least 2.5% of Fiscal Period Gross Sales to be allocated between the Marketing Fund and local marketing as periodically agreed to by CrepeAffaire and Master Franchisee.

**8.5 Marketing Materials.** CrepeAffaire periodically will advise Master Franchisee of the advertising and sales promotions authorized by CrepeAffaire. Local advertising and promotion materials will comply with all applicable laws and with the guidelines for advertising and promotions promulgated periodically by CrepeAffaire, and it will be solely Master Franchisee's obligation to ensure such compliance for any materials that it develops. All proposed advertising materials must be submitted to CrepeAffaire or CrepeAffaire's designee prior to first use for approval. CrepeAffaire will be deemed to have approved such advertising material if CrepeAffaire does not otherwise advise Master Franchisee within 10 days after receipt of the advertising. In no event will Master Franchisee's advertising contain any statement or material which, in the sole discretion of CrepeAffaire, may be considered: **(a)** in bad taste or offensive to the public or to any group of Persons; **(b)** defamatory of any Person or an attack on any competitor; **(c)** to infringe upon the use, without permission, of any other Person's trade name, trademark, service mark or identification; or **(d)** inconsistent with the public image of CrepeAffaire, its Affiliates, the CrepeAffaire System or CrepeAffaire Restaurants. All copyrights in Master Franchisee's advertising materials will be owned by CrepeAffaire, and Master Franchisee will execute (and, if necessary, use best efforts to cause its officers, employees and contractors to execute) all documents requested by CrepeAffaire to evidence that ownership and to enable CrepeAffaire to use and otherwise deal with such advertising materials as CrepeAffaire determines in its sole discretion without infringing the rights of any Person. Master Franchisee will not use, and will cause Subfranchisees not to use, any advertising or promotional materials that CrepeAffaire (or CrepeAffaire's designee) has disapproved or that do not include the copyright registration notice and trademark registration notices designated by CrepeAffaire. Master Franchisee waives all moral rights it may have (if any) under applicable law to be identified as the author of any such modifications.

## **9. Training.**

### **9.1 By CrepeAffaire.**

**(a) Initial Training Program.** Prior to the opening of the first Subfranchised Restaurant developed under this Agreement, the number of Trainers specified by CrepeAffaire will attend, and successfully complete (as determined by CrepeAffaire in its sole discretion), the CrepeAffaire initial training program at such location(s) as CrepeAffaire may determine periodically. At all times, Master Franchisee will employ the number of Trainers who have successfully completed the CrepeAffaire initial training program, as specified by CrepeAffaire. The initial training must be completed before any Trainer provides training to Master Franchisee's employees, Subfranchisees

or any other Person and before any Subfranchised Restaurant opens. CrepeAffaire has the right to dismiss from the initial training program any Person whom it believes in its reasonable discretion will not perform acceptably in the position for which he/she has been hired, and Master Franchisee must provide a suitable replacement within 30 days of dismissal. Additional employees who desire to attend the initial training program may do so, subject to space availability.

**(b) Additional Training.** CrepeAffaire may periodically require that Master Franchisee, any Trainer or any employee of Master Franchisee or a Subfranchisee whom CrepeAffaire may designate periodically take and successfully complete (as determined by CrepeAffaire in its sole but reasonable discretion), at the times and locations that CrepeAffaire reasonably designates, training other than the CrepeAffaire initial training program.

**9.2 Training by Master Franchisee and Certification of Master Franchisee's Training Facility.** Master Franchisee will conduct such initial and continuing training programs for its employees and for Subfranchisees and Subfranchisees' employees as CrepeAffaire may reasonably require periodically. Master Franchisee will promptly designate a Training Facility (which may be a Subfranchised Restaurant) in the Development Territory at which the CrepeAffaire initial training program will be offered. CrepeAffaire, in its sole discretion, will provide the assistance that CrepeAffaire believes to be reasonably necessary, at Master Franchisee's cost and expense, to assist Master Franchisee in establishing the Training Facility. The Training Facility designated by Master Franchisee must be certified by CrepeAffaire before Master Franchisee commences any training at the Training Facility, and CrepeAffaire may periodically visit and evaluate the Training Facility and the Trainers to ensure that they continue to meet CrepeAffaire's standards. CrepeAffaire may revoke its certification of the Training Facility if the Training Facility or the Trainers cease to meet CrepeAffaire's standards, as set forth in the Manual. Following certification by CrepeAffaire, Master Franchisee will train all Persons who must complete the initial training program (other than those Persons trained or to be trained by CrepeAffaire pursuant to Section 9.1) at the Training Facility unless CrepeAffaire otherwise advises Master Franchisee or CrepeAffaire's certification of the Training Facility is revoked.

**9.3 Training for Subfranchised Restaurants.** Before any Subfranchisee may open a Subfranchised Restaurant, the Subfranchisee's Key Personnel for the respective Subfranchised Restaurant will attend, and successfully complete, the initial CrepeAffaire restaurant management training provided by Master Franchisee at the Training Facility.

**9.4 Tuition and Expenses.** Master Franchisee will pay all travel and living expenses of CrepeAffaire's personnel who provide any training to Master Franchisee's or a Subfranchisee's personnel. Except for the initial Trainers who receive the CrepeAffaire training program, CrepeAffaire reserves the right to require Master Franchisee to pay a commercially reasonable training fee for each Person who participates in any training conducted by CrepeAffaire (regardless of whether such training is mandatory, voluntary or conducted at Master Franchisee's request). Such tuition will be payable in amounts determined by CrepeAffaire periodically in advance of the relevant training and will be refundable, if at all, only on terms and conditions as CrepeAffaire may periodically determine. Master Franchisee will be responsible for all costs, expenses and liabilities related to participation of Master Franchisee's employees in any training under this Agreement. Such costs, expenses and liabilities will include, but not be limited to, all travel, living, food, insurance and other expenses reasonably incurred by Master Franchisee or its employees in connection with any training under this Agreement.

**9.5 Training Materials and Methods.** All training materials that CrepeAffaire provides to Master Franchisee remain CrepeAffaire's property. CrepeAffaire has the right to provide training

programs in person, on DVD, via the Internet and/or an Intranet, in printed or other electronic format or by other means, as it determines.

## **10. Development and Licensing Procedures**

### **10.1 Mechanics of Site Acceptance.**

(a) CrepeAffaire will periodically provide Master Franchisee with CrepeAffaire's site selection criteria. Master Franchisee will be responsible, at its sole cost and expense, for conducting an initial review and analysis of each site at which a Subfranchisee desires to develop a CrepeAffaire Restaurant under this Agreement and for submitting to CrepeAffaire a Site Acceptance Request (containing such information and documentation as CrepeAffaire periodically may require) for each such site.

(b) After Master Franchisee has submitted a Site Acceptance Request, CrepeAffaire may, but is not required to, conduct on-site evaluations of the proposed sites and, if CrepeAffaire conducts such evaluations, CrepeAffaire will require Master Franchisee to pay CrepeAffaire's expenses. If CrepeAffaire through any of its representatives offers a favorable preliminary response to a Site Acceptance Request, but does not ultimately grant Site Acceptance, that preliminary response will not constitute, or be interpreted as, Site Acceptance upon which Master Franchisee may rely.

(c) Within 30 days after CrepeAffaire receives a Site Acceptance Request, CrepeAffaire will advise Master Franchisee by email or in writing whether CrepeAffaire has granted Site Acceptance for the proposed site. If CrepeAffaire does not grant Site Acceptance within that 30 day period, CrepeAffaire will be deemed to have denied the Site Acceptance Request. If CrepeAffaire informs Master Franchisee that it does not grant Site Acceptance for a proposed site, CrepeAffaire will provide Master Franchisee with its reasons for such denial.

(d) After CrepeAffaire has granted Site Acceptance for a Subfranchised Restaurant, if not previously executed, Master Franchisee and the Subfranchisee will execute the then-current form of Subfranchise Agreement. Within 10 days after execution, Master Franchisee will provide CrepeAffaire a digital copy of the fully-executed Subfranchise Agreement and pay CrepeAffaire all required fees, regardless of whether Master Franchisee has collected the Initial Subfranchise Fee from the applicable Subfranchisee, subject to the provisions of paragraph 3 of **Appendix B**.

**10.2 Site Acceptance Is Not a Representation or Promise of Success.** CrepeAffaire's grant of Site Acceptance for 1 or more sites is not a representation or promise by CrepeAffaire, any CrepeAffaire Affiliate or Related Person of CrepeAffaire that a CrepeAffaire Restaurant at the Authorized Site will achieve a certain sales volume or a certain level of profitability or that a CrepeAffaire Restaurant at an Authorized Site will have a higher sales volume or be more profitable than a site which CrepeAffaire did not accept.

### **10.3 Master Franchisee's Liability.**

(a) As between CrepeAffaire and Master Franchisee, Master Franchisee assumes all cost, liability and expense for selecting, obtaining and developing sites for CrepeAffaire Restaurants, preparing Site Acceptance Requests and securing Site Acceptances in the Development Territory. Master Franchisee will not make, or knowingly permit any Subfranchisee to make, any binding commitments with respect to obtaining, purchasing or leasing a proposed site until a Site Acceptance has been issued for that site. CrepeAffaire will not be liable to Master

Franchisee, any Subfranchisee or any Third Party for any site selection, real estate, development or other assistance or consultation that CrepeAffaire may provide to Master Franchisee under this Agreement or any Related Agreement.

**(b)** CrepeAffaire makes no representation or warranty regarding the requirements of any applicable laws, ordinances and/or regulations that may be applicable to Master Franchisee, Subfranchisee and/or Subfranchised Restaurants. Compliance with all applicable laws, ordinances and regulations is solely Master Franchisee's obligation (and the obligation of Subfranchisees), and CrepeAffaire will have no liability with respect to compliance by Master Franchisee or any Subfranchisee with any applicable laws, ordinances and/or regulations.

**10.4 Subfranchise Agreements.** Master Franchisee may not execute any Subfranchise Agreement unless the following conditions have been met: **(a)** Master Franchisee and its Affiliates are current on all monetary obligations owed to CrepeAffaire; **(b)** the proposed Subfranchisee and its Affiliates are current on all monetary obligations owed to Master Franchisee; **(c)** Master Franchisee and its Affiliates are not in Default of this Agreement or any Related Agreement; **(d)** the proposed Subfranchisee and its Affiliates are not in Default under any agreement with Master Franchisee or CrepeAffaire; **(e)** CrepeAffaire has accepted the proposed Subfranchisee in accordance with Section 11.2; and **(f)** CrepeAffaire has consented to the proposed location for the Subfranchised Restaurant. If Master Franchisee fails to enforce any Subfranchise Agreement against a Subfranchisee, CrepeAffaire, or its designee, will have the right (but not the obligation) to do so, using such counsel and other suppliers as CrepeAffaire selects, and Master Franchisee must fully reimburse all of CrepeAffaire's related reasonable attorneys' fees, costs and other related expenses. Notwithstanding the foregoing, CrepeAffaire is not a party to any Subfranchise Agreement and CrepeAffaire is not responsible for any of the duties, obligations or requirements imposed on Master Franchisee by such agreement.

**10.5 Restriction on Opening.** Master Franchisee will not authorize the opening of any Subfranchised Restaurant until all of the following applicable conditions have been met:

**(a)** The Subfranchisee and its Affiliates are not in material default under the Subfranchise Agreement or any other agreements with Master Franchisee or its Affiliates or with CrepeAffaire or its Affiliates.

**(b)** The Subfranchisee and its Affiliates are current on all obligations due to Master Franchisee and its Affiliates.

**(c)** The Subfranchisee has obtained a certificate of occupancy and any other required health, safety or fire department certificates.

**(d)** The Subfranchisee has certified to Master Franchisee in writing that all development, construction, equipping, furnishing, renovation and other preparation of the Subfranchised Restaurant has been performed in Full Compliance with all approved Plans and Specs for that Subfranchised Restaurant and all applicable laws.

**(e)** The Subfranchisee has hired and trained a staff in accordance with the requirements of this Agreement, the Manual and the Subfranchise Agreement.

**(f)** The Subfranchisee has provided Master Franchisee copies of all certificates of insurance or other required proof of insurance to show that all required insurance coverage is in force.

(g) The Subfranchisee has signed the applicable Subfranchise Agreement and paid Master Franchisee the required fees for the Subfranchised Restaurant.

**10.6 Method and Delegation.** CrepeAffaire may periodically delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, including, but not limited to, CrepeAffaire's Affiliates, agents or independent contractors.

## **11. Master Franchisee's Operational Rights and Obligations.**

**11.1 Offer and Sale of Subfranchises.** In connection with Master Franchisee's offer and sale of subfranchises, Master Franchisee must, at its sole cost and expense: (a) prepare, revise and register any required disclosure documents specific to the Development Territory; (b) submit to CrepeAffaire for review and approval, each and every form of disclosure document that Master Franchisee intends to utilize in connection with its offer of subfranchises prior to filing with any franchise regulatory authority and/or before using them to solicit prospective Subfranchisees; (c) include any and all information and/or documentation as required or permitted by franchise law that CrepeAffaire requires Master Franchisee periodically to include in those disclosure documents (which may require Master Franchisee to amend its disclosure document if there is a material change that CrepeAffaire determines must be disclosed, at Master Franchisee's sole cost and expense); and (d) comply in all respects with all applicable laws and regulations pertaining to franchising and subfranchising in the Development Territory, including without limitation laws requiring registration and delivery of disclosure documents to prospective Subfranchisees.

CrepeAffaire is not responsible for preparing or registering any of these documents or for the accuracy of any such documents as distributed or filed for registration except for the accuracy of the information that: (i) CrepeAffaire provides to Master Franchisee that is required to be included or disclosed by franchise law; or (ii) CrepeAffaire requires Master Franchisee to include or disclose in connection with Master Franchisee's Subfranchise Agreements, disclosure documents or other materials. Similarly, any changes, amendments or revisions to any of the disclosure documents must be approved by CrepeAffaire before Master Franchisee's use of them. Master Franchisee will pay the reasonable expenses incurred by CrepeAffaire in connection with its review of materials pursuant to this Section 11.1.

**Master Franchisee understands, acknowledges and agrees that CrepeAffaire's approval of or advice concerning any of Master Franchisee's Subfranchise Agreements, disclosure documents or other materials do not constitute, and will not be deemed to constitute, CrepeAffaire's express or implied representation, warranty, guarantee or any other indication that such materials comply with applicable law, and Master Franchisee waives any claim to the contrary, except as to claims relating to the information that: (A) CrepeAffaire provides to Master Franchisee that is required to be included or disclosed by franchise law; or (B) CrepeAffaire requires Master Franchisee to include or disclose in connection with Master Franchisee's Subfranchise Agreements, disclosure documents or other materials.**

**11.2 CrepeAffaire's Acceptance of Subfranchisees.** CrepeAffaire has provided Master Franchisee the financial, experience and other criteria that a prospective Subfranchisee must satisfy and, as any of these criteria are modified, any revisions to these criteria. Prior to executing any Subfranchise Agreement for a Subfranchised Restaurant, Master Franchisee will: (a) screen the prospective Subfranchisee to verify that the prospective Subfranchisee meets all CrepeAffaire's criteria for a Subfranchisee; (b) submit to CrepeAffaire a complete report (containing that information reasonably required by CrepeAffaire) for the prospective Subfranchisee; and (c) obtain CrepeAffaire's written consent, not to be unreasonably withheld or delayed, to the prospective

Subfranchisee. In addition, CrepeAffaire's prior written consent is required before a Subfranchisee can relocate or cease operations at a Subfranchised Restaurant.

**11.3 Market and Site Evaluation Assistance.** Master Franchisee will assist Subfranchisees in evaluating specific locations for Subfranchised Restaurants by: **(a)** identifying, analyzing and assessing proposed restaurant locations; **(b)** modifying the Plans and Specs for the Authorized Site, including preparation of building plans, signage, interior designs and layouts, décor, furniture, fixtures and equipment and mechanical standards; and **(c)** obtaining any governmental or other approvals which may be necessary to construct, open and operate a Subfranchised Restaurant. Master Franchisee will permit Subfranchisees to modify the Plans and Specs only as necessary to conform with local building codes, regulations, and discretion of local public officials or bodies and to the extent required to adapt the Plans and Specs to the Authorized Site.

#### **11.4 Subfranchise Agreement.**

**(a) Generally.** Master Franchisee will not permit any material modification to the form of Subfranchise Agreement without obtaining CrepeAffaire's prior written consent, which will not be unreasonably withheld. CrepeAffaire will consider any change or modification to the Subfranchise Agreement and will work in good faith and cooperatively with Master Franchisee to determine whether requested changes are reasonable in each such specific situation; however, CrepeAffaire will approve or reject such proposed changes or modifications in its sole but reasonable discretion. CrepeAffaire may terminate this Agreement pursuant to Section 19.1 if Master Franchisee executes a Subfranchise Agreement that contains a material modification with respect to which CrepeAffaire has not given its prior written consent.

**(b) Modification by CrepeAffaire.** CrepeAffaire may periodically change or modify the form of Subfranchise Agreement which will be used in connection with future Subfranchisees. Any modification will not affect previously signed Subfranchise Agreements. If Master Franchisee reasonably believes that a change or modification would have a materially adverse commercial effect on its ability to sell Subfranchises or on the operations of the Subfranchised Restaurants, the Parties will negotiate in good faith whether to implement the change or modification.

**(c) Term.** The Term of each Subfranchise Agreement begins on the date Master Franchisee signs the Agreement and, unless terminated earlier, continues for a period of 10 years from the date the CrepeAffaire Restaurant first opens for business. At Master Franchisee's option, subject to applicable federal, state and local laws, the Subfranchise Agreement may be renewed for up to two renewal terms of 5 years each.

**11.5 Procedures for Offering Services.** At least 60 days before the Opening Date for the first Subfranchised Restaurant, Master Franchisee will submit to CrepeAffaire a Franchise Services Program. Master Franchisee will not implement the Franchise Services Program unless and until CrepeAffaire has consented in writing to that program. Master Franchisee will modify the Franchise Services Program as requested by CrepeAffaire, and thereafter, no substantial changes may be made to the Franchise Services Program without CrepeAffaire's prior written consent. Master Franchisee will be solely responsible for complying with any applicable law relating to Master Franchisee's relationship with Subfranchisees. All services and assistance provided to Subfranchisees in connection with the operation of Subfranchised Restaurants will be provided by Master Franchisee, and this obligation will not be transferred, delegated or subcontracted to any other Person or business entity without CrepeAffaire's prior written approval.

**11.6 Financial Services.** Master Franchisee will require Subfranchisees to use a specified Computer System and related software. The Computer System will enable CrepeAffaire

(or Master Franchisee on CrepeAffaire's behalf) to poll each Subfranchised Restaurant to obtain sales and other data which CrepeAffaire requires periodically. In addition, Master Franchisee will: **(a)** provide Subfranchisees with consultation and support services regarding the Computer System as may be designated by CrepeAffaire periodically; **(b)** assist Subfranchisees in establishing accounting systems and financial reporting in the format specified by CrepeAffaire periodically; and **(c)** assist CrepeAffaire in evaluating the financial status of Subfranchisees, as directed by CrepeAffaire periodically.

**11.7 Inspections, Evaluations and Consultation.** Master Franchisee will inspect, evaluate and provide consultation services with regard to Subfranchised Restaurants operated by Subfranchisees. These services will include conducting detailed restaurant evaluations to assist Subfranchisees in maintaining acceptable levels of quality, service and cleanliness.

#### **11.8 Sourcing of Products and Services.**

**(a)** Master Franchisee acknowledges that the reputation and goodwill of CrepeAffaire, the CrepeAffaire System and CrepeAffaire Restaurants are based upon, and can only be maintained by, the sale of distinctive, high quality food products and beverages, and the presentation, packaging and service of such products in an efficient and appealing manner in accordance with the CrepeAffaire System. As such, CrepeAffaire has the right to require that all food and non-food products, supplies, equipment and services purchased and/or used by Master Franchisee and/or its Subfranchisees: **(i)** meet specifications that CrepeAffaire establishes from time to time; **(ii)** be purchased only from suppliers to whom CrepeAffaire has consented (which may include CrepeAffaire and/or its Affiliates); and/or **(iii)** be purchased only from a single source or from a limited number of designated sources (which may include CrepeAffaire and/or its Affiliates). To the extent that CrepeAffaire establishes specifications, requires its consent to suppliers or designates specific suppliers for particular items, CrepeAffaire will publish its requirements in the Manual or otherwise in writing.

**(b)** CrepeAffaire has developed and may continue to develop certain proprietary products that will be prepared by or for CrepeAffaire according to its proprietary special recipes and formulas. Master Franchisee agrees to require its Subfranchisees to purchase and use those proprietary products only from CrepeAffaire, CrepeAffaire's Affiliates or a third party designated and licensed by CrepeAffaire to prepare and sell such products.

**(c)** CrepeAffaire may create purchasing restrictions to control the quality and selection, and ensure the consistency, of menu items, ingredients and other merchandise; to consolidate CrepeAffaire System purchases to reduce costs or ensure availability of products; or for other valid business reasons.

**(d)** Master Franchisee may not, and must use its reasonable best efforts to ensure that its Subfranchisees do not, engage in "grey market" activities, in which Master Franchisee or its Subfranchisees, as applicable, take advantage of any group purchasing arrangements for CrepeAffaire Restaurants to purchase products that they then resell to purchasers outside of the CrepeAffaire System or use in a business outside of the CrepeAffaire System.

**(e)** CrepeAffaire and its Affiliates may earn income on sales of products, ingredients and/or supplies to Master Franchisee and/or its Subfranchisees. If CrepeAffaire or its Affiliates receive any rebates, commissions or other payments from third-party suppliers based on purchases from Master Franchisee and/or its Subfranchisee, CrepeAffaire may retain the rebates, commissions or other payments. Master Franchisee agrees that CrepeAffaire is entitled to such income and consideration.



**11.9 Compliance with the CrepeAffaire System by Subfranchisees.** Master Franchisee agrees to exercise its best efforts to diligently and continuously monitor compliance by Subfranchisees with the CrepeAffaire System and to strictly enforce each Subfranchise Agreement. Master Franchisee agrees that, if it is unable to obtain a Subfranchisee's voluntary compliance with the applicable Subfranchise Agreement, Master Franchisee will take all appropriate legal action, including termination of the Subfranchise Agreement, and enforcement of the post-termination obligations under the Subfranchise Agreement. Master Franchisee's enforcement obligations under the Subfranchise Agreement include the pursuit of all legal remedies available under applicable law.

If CrepeAffaire determines that a Subfranchisee is not in compliance with the applicable Subfranchise Agreement, CrepeAffaire may notify Master Franchisee of the noncompliance, and Master Franchisee will exercise its best efforts to obtain compliance. If CrepeAffaire, in its reasonable judgment, determines that Master Franchisee has not exercised its best efforts or that Subfranchisee's failure to comply is material and continues unabated, CrepeAffaire will have the right to enforce the Subfranchise Agreement and pursue all available remedies, including termination of the Subfranchise Agreement, and Master Franchisee will cooperate with CrepeAffaire. Master Franchisee will reimburse CrepeAffaire for all commercially reasonable Losses and Expenses that CrepeAffaire incurs in doing so.

**11.10 Master Franchisee's Management Personnel.** Master Franchisee will hire and continuously employ a sufficient number of qualified management personnel (including Trainers) to properly supervise and provide infrastructure and functional support for all disciplines involved in the ongoing operation of all Subfranchised Restaurants in the Development Territory, in accordance with guidelines established by CrepeAffaire periodically. Master Franchisee must hire and maintain a sufficient number (as determined by CrepeAffaire) of dedicated franchise business consultants to support the Subfranchised Restaurants. Master Franchisee will keep CrepeAffaire advised of the identities of these personnel. Master Franchisee will be responsible for ensuring that these personnel are properly trained to perform their duties.

## **12. Insurance.**

**12.1 Duty to Insure.** Master Franchisee will, throughout the Agreement Term, maintain in full force and effect such insurance, with such minimum liability coverages, as CrepeAffaire may periodically determine to be necessary or appropriate to cover all Claims arising out of, in connection with or in relation to this Agreement or any Related Agreement. CrepeAffaire will provide Master Franchisee 10 days' prior written notice of any change to the insurance coverage required by CrepeAffaire.

**12.2 Required Policy Terms.** All insurance policies that Master Franchisee is required to secure or maintain under this Agreement will name CrepeAffaire and CrepeAffaire Affiliates (to the extent each has an insurable interest) as additional insureds, and provide for not less than 30 days' notice to CrepeAffaire of any material modification, decrease in amount or scope of coverage, or cancellation or expiration of the policy.

**12.3 Annual Proof of Insurance.** Each year during the Agreement Term, on or before the anniversary of the date Master Franchisee signed this Agreement, Master Franchisee will provide CrepeAffaire copies of such certificates of insurance or other proof of insurance as CrepeAffaire may require to show that all insurance coverage is in force and that CrepeAffaire is named as an interested party. The maintenance and proof of sufficient insurance coverage will be the sole responsibility of Master Franchisee.

### **13. Proprietary Marks.**

**13.1 Limited Rights.** Master Franchisee's right to use the Proprietary Marks is limited to their use as expressly provided in this Agreement and the Manual, which will include, without limitation, granting Subfranchisees the right to use the Proprietary Marks in accordance with this Agreement and the Subfranchise Agreements. Master Franchisee will not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by CrepeAffaire or in any business entity name and will not use any other trade names, service marks or trademarks in conjunction with Master Franchisee's business under this Agreement. Master Franchisee may not modify the Proprietary Marks in any manner. Master Franchisee will not use the Proprietary Marks in any email address or on any Social Media without CrepeAffaire's prior written consent. Both during and after the Term, Master Franchisee agrees not to directly or indirectly contest or aid in contesting the validity of CrepeAffaire's or its Affiliates rights in the Proprietary Marks or take any action detrimental to our rights in the Proprietary Marks.

**13.2 Registration of Proprietary Marks.** CrepeAffaire or its Affiliate has applied, or is applying, for registration in the Development Territory of certain Proprietary Marks. Master Franchisee acknowledges that neither CrepeAffaire nor its Affiliate will incur any liability to Master Franchisee if CrepeAffaire or its Affiliate is unable to obtain registration of some or all of those Proprietary Marks. Master Franchisee will cooperate with CrepeAffaire's request to execute documents, provide information and perform all additional acts as may be necessary to apply for, maintain, enforce and renew any application or registration of the Proprietary Marks in the Development Territory.

**13.3 Modifications of Proprietary Marks.** CrepeAffaire has the right, but not the obligation, to adopt additional or new names and marks to identify CrepeAffaire Restaurants and/or for use in the CrepeAffaire System. Master Franchisee will be required, following written notice from CrepeAffaire, to adopt such additional or new names and marks and to change those items specified by CrepeAffaire bearing the Proprietary Marks (and will require Subfranchisees to make such changes) within a reasonable period of time, as determined by CrepeAffaire, without any liability to CrepeAffaire, provided, however that if Master Franchisee reasonably believes that any such change or modification would have a materially adverse commercial effect on the operations of Master Franchisee or the Subfranchised Restaurants, the Parties will negotiate in good faith whether to implement the change or modification.

**13.4 Ownership Interests.** Master Franchisee acknowledges and agrees that nothing in this Agreement gives Master Franchisee any right, title or interest in the Proprietary Marks (except the right to use and license Subfranchisees to use the Proprietary Marks in accordance with the terms of this Agreement), that the Proprietary Marks are and will remain the sole property of CrepeAffaire and CrepeAffaire Affiliates, that Master Franchisee will not directly or indirectly contest the validity or ownership of the Proprietary Marks or the right of CrepeAffaire to license the Proprietary Marks (except as expressly granted in this Agreement), and that all uses by Master Franchisee of the Proprietary Marks and the goodwill arising therefrom will inure exclusively to the benefit of CrepeAffaire and CrepeAffaire Affiliates. Any unauthorized use of the Proprietary Marks by Master Franchisee or attempt by Master Franchisee, directly or indirectly, to register the Proprietary Marks in any jurisdiction will constitute a breach of this Agreement and an infringement of the rights of CrepeAffaire and CrepeAffaire Affiliates in and to the Proprietary Marks. Upon the expiration or termination of the Agreement Term, no monetary amount will be attributable to goodwill associated with Master Franchisee's or its Subfranchisee's activities as a franchisee under this Agreement or any Subfranchise Agreement.

**13.5 Infringements.** Master Franchisee will promptly inform CrepeAffaire in writing as to any infringement of the Proprietary Marks of which Master Franchisee has knowledge. Master Franchisee will not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining the written approval of CrepeAffaire. CrepeAffaire will have the right, but not the obligation, to bring such action or take such steps as it may deem advisable in a timely manner to prevent any such infringement and to join Master Franchisee as a party to any action in which CrepeAffaire or CrepeAffaire Affiliates are or may be a party and as to which Master Franchisee is or would be a necessary or proper party.

**13.6 Third-Party Challenges.** Master Franchisee will promptly notify CrepeAffaire of any unauthorized use of the Proprietary Marks that Master Franchisee suspects or of which Master Franchisee has knowledge. Master Franchisee also agrees to inform CrepeAffaire promptly of any challenge by any person or entity to the validity of, CrepeAffaire's ownership of, or CrepeAffaire's right to license others to use, any of the Proprietary Marks and of any litigation (including administrative or arbitration proceedings) of which Master Franchisee is aware instituted against CrepeAffaire, Master Franchisee, their Affiliates or any Subfranchisee relating to the Proprietary Marks. Master Franchisee acknowledges and agrees that CrepeAffaire has the right, but not the obligation, to initiate, direct and control any litigation or administrative proceeding relating to the Proprietary Marks, including, but not limited to, any settlement. Master Franchisee agrees to sign all documents and render any other assistance CrepeAffaire and do any acts and things as may, in the opinion of counsel for CrepeAffaire or CrepeAffaire Affiliates, be necessary or advisable to protect and maintain the interests of CrepeAffaire and CrepeAffaire Affiliates in the Proprietary Marks. Notwithstanding the above, CrepeAffaire will notify Master Franchisee of any potential infringements.

**13.7 Social Media.** CrepeAffaire may establish a Social Media policy, and Master Franchisee must comply with any such Social Media policy, as modified periodically, and any additional policies that CrepeAffaire issues. Any copyright in Master Franchisee's sites or pages on any Social Media are owned by CrepeAffaire, and Master Franchisee must sign any documents that CrepeAffaire reasonably deems necessary to affirm CrepeAffaire's ownership of the copyright.

## **14. Organization of Master Franchisee.**

**14.1 Governing Documents.** Master Franchisee has provided CrepeAffaire copies of all documents governing Master Franchisee's organization and structure, in addition to such other documents as CrepeAffaire may reasonably require. Master Franchisee must secure CrepeAffaire's prior written consent, which will not be unreasonably withheld, before making any material changes to such governing documents. At all times during the Agreement Term, the governing documents must provide that Master Franchisee's activities and purposes are limited to the licensing of CrepeAffaire Restaurants and permit the execution of Subfranchise Agreements, this Agreement and any other agreement with CrepeAffaire to carry out Master Franchisee's obligations under this Agreement.

**14.2 Ownership Interests.** Master Franchisee has provided CrepeAffaire all information regarding the Original Owners called for in **Appendix B**. Master Franchisee will, on a continuing basis, provide CrepeAffaire with updates of the information regarding Franchisee's direct and indirect owners as and when any event occurs that does or may render any of the information previously provided untrue or inaccurate.

**14.3 Guarantor.** Master Franchisee will cause each 10% Owner simultaneously with Master Franchisee's execution of this Agreement to execute and deliver to CrepeAffaire an executed original of the Guarantee. During the Agreement Term, Master Franchisee will on a continuing basis

cause each Person who becomes a 10% Owner to execute and deliver to CrepeAffaire an executed original of the Guarantee.

**14.4 Operating Principal.** Master Franchisee must appoint an individual to serve as its Operating Principal. The Operating Principal: **(a)** must be accepted by CrepeAffaire; **(b)** must have an equity ownership interest in Master Franchisee; **(c)** must successfully complete the initial training program and any other required training; and **(d)** must devote full-time and best efforts to the master franchise business. The Operating Principal as of the Effective Date is identified in Appendix B. The Operating Principal must have authority over all business decisions related to this Agreement and have the authority to bind Master Franchisee in its dealings with CrepeAffaire. CrepeAffaire will provide all services to, and communicate primarily with, the Operating Principal. Master Franchisee must obtain CrepeAffaire's prior written consent before the Operating Principal is changed. If the Operating Principal no longer qualifies, Master Franchisee must designate another qualified person to act as the Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. CrepeAffaire will advise Master Franchisee whether it has consented to the new Operating Principal within a reasonable time after receipt of the notice. If CrepeAffaire does not consent, Master Franchisee will have 15 days to designate another person to act as Operating Principal who satisfies the preceding qualifications.

**15. Transfers by CrepeAffaire.** CrepeAffaire and its owners have the absolute, unconditional and irrevocable right to transfer, or assign ownership interests in CrepeAffaire and all or any part of CrepeAffaire's rights, obligations and interest in this Agreement and/or any Related Agreement to any Person without giving notice to Master Franchisee and without Master Franchisee's consent. Master Franchisee agrees that CrepeAffaire will have no liability after the effective date of transfer, or assignment for the performance of, or any failure to perform, any obligations transferred. Master Franchisee agrees to sign any documentation necessary to transfer or assign all or any part of CrepeAffaire's interest in this Agreement and/or any Related Agreement to any Person.

**16. Transfers By Master Franchisee.**

**16.1 CrepeAffaire's Prior Written Consent Required.**

**(a)** CrepeAffaire was induced to enter this Agreement by, and this Agreement in its entirety is based on: **(i)** Master Franchisee's and Original Owners' business skill, financial capacity, character, experience and demonstrated or purported ability to license Subfranchisees to develop, open and operate, high quality food-service operations successfully; and **(ii)** the understanding that the rights and obligations of Master Franchisee under this Agreement are specific to Master Franchisee. Accordingly, Master Franchisee will not effect or cause, encourage or authorize to be effected any Transfer without CrepeAffaire's prior written consent, which CrepeAffaire may grant or withhold in its sole, but reasonable, discretion. Any Transfer or purported Transfer, whether by operation of law or otherwise, that is effected without the prior written consent of CrepeAffaire or otherwise fails to be in Full Compliance with this Section 16 will be null and void, and will constitute a Default, for which CrepeAffaire may terminate this Agreement without providing Master Franchisee an opportunity to cure the Default.

**(b)** CrepeAffaire may condition its consent to any Transfer on those terms and conditions that CrepeAffaire prescribes; by way of illustration, and not limitation, CrepeAffaire may require that:

**(i)** Master Franchisee pays CrepeAffaire the Master Franchise Transfer Fee and all attorneys' fees and costs incurred by CrepeAffaire in relation to the plans (provided that such attorneys' fees and costs are payable whether or not the Transfer proceeds).

(ii) Master Franchisee Transfers the same interests with respect to all Subfranchised Restaurants owned by Affiliated Subfranchisees.

(iii) Master Franchisee and each Master Franchisee Affiliate are in Full Compliance.

(iv) In all proposed Transfers of ownership interests in Master Franchisee, Transferee (and if any Transferee is not a natural Person, all Persons that have any direct or indirect, legal or beneficial ownership interest in each Transferee as CrepeAffaire may require) must: **(A)** have demonstrated to CrepeAffaire's satisfaction extensive experience in high quality restaurant operations of a character and complexity similar to that associated with CrepeAffaire Restaurants and the CrepeAffaire System; **(B)** have a management culture compatible with that of CrepeAffaire, as determined by CrepeAffaire; **(C)** have sufficient and appropriate moral character, educational credentials, business and managerial acumen, aptitude, ability, standards and reputation, credit rating, financial resources and capital, all as determined by CrepeAffaire; and **(D)** along with such other Persons as CrepeAffaire may designate, have taken, at the sole expense of Master Franchisee or Transferee, and successfully completed (as determined by CrepeAffaire in its sole discretion) such training as CrepeAffaire may periodically require.

(c) Master Franchisee, the transferor and those Master Franchisee Affiliates as CrepeAffaire may require: **(i)** execute a general release, in a form prescribed by CrepeAffaire, of all Claims against CrepeAffaire and its past, present and future Affiliates, officers, directors, members, managers, shareholders, agents and employees; and **(ii)** execute, in the form prescribed by CrepeAffaire, a non-competition agreement in favor of CrepeAffaire, CrepeAffaire Affiliates and Transferee, which will require that, for a period of 2 consecutive years immediately following the Transfer, the transferor and all Persons with an ownership interest in the transferor will comply with the Non-Competition Obligations; and **(iii)** execute all other documents then customarily required by CrepeAffaire in connection with granting or Transferring franchises in such form as prescribed by CrepeAffaire.

(d) If Master Franchisee proposes to Transfer this Agreement, as opposed to ownership interests in Master Franchisee, in addition to the requirements of this Section 16, the Transferee must enter into, as CrepeAffaire may require: **(I)** a written assignment, in form and substance acceptable to CrepeAffaire, under which Transferee (and any guarantors of Transferee) assume and agree to discharge the obligations that are proposed to be transferred to Transferee; and/or **(II)** one or more new agreements with CrepeAffaire covering such obligations and using such forms of agreement designated by CrepeAffaire (for example, without limitation, then-current forms of master franchise agreement, subfranchise agreement or riders to such agreements). Master Franchisee and the Transferee also must sign all other documents and take such actions as CrepeAffaire may require to protect CrepeAffaire's rights under this Agreement.

(e) Master Franchisee and the transferor will remain fully liable for, and have paid, all obligations to CrepeAffaire and CrepeAffaire Affiliates incurred before the Transfer, execute, and remain after the Transfer in Full Compliance with, all instruments reasonably requested by CrepeAffaire or CrepeAffaire Affiliates to evidence that liability and on request, and according to such terms and conditions as may be prescribed, by CrepeAffaire, place in escrow a sum sufficient to ensure that all such obligations are satisfied.

**16.2 Securities Offerings.** Any Transfer in the nature of a public offering, exempt offering or private placement of securities or ownership interests in Master Franchisee may be effected only with the prior written consent, which will not be unreasonably withheld, of CrepeAffaire. Master Franchisee, at its expense, also must deliver to CrepeAffaire an opinion of Master Franchisee's legal

counsel (addressed to CrepeAffaire and in a form acceptable to CrepeAffaire) that the offering documents properly use the Proprietary Marks and accurately describe Master Franchisee's relationship with CrepeAffaire and/or CrepeAffaire's Affiliates. For each such proposed Transfer, Master Franchisee will pay to CrepeAffaire the Master Franchise Transfer Fee and those amounts as may be necessary to reimburse CrepeAffaire for its actual costs and expenses, including without limitation any attorneys' fees and costs, incurred in connection with reviewing any such proposed Transfer. The indemnification provisions of Section 21 will also include any losses or expenses incurred by CrepeAffaire and/or CrepeAffaire's Affiliates in connection with any statements made by or on behalf of Master Franchisee in any public or private offering of Master Franchisee's securities.

**16.3 Non-Conforming Transfers; No Waiver.** Any purported Transfer that is not in compliance with this Section 16 is null and void and constitutes a material breach of this Agreement, for which CrepeAffaire may terminate this Agreement if Master Franchisee does not cure such Default within 15 days after receipt of a notice of Default. If CrepeAffaire consents to any Transfer, CrepeAffaire has not, and will not be deemed to have, released or waived: **(a)** any Claim or right CrepeAffaire may have against Master Franchisee, any Master Franchisee Affiliate, the transferor or the Transferee; **(b)** any right on the part of CrepeAffaire to demand Full Compliance with any of the terms of this Agreement or any Related Agreement by the Transferee or any Affiliates of the Transferee; or **(c)** any right to consent to or refuse to consent to any other Transfer regardless of the timing of that Transfer.

**16.4 Effect of CrepeAffaire Involvement.** If CrepeAffaire consents to any Transfer, that consent is not a representation of success and will not create any liability on the part of CrepeAffaire with respect to the financial prospects or performance, or business success or failure, of the Transferee before, on or after the Transfer. If CrepeAffaire refuses to consent to any Transfer, that refusal will not create any liability on the part of CrepeAffaire to Master Franchisee, any transferor or the Transferee. If CrepeAffaire participates in, or provides any input, advice or counsel in connection with, any discussions, deliberations or negotiations of any Transfer, CrepeAffaire does so without any obligation to approve the Transfer and without any liability to Master Franchisee, any transferor or the proposed Transferee.

## **17. Covenants.**

**17.1 Best Efforts.** Master Franchisee covenants that, during the Development Term, it will devote its best efforts to licensing Subfranchised Restaurants and, during the Agreement Term, Master Franchisee will devote its best efforts to acting as the subfranchisor with respect to Subfranchisees.

### **17.2 Confidentiality Obligations.**

**(a) Acknowledgments.** Master Franchisee acknowledges and agrees that: **(i)** CrepeAffaire and CrepeAffaire Affiliates exclusively own all right, title and interest in and to the CrepeAffaire System; **(ii)** the CrepeAffaire System gives CrepeAffaire and CrepeAffaire Affiliates a significant competitive advantage and is of substantial and material value to CrepeAffaire and CrepeAffaire Affiliates; **(iii)** in developing the CrepeAffaire System, CrepeAffaire and CrepeAffaire Affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(iv)** CrepeAffaire and CrepeAffaire Affiliates have taken and continue to take appropriate and valuable measures necessary to protect the CrepeAffaire System; and **(v)** all materials or information previously, now or hereafter provided to, disclosed to, obtained by or learned by Master Franchisee in connection with the CrepeAffaire System and/or developing, opening, operating and/or licensing of CrepeAffaire Restaurants will be deemed Confidential Information disclosed to Master Franchisee in confidence by CrepeAffaire under this Agreement.

**(b) Covenants.** Accordingly, Master Franchisee covenants and agrees that during the Agreement Term and following the expiration or termination of the Agreement Term, neither Master Franchisee, nor any Master Franchisee Affiliate, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any Third Party, will, without the CrepeAffaire's prior written approval: **(i)** disclose any material aspect or part of the CrepeAffaire System to anyone who is not an employee of Master Franchisee or a Subfranchisee; **(ii)** disclose to an employee of Master Franchisee or a Subfranchisee more material information about any aspect or part of the CrepeAffaire System than such employee or Subfranchisee has a need to know at the time of disclosure; **(iii)** fail to have an adequate system in place to ensure that employees of Master Franchisee and Subfranchisees keep secret and maintain the strict confidentiality of all Confidential Information (if requested by CrepeAffaire, Master Franchisee will obtain from employees of Master Franchisee or Subfranchisees designated by CrepeAffaire an executed Non-Disclosure Agreement in the form prescribed by CrepeAffaire); **(iv)** acquire or purport to have acquired any interest of any kind in the CrepeAffaire System; or **(v)** undertake any unauthorized or unlicensed use, disclosure, dissemination, duplication or publication, in whole or in part, of the CrepeAffaire System or Confidential Information to or for the benefit of any Competitive Business or Third Party. Master Franchisee acknowledges and agrees that any such use, disclosure, dissemination, duplication or publication constitutes an unfair method of competition by reason of which CrepeAffaire will be entitled to all legal and equitable remedies, including without limitation, temporary and permanent injunctive relief and specific performance without posting a bond.

### **17.3 Non-Competition Obligations.**

**(a) Acknowledgments.** Master Franchisee acknowledges and agrees that: **(i)** CrepeAffaire would be unable adequately to protect the CrepeAffaire System against unauthorized use or disclosure, and would be unable adequately to encourage a free exchange of ideas and information among all international and domestic CrepeAffaire master franchisees, developers, licensees and franchisees, if Master Franchisee or any Master Franchisee Affiliate were permitted to hold any interest in any Competitive Business; and **(ii)** the Non-Competition Obligations are fair and reasonable in term, territory, scope and otherwise and will not materially hinder, or adversely affect, the business or activities of Master Franchisee or Master Franchisee Affiliates.

**(b) Covenants.** Master Franchisee covenants and agrees that, during the Agreement Term and for a period of 2 years following the expiration, termination or Transfer of this Agreement, neither Master Franchisee, nor any Master Franchisee Affiliate, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any Third Party, will, without the prior written approval of CrepeAffaire: own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have or take any interest in, either directly or indirectly, any Competitive Business, other than an Existing Business. During the Agreement Term, there is no geographical limitation on this restriction. Following the expiration, termination or Transfer of this Agreement, this restriction will apply to any Competitive Business located within the Development Territory or within a 2-mile radius of any then-existing CrepeAffaire Restaurant.

**(c) Miscellaneous.** If a court or tribunal of competent jurisdiction finds any of these Non-Competition Obligations to be unlawful with regard to time or distance, the scope, time or distance may be reduced by an appropriate order to that deemed reasonable by the court or tribunal. If CrepeAffaire files or makes any Claim to enforce the post-termination portion of these Non-Competition Obligations, the post-term noncompetition period will be extended through the first year immediately following the entry of a final non-appealable judgment.

**17.4 High Ethical Standards and Legal Compliance.** CrepeAffaire is committed to the maintenance of the high standards of ethical conduct and legal compliance that have come to be associated with CrepeAffaire, its Affiliates, Related Persons of CrepeAffaire, the CrepeAffaire System, CrepeAffaire Restaurants and the Proprietary Marks. Master Franchisee undertakes to adhere to and maintain these same high standards.

**17.5 Enforcement and Sufficiency.** The existence of any Claim by Master Franchisee or any Master Franchisee Affiliate against CrepeAffaire, any CrepeAffaire Affiliate or any Related Person of CrepeAffaire will not constitute a defense to the enforcement by CrepeAffaire of the Confidentiality Obligations, Non-Competition Obligations or other obligations of Master Franchisee under this Section 17. The rights and opportunities obtained by Master Franchisee under this Agreement are of substantial and material value to Master Franchisee and are appropriate and sufficient in light of the Confidentiality Obligations, Non-Competition Obligations or other obligations of Master Franchisee under this Section 17 and otherwise under this Agreement.

**17.6 Survival.** The terms of this Section 17 will survive the termination, expiration, or any Transfer of this Agreement. The parties agree this Section 17 will be construed as independent of any other provision of this Agreement.

## **18. Termination or Expiration of the Development Term.**

**18.1 Grounds for Termination.** CrepeAffaire may terminate the Development Term, for cause, upon the first occurrence of any of the following if Master Franchisee fails to take action to remedy the Default within 30 days after receiving written notice of default stating that CrepeAffaire proposes to terminate the Development Term because of the breach and including those steps that Master Franchisee must take to remedy the Default:

(a) Master Franchisee permits any Subfranchisee to commence construction of any CrepeAffaire Restaurant before Master Franchisee has received a fully-executed Subfranchise Agreement.

(b) At any time, there are open and operating fewer than the cumulative number of Subfranchised Restaurants required by the Development Schedule without the consent and approval of CrepeAffaire.

In lieu of terminating the Development Term, CrepeAffaire may elect, in its sole and absolute discretion, to modify or terminate Master Franchisee's limited exclusive rights in the Development Territory granted pursuant to Section 2.3(d), including, but not limited to, reducing the Development Territory.

**18.2 Statutory Notices.** If any valid, applicable law or regulation of any competent governmental authority having jurisdiction over this Agreement requires a longer notice or cure period, this Agreement will be deemed amended to comply with the minimum notice or cure period of such applicable law or regulation.

**18.3 Effect of Termination or Expiration of the Development Term.** Upon termination or expiration of the Development Term:

(a) Master Franchisee's right to license third parties to establish additional Subfranchised Restaurants in the Development Territory will immediately terminate.



(b) CrepeAffaire will have the right to operate, or to license others to operate, CrepeAffaire Restaurants in the Development Territory and to appoint another master franchisee to license third parties to, or itself, operate CrepeAffaire Restaurants in the Development Territory and Master Franchisee will immediately take all measures to ensure that, as of the expiration or earlier termination of the Development Term, CrepeAffaire enjoys the unfettered right to develop, open and operate or license others to develop, open and operate CrepeAffaire Restaurants anywhere in the Development Territory, unless the foregoing is inconsistent with the terms of any Subfranchise Agreement in effect.

(c) Unless the Agreement Term is terminated, termination or expiration of the Development Term will not affect Master Franchisee's rights and obligations under the Subfranchise Agreements in effect as of the effective date of termination or expiration of the Development Term and, accordingly, the terms and conditions of this Agreement will continue to apply to the extent they relate to existing Subfranchise Agreements and existing Subfranchised Restaurants.

(d) CrepeAffaire will not, upon the expiration or termination of the Development Term in accordance with the terms of this Agreement, be liable to Master Franchisee for compensation, reimbursement or damages of any kind due to loss of prospective profits or anticipated sales due to expenditures, investments, leases or commitment in connection with Master Franchisee's business or goodwill.

(e) If there are no operating Subfranchised Restaurants at the time that the Development Term is terminated or expires, the Agreement Term also will terminate.

## **19. Termination or Expiration of the Agreement Term**

**19.1 Grounds for Termination.** Without limiting any other right of CrepeAffaire to terminate this Agreement or any Related Agreement, CrepeAffaire may terminate the Agreement Term and this Agreement and all rights granted by this Agreement following written notice to Master Franchisee, without providing Master Franchisee an opportunity to cure, upon the first occurrence of any of the following:

(a) Master Franchisee becomes insolvent or unable to pay its creditors (including us); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against it a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization that is not dismissed within 60 days of the filing; Master Franchisee makes an assignment for the benefit of creditors; or a receiver or trustee is appointed and not dismissed within 60 days of the appointment.

(b) Master Franchisee knowingly falsifies any report required to be furnished to CrepeAffaire, make any material misrepresentation in its dealings with CrepeAffaire, fails to disclose any material facts to CrepeAffaire or otherwise commits or engages in any act of fraud or material misrepresentation in connection with its business dealings with CrepeAffaire.

(c) Master Franchisee or any of its owners, managers, members, officers or directors is convicted of, or pleads no contest to, a crime that CrepeAffaire reasonably believe is likely to harm the reputation of the CrepeAffaire System or CrepeAffaire's goodwill.

(d) Any Transfer that requires CrepeAffaire's prior written consent occurs without Master Franchisee having obtained that prior written consent if Master Franchisee does not reverse the Transfer or obtain CrepeAffaire's consent within 15 days after receipt of a notice of Default.

(e) Any condition exists with respect to the operation of Master Franchisee's business and its oversight of Subfranchisees that, in CrepeAffaire's reasonable judgment, seriously jeopardizes public health or safety if Master Franchisee does not substantially resolve the issue within 15 days after receipt of a notice of Default.

(f) Any Material Default occurs with respect to any of the Confidentiality Obligations or Non-Competition Obligations.

(g) Master Franchisee or a Master Franchisee Affiliate remains in Default beyond the applicable cure period (if any) under any other agreement with CrepeAffaire or any CrepeAffaire Affiliate, provided that, if the default is not by Master Franchisee, Master Franchisee is given written notice of default and 30 days to cure the Default; however, if the Default cannot be corrected within 30 days, Master Franchisee will have that additional time to correct the Default as reasonably required provided that Master Franchisee begins taking the actions necessary to correct the Default during the 30-day cure period and diligently and in good faith pursues those actions to completion.

(h) Any failure by Master Franchisee to comply materially with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(i) Master Franchisee executes a Subfranchise Agreement that contains a material modification from the form approved by CrepeAffaire to which CrepeAffaire has not consented.

(j) Master Franchisee fails to pay any monies owed to CrepeAffaire or its Affiliates under this Agreement when those monies become due and payable, and Master Franchisee fails to pay those monies within 10 days after receiving written notice of Default.

(k) If, at the time the Development Term is terminated or expires, there are no Subfranchised Restaurants in operation in the Development Territory.

(l) Except for those items listed in Sections 19.1(a) – (k) above, if Master Franchisee fails to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith and Master Franchisee fails to cure the Default within 30 days after written notice of Default from CrepeAffaire. Notwithstanding the foregoing, if the Default cannot be corrected within 30 days, Master Franchisee will have such additional time to correct the Default as reasonably required (not to exceed 90 days), provided that Master Franchisee begins taking the actions necessary to correct the Default during the 30-day cure period and diligently and in good faith pursues those actions to completion. Master Franchisee will be in Default under this Section 19.1(l) for any failure to comply with any of the material requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

Notwithstanding Section 19.1, upon the occurrence of any of the events identified in Section 19.1 or Master Franchisee's failure to cure any other Default as provided above, in lieu of terminating this Agreement and the rights granted by this Agreement, CrepeAffaire may elect, in its reasonable discretion, to modify or terminate Master Franchisee's limited exclusive rights in the Development Territory granted pursuant to Section 2.3(d), including, but not limited to, reducing the Development Territory.

**19.2 Statutory Notices.** If any valid, applicable law or regulation of any competent governmental authority having jurisdiction over this Agreement requires a longer notice or cure

period, this Agreement will be deemed amended to comply with the minimum notice or cure period of such applicable law or regulation.

### **19.3 Consequences and Obligations Upon Termination or Expiration.**

**(a) Generally.** Upon the expiration or earlier termination of the Agreement Term: **(i)** the grant of rights set forth in Section 2.1 will immediately expire and cease to be valid; **(ii)** Master Franchisee will immediately cease the licensing of Subfranchised Restaurants under this Agreement; **(iii)** Master Franchisee will continue to abide by the Confidentiality Obligations and the Non-Competition Obligations and will not, directly or indirectly, take or cause, encourage or authorize the taking or omission of any action that violates those obligations; **(iv)** Master Franchisee will immediately pay CrepeAffaire and its Affiliates all sums that are due, owing and payable under this Agreement or any Related Agreement; and **(v)** Master Franchisee will immediately take all measures required to ensure that, as of the Termination Date, CrepeAffaire enjoys an unfettered right to develop, open or operate, or cause, encourage or authorize others to develop, open or operate CrepeAffaire Restaurants anywhere in the Development Territory unless the foregoing is inconsistent with the terms of any Subfranchise Agreement in effect.

**(b) De-Identification.** Master Franchisee will promptly remove all Proprietary Marks from all buildings, signage, letterheads and other materials or property of Master Franchisee and return to CrepeAffaire all Confidential Information provided by CrepeAffaire or its Affiliates, including, without limitation, the Manual.

**(c) Cease Use of the CrepeAffaire System and the Confidential Information.** From and after the Termination Date, Master Franchisee will not: **(i)** operate or do business, or cause, encourage or authorize any Third Party to operate or do business, under any name or in any manner that might tend to give others the impression that Master Franchisee or such Third Party is connected in any way with CrepeAffaire or any CrepeAffaire Affiliate or has any right to use the CrepeAffaire System or the Proprietary Marks; or **(ii)** use or avail itself, or cause, encourage or authorize any Third Party to use or avail itself, of any Confidential Information.

**19.4 Rights to Subfranchise Agreements.** Upon termination of the Agreement Term, CrepeAffaire (or its designee) will take an assignment of Master Franchisee's right, title and interest as subfranchisor in all effective Subfranchise Agreements in accordance with the applicable Subfranchise Agreement. Master Franchisee (and any successor or assignee of Master Franchisee) will enter into an assignment agreement with CrepeAffaire so as to effectuate the assignment of the Subfranchise Agreements to CrepeAffaire in accordance with this Section. Following such assignment, Master Franchisee will deliver to CrepeAffaire, the original of the Subfranchise Agreement assigned and copies of all amendments, addenda, side letters, files, correspondence and memoranda and other materials regarding the applicable Subfranchisee as CrepeAffaire may request, including applications, inspection reports and financial information.

## **20. Relationship of the Parties.**

**20.1 Independent Contractor.** This Agreement does not create or imply between the Parties a fiduciary, representative, employment, commercial agency, joint venture, joint employer, partnership, agency or any other relationship between the Parties other than an arm's-length commercial relationship. Master Franchisee is an independent contractor with entire control and direction of all business contemplated and operated under this Agreement, subject only to the conditions and covenants created pursuant to this Agreement and any Related Agreement.

**20.2 No Agency or Representation.** Master Franchisee is not and will not hold itself out to be an agent, distributor, legal representative, partner, joint venturer, joint employer or employee of CrepeAffaire, any CrepeAffaire Affiliate or any Related Person of CrepeAffaire. Master Franchisee will have no right or power to, and will not, bind or obligate CrepeAffaire, any CrepeAffaire Affiliate or any Related Person of CrepeAffaire in any way or manner; nor will Master Franchisee represent that it has any right, power or authority to do so.

**20.3 Public Statements.** In all relevant public records or statements, relationships with Third Parties and letterhead or business forms, Master Franchisee will clearly indicate that Master Franchisee is solely an authorized master franchisee of CrepeAffaire. Master Franchisee will not issue any press release or make any public statement relating or referring to CrepeAffaire, any CrepeAffaire Affiliate, or any Related Person of CrepeAffaire, the CrepeAffaire System, any Proprietary Mark or any CrepeAffaire Restaurant without CrepeAffaire's prior written approval.

## **21. Indemnification.**

**21.1 Indemnify, Defend and Hold Harmless.** Master Franchisee will at all times fully indemnify, defend (with counsel reasonably acceptable to CrepeAffaire) and hold harmless (to the fullest extent permitted by law and up to the assets including insurance coverages of the Master Franchisee) each Indemnitee from and against all Losses and Expenses incurred in connection with any Claim by or against such Indemnitee, or any settlement or resolution thereof (whether or not a formal proceeding or action had been instituted) arising out of, or in connection with or in relation to this Agreement, any Related Agreement and Master Franchisee's activities under this Agreement and each Subfranchise Agreement, excluding any Losses and Expenses arising, wholly or partly, from the gross negligence, willful misconduct or bad faith of CrepeAffaire or its Affiliates. The indemnification obligations of this Section will survive the expiration or sooner termination of this Agreement.

**21.2 Notice.** Master Franchisee promptly will give CrepeAffaire written notice of the existence of any such Claim and, on request, provide CrepeAffaire with copies of any documents from such matters as CrepeAffaire may request.

**21.3 CrepeAffaire Step-In Rights.** At Master Franchisee's expense and risk, CrepeAffaire may elect to assume (but under no circumstances will CrepeAffaire be obligated to undertake) the prosecution, defense and/or settlement or resolution of any Claim subject to this indemnification provision. Such an undertaking will, in no manner or form, diminish Master Franchisee's obligation to indemnify, defend and hold harmless CrepeAffaire or any other Indemnitee. CrepeAffaire will not be obligated to seek recoveries from any Third Party or otherwise mitigate Losses and Expenses.

## **22. Approvals and Waivers.**

**22.1 Approvals.** Whenever this Agreement requires the approval, agreement, consent or release of CrepeAffaire, Master Franchisee will make a timely written request to CrepeAffaire for such approval, agreement, consent or release such consent or release note to be unreasonably withheld. To be effective and binding, any purported approval, agreement, consent or release must be recorded in a writing, obtained in advance of each event, action or circumstance that is a subject of the purported approval, agreement, consent or release and signed by a corporate officer of CrepeAffaire.

**22.2 No Warranty.** CrepeAffaire does not make or offer any representation or warranty on which Master Franchisee may rely in providing any waiver, approval, recommendation, advice or

service to Master Franchisee in connection with this Agreement and assumes no liability or obligation to Master Franchisee therefor, or by reason of any neglect, delay or denial of any request therefor. CrepeAffaire, CrepeAffaire Affiliates, and Related Persons of CrepeAffaire will not, by virtue of any waiver, approval, recommendation, advice or service provided or denied Master Franchisee, assume responsibility or liability to Master Franchisee or any Third Party to which CrepeAffaire would not otherwise be subject under the terms of this Agreement.

**22.3 Waivers.** No delay, failure or omission of CrepeAffaire in exercising any power granted or reserved to CrepeAffaire under this Agreement or in insisting on Full Compliance with any particular obligation(s) or condition(s), and no custom or practice of the Parties at variance with the terms of this Agreement, will constitute a waiver of the rights of CrepeAffaire to demand that Master Franchisee be and remain in Full Compliance. If CrepeAffaire waives any particular Default, that waiver will not affect or impair the rights of CrepeAffaire with respect to any subsequent Default, whether such Default is of the same, similar or different nature than the preceding Default. Nor will any delay, forbearance or omission of CrepeAffaire to exercise any power or right arising out of any Default constitute a waiver by CrepeAffaire of any right with respect to such Default or affect or impair the right of CrepeAffaire to exercise such power or right, to declare any subsequent Default, to terminate this Agreement and/or the Development Term.

**23. Notices.** Notices related to this Agreement will be effective upon receipt (or first rejection) and may be given by any of the following delivery methods: **(a)** certified or registered mail; **(b)** commercial delivery service (e.g., UPS, Federal Express); or **(c)** email (if receipt is verified within 24 hours of transmission). Notices sent by (a) or (b) must be sent to the addresses on the first page of this Agreement. Email notices must be sent to the email address provided by the Party. Either Party can change its notice address by informing the other Party in accordance with this Section.

**24. Entire Agreement.** This Agreement, the Manual and any documents referred to in, or executed in furtherance of, this Agreement constitute the entire, full and complete agreement between the Parties relating to the matters covered by this Agreement and supersede all prior or contemporaneous negotiations, discussions, letters of intent, term sheet, authorization letters, understandings or agreements relating to matters covered by this Agreement. Other than those set forth in this Agreement, there are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the Parties relating to matters covered by this Agreement. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be imputed to this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either Party unless mutually agreed by the Parties and executed in writing by the Party to be charged.

**25. Severability and Construction.**

**25.1 Severability.** Each provision of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to or in conflict with any then-applicable law, rule, regulation or final and non-appealable order or ruling issued by a competent court, agency or tribunal in a proceeding to which CrepeAffaire is a party, then to the narrow extent that said portion of this Agreement is invalid, contrary to or in conflict with such law, rule, regulation, ruling or order such portion of this Agreement will be deemed severed without any effect on the balance of this Agreement, which will remain binding on the Parties and continue to be given full force and effect, unless CrepeAffaire determines that, after such portion is severed, the protections afforded to the Confidential Information, and the Proprietary Marks associated therewith in the balance of this Agreement have been materially and adversely affected.

**25.2 No Third-Party Beneficiaries.** Except with regard to the Indemnitees, nothing in this Agreement is intended, nor will be deemed, to confer on any Person other than Master Franchisee, CrepeAffaire and CrepeAffaire Affiliates any rights or remedies under or by reason of this Agreement.

**25.3 Construction.** Each Party is sophisticated, accustomed to, experienced and actively engaged in the restaurant business. Each Party has fully participated in, and obtained, or had access to and ample opportunity to obtain, the assistance and advice of appropriate advisors (for example, independent accountants, lawyers and other consultants) in connection with the preparation, negotiation and execution of this Agreement. For these reasons, this Agreement will not be interpreted or construed in favor of or against any Party because: **(a)** a Party is more sophisticated or experienced with the subject matter of this Agreement; or **(b)** of the Party that drafted this Agreement.

**25.4 Counterparts, Versions and Signatures.** This Agreement may be executed in counterparts, and each counterpart so executed and delivered will be deemed an original. This Agreement, any exhibit hereto and any Related Agreement may be signed using electronic signatures and records, and such signature(s) will have full legal force and effect.

**25.5 Captions.** All captions, headings and marginal notes in this Agreement are intended solely for the Parties' convenience, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

**25.6 Time.** Whenever this Agreement refers to a period of days, months or years, the first day, month or year to be counted will be the day, month or year of the designated action, event or notice. If the last day of any such period falls on an official weekend day or official holiday in a Development Territory, the period automatically will be extended to the next day that is not an official weekend day or official holiday in the Development Territory. All time references and periods in this Agreement are according to the Gregorian calendar.

**25.7 Travel Costs.** Master Franchisee will reimburse CrepeAffaire for all costs and expenses that CrepeAffaire, its employees or independent contractors incur traveling to and from the Development Territory if the travel was requested by Master Franchisee.

**25.8 CrepeAffaire's Exercise of Discretion.** Whenever CrepeAffaire has expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Master Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, CrepeAffaire may make such decision or exercise its right and/or discretion on the basis of its judgment of what is in the best interests of the CrepeAffaire System without consideration of: **(a)** alternative decisions that could have been made or taken by CrepeAffaire that may be more favorable to Master Franchisee **(b)** whether CrepeAffaire's decision or the action taken promotes its financial or other interests; or **(c)** CrepeAffaire's decision or the action taken applies differently to Master Franchisee and one or more other franchisees or CrepeAffaire company-owned or Affiliate-owned operations. If applicable law implies a covenant of good faith and fair dealing in this Agreement, CrepeAffaire and Master Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

**25.9 Force Majeure.** If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose

performance is affected by an event of Force Majeure will give prompt written notice of the Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. CrepeAffaire may upon notice to Master Franchisee terminate this Agreement with immediate effect, if Force Majeure affects, prevents, hinders or delays Master Franchisee with respect to the performance of any obligation or obligations under this Agreement for a cumulative total of 270 days or more.

**25.10 Compliance with U.S. Laws.** Master Franchisee acknowledges that under applicable U.S. law, including, without limitation, the Order, CrepeAffaire is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, Master Franchisee represents and warrants to CrepeAffaire that, as of the date of this Agreement, neither Master Franchisee nor any person holding any ownership interest in Master Franchisee, controlled by Master Franchisee, or under common control with Master Franchisee is designated under the Order as a person with whom business may not be transacted by CrepeAffaire, and that Master Franchisee: **(a)** does not, and hereafter will not, engage in any terrorist activity; **(b)** is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(c)** is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

**25.11 Ethics Certification.** During the Agreement Term, neither Master Franchisee, nor to the best of its knowledge and belief, any of its officers, directors, employees or agents acting on its behalf: **(a)** have made or promised to make, or will make, any Prohibited Payment or other payment of funds or anything of value to any Public Official with the corrupt intent of influencing any act or decision of a Public Official in his or her official capacity, or inducing the Public Official to do or omit to do any act in violation of his or her lawful duty, or inducing a Public Official to use his or her position improperly to affect any act or decision connected with Master Franchisee's business as a CrepeAffaire franchisee in the Development Area, all within the meaning and scope of the FCPA; and **(b)** will enter into any form of business transaction or other dealing with any Prohibited Person or any country or its nationals subject to economic sanctions imposed by the United States, and any country that may be newly sanctioned during the Agreement Term. Master Franchisee will cooperate with any compliance audit conducted by or on behalf of CrepeAffaire or by any authority having jurisdiction over Master Franchisee, CrepeAffaire, any Related Person or Affiliate of Master Franchisee or CrepeAffaire.

## **26. Enforcement Provisions.**

**26.1 Choice of Law.** This Agreement and the relationship between the parties is governed by and will be construed in accordance with the laws of the State of Texas. Nothing in this Section is intended, or will be deemed, to make any Texas law regulating the offer or sale of franchises or business opportunities or the franchise relationship applicable to this Agreement if that law would not otherwise be applicable.

**26.2 Choice of Forum.** The parties agree that, to the extent any disputes cannot be resolved directly between them, you must file any suit against us only in the court having jurisdiction where our principal offices are located at the time suit is filed. We must file suit in the court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

**26.3 Limitation of Actions.** Any legal action or proceeding (including a proceeding related to the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, regardless of when discovered. The preceding limitation period does not apply: **(a)** with respect to payments owed by one party to the other; **(b)** if prohibited by applicable law; or **(c)** if applicable law provides for a shorter limitations period.

**26.4 Mutual Waiver of Jury Trial.** You and we irrevocably waive trial by jury in any litigation.

**26.5 Other Waivers.** You and we waive: **(a)** any right to or claim of punitive, exemplary, multiple or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained; and **(b)** any right to participate in any action or proceeding a consolidated, common, representative, group or class basis.

**26.6 Remedies not Exclusive.** Except as provided in Sections 26.1 through 26.5, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law.

**26.7 Reimbursement of Costs and Expenses.** If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you must reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

**26.8 Rights of Parties are Cumulative.** The parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

**26.9 Survival.** The provisions of this Section 28 will survive the expiration, termination or Transfer of this Agreement.

## **27. Miscellaneous.**

**27.1 Rights and Risks.** This Agreement involves significant legal and business rights and risks. Master Franchisee recognizes that the nature of the CrepeAffaire System and/or of the business conducted by CrepeAffaire Restaurants may change over time.

**27.2 Authority.** The Persons signing this Agreement and all Related Agreements on behalf of Master Franchisee and/or Master Franchisee Affiliates have full authority to enter into this Agreement and/or Related Agreements. Execution of this Agreement or any Related Agreements by Master Franchisee does not and will not conflict or interfere, directly or indirectly, intentionally or otherwise, with the terms of any Related agreement with any Third Party to which Master Franchisee or any Master Franchisee Affiliate is a Party.



**27.3 No Express or Implied Warranty.** CrepeAffaire makes no express or implied warranties or representations that Master Franchisee will achieve any degree of success in the activities undertaken pursuant to this Agreement. Success depends ultimately on Master Franchisee's efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, Master Franchisee's financial condition and competition.

**27.4 Quality of Information.** All information provided by Master Franchisee or any Master Franchisee Affiliate to CrepeAffaire, any CrepeAffaire Affiliate, or any Related Person of CrepeAffaire in connection with, or in relation to this Agreement or any Related Agreement is true, complete, accurate, authentic and up-to-date.

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

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

## APPENDIX A

### TABLE OF DEFINED TERMS

1. **“10% Owner”** – Each Master Franchisee Owner that has a direct, indirect, legal or beneficial equity interest in Master Franchisee that in the aggregate equals 10% or more of all equity interests in Master Franchisee.
2. **“Affiliate”** – Any Person that controls, is controlled by or is under common control with another Person.
3. **“Affiliated Subfranchisee”** – A Third Party that is partially or wholly-owned by Master Franchisee that CrepeAffaire has approved and with whom Master Franchisee will enter into a Subfranchise Agreement for the development, opening and operation of a Subfranchised Restaurant in the Development Territory.
4. **“Agreement” or “Master Franchise Agreement”** – the CrepeAffaire Master Franchise Agreement entered into by CrepeAffaire and Master Franchisee, including the Commitment.
5. **“Agreement Term”** – The period of time beginning on the Effective Date and ending on the expiration or earlier termination of the last remaining Subfranchise Agreement for a Subfranchised Restaurant developed under the Agreement (or CrepeAffaire’s assumption of the Subfranchise Agreements).
6. **“Applicable Data Protection Laws”** - All applicable laws, regulations and best practices relating to privacy and data protection.
7. **“Authorized Site”** – A site within the Development Territory at which a Subfranchisee is authorized to develop a CrepeAffaire Restaurant pursuant to a Site Acceptance.
8. **“Brand Fund”** – A marketing fund established by CrepeAffaire to conduct advertising, marketing, public relations, promotional programs and materials and/or any other activities that CrepeAffaire believes would benefit the CrepeAffaire System and all CrepeAffaire Restaurants. CrepeAffaire will not use the Brand Fund for any activity whose sole purpose is the marketing of franchises; however, CrepeAffaire’s Website, public relations activities, community involvement activities and other activities that may be supported by the Brand Fund may contain information about franchising opportunities.
9. **“Brand Fund Fee”** – The fee paid to CrepeAffaire by Subfranchised Restaurants for use with the Brand Fund.
10. **“Claim”** – Any existing, anticipated or threatened difference, controversy, proceeding, dispute, demand, counterclaim, investigation, petition for legal, equitable or declarative relief or inquiry, whether formal or informal.
11. **“Collection Costs and Expenses”** – These include, but are not limited to, costs and commissions due a collection agency, attorneys’ fees (including attorneys’ fees for in-house counsel employed by CrepeAffaire or its Affiliates and any attorneys’ fees incurred by CrepeAffaire in bankruptcy proceedings), court costs, bank fees, expert witness fees, discovery costs and attorneys’ fees and costs on appeal, together with interest charges on all of the foregoing.

- 12. "Competitive Business"** -- Any business, store, restaurant or location whose sales of crepes and crepe-related food items are reasonably likely to account for 20% or more of the food sales of the business in any calendar month.
- 13. "Computer System"** – With respect to each CrepeAffaire Restaurant, such data processing equipment, computer hardware and software, required dedicated telephone and power lines, high speed Internet connections, modems, printers, systems (including, without limitation, point of sale systems) and other computer-related or communications accessory or peripheral equipment as may be necessary to operate the Subfranchised Restaurant and provide that information in that format/medium as CrepeAffaire reasonably may specify periodically.
- 14. "Confidential Information"** – Any information that is proprietary and/or confidential to CrepeAffaire or that pertains to the CrepeAffaire System and/or the development, opening or operation of any CrepeAffaire Restaurants.
- 15. "Confidentiality Obligations"** – The obligations of Master Franchisee under Section 17.2 of the Agreement with respect to any Confidential Information.
- 16. "CrepeAffaire Restaurant"** – A restaurant that is primarily identified by the Proprietary Marks and that is developed, opened and operated using the CrepeAffaire System.
- 17. "CrepeAffaire System"** – The unique, distinctive and proprietary system for developing, opening and operating CrepeAffaire Restaurants, which is distinguished by and consists of, among other things, uniform and distinctive building designs, interior and exterior layout and trade dress; the Proprietary Marks; the Proprietary Goods; products sold under the Proprietary Marks; any Plans and Specs; standards and specifications for equipment, equipment layouts, supplies and menus (including food and beverage products and designations, special recipes and quality and quantity standards); the Manual; operating procedures for sanitation, maintenance, and food and beverage storage, preparation and service; and methods and techniques for inventory and cost controls, record keeping and reporting, purchasing, sales promotion and advertising; and the Confidential Information. CrepeAffaire may periodically update, change, improve, modify or replace in whole or in part the CrepeAffaire System.
- 18. "Customer Personal Data"** – All personal data, including customer contact information (such as name, telephone numbers, e-mail and postal addresses), and transactional information collected by Subfranchisees from customers and prospective customers of the Subfranchised Restaurants.
- 19. "Data Breach"** – An unauthorized or unlawful processing, access or use and/or accidental loss, destruction, damage, alteration or disclosure.
- 20. "Default"** – Any material lack, interruption or failure of Full Compliance, regardless of cause, duration or notice other than due to Force Majeure.
- 21. "Development Fee"** – The fee to be paid by Master Franchisee to CrepeAffaire in accordance with Section 4.1 of the Agreement. The amount of the Development Fee is set forth in **Appendix B**.
- 22. "Development Schedule"** – The schedule set forth in **Appendix B**, which details, among other things: **(a)** the number of CrepeAffaire Restaurants required to be opened for the first time by the applicable Opening Date; **(b)** the cumulative number of CrepeAffaire Restaurants required

to be opened and thereafter continuously maintained and operated during the Development Term as of the applicable Opening Date; (c) the Site Acceptance Date for each CrepeAffaire Restaurant; and (d) the Opening Date for each CrepeAffaire Restaurant.

**23. “Development Term”** – The period of time that begins on the Effective Date and, unless the Development Term and/or the Agreement Term is earlier terminated, ends on the earlier of the date on which the last CrepeAffaire Restaurant required to be developed under the Development Schedule: (a) is required to be opened by the Development Schedule; or (b) is actually opened.

**24. “Development Territory”** – The United States of America. Notwithstanding the foregoing, the following states are excluded from the Development Territory until such time as CrepeAffaire has complied with the state's franchise disclosure/registration statute: California; Hawaii; Illinois; Indiana; Maryland, Michigan; Minnesota; New York; North Dakota; Rhode Island; South Dakota; Virginia; Washington; and Wisconsin. In addition, the following states are excluded from the Development Territory until such time as CrepeAffaire has obtained a federal trademark registration: Connecticut; Florida; Georgia; Maine; North Carolina; and South Carolina. CrepeAffaire will advise Master Franchisee as each state is added to the Development Territory.

**25. “Due Date”** – For Affiliated Subfranchisees, 5:00 p.m. on the 10th day after the end of each Fiscal Period or at a later point periodically specified by CrepeAffaire. For Unaffiliated Subfranchisees, 5:00 p.m. on the 10<sup>th</sup> day after Master Franchisee receives payment.

**26. “Effective Date”** – The date that CrepeAffaire executes the Agreement.

**27. “Enforcement Provisions”** – Each term or condition of Section 26 of the Agreement.

**28. “Existing Business”** – As identified in **Appendix B** to the Agreement, each Competitive Business: (a) in which Master Franchisee has continuously held a direct or indirect, legal or beneficial controlling interest since before the Effective Date; (b) that has been in continuous operation since before the Effective Date; and (c) that Master Franchisee has timely disclosed in **Appendix B**.

**29. “FCPA”** – The U.S. Foreign Corrupt Practices Act, as amended periodically.

**30. “Fiscal Period”** – A calendar week or such other period as CrepeAffaire may periodically determine.

**31. “Force Majeure”** – Any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, pandemic, fire or other catastrophe, act of any government or Third Party and any other cause not within the control of the Party affected thereby (including, without limitation, any act of terrorism). The existence of Force Majeure will not affect Master Franchisee's obligation to pay CrepeAffaire any monies owed to CrepeAffaire when due. Master Franchisee's inability to obtain financing or pay CrepeAffaire any monies owed to CrepeAffaire (regardless of the reason) will not constitute Force Majeure.

**32. “Franchise Services Program”** – A program developed by Master Franchisee to support Subfranchisees, which includes initial and continuing services, identify sources of approved equipment and supplies, set up periodic communications with Subfranchisees and perform periodic inspections of Subfranchised Restaurants to determine compliance with the Subfranchise Agreements.

- 33. “Full Compliance”** – The state or condition of, at all material times, performing in good faith, abiding strictly by the terms of this Agreement.
- 34. “Gross Sales”** – All revenue from the sale of all services and products and all other income of every kind and nature (including stored value gift cards and gift certificates when redeemed, on-premises sales, other sales made or sold, at, in or upon or from the premises of a specific CrepeAffaire Restaurant, and any other type of sale) related to a specific CrepeAffaire Restaurant, whether for cash or credit and regardless of collection in the case of credit. Gross Sales will not include: **(a)** any bona fide documented sales (but not value added) taxes collected by the applicable Subfranchisee from customers and paid by the applicable Subfranchisee to the appropriate taxing authority; **(b)** the sale of food, beverage or merchandise for which refunds have been made in good faith to customers; **(c)** the sale of equipment used in the operation of the applicable CrepeAffaire Restaurant; **(d)** customer promotional discounts authorized by CrepeAffaire; and **(e)** employee meal discounts.
- 35. “Guarantee”** – A guarantee of Master Franchisee's obligations under the Agreement in the form prescribed by CrepeAffaire. Each Guarantor will execute the Guarantee simultaneously with Master Franchisee's execution of the Agreement.
- 36. “Guarantor”** – Each Master Franchisee Affiliate that is an owner or parent of Master Franchisee and who has any direct or indirect, legal or beneficial equity interest in Master Franchisee that in the aggregate equals 10% or more of all equity interests in Master Franchisee.
- 37. “Indemnitees”** – CrepeAffaire, each CrepeAffaire Affiliate and their respective successors, assigns and past and present stockholders, directors, officers, members, managers, employees, agents and representatives.
- 38. “Initial Subfranchise Fee”** – Each non-refundable fee payable by a Subfranchisee to Master Franchisee before each Subfranchise Agreement becomes effective. The portion of the Initial Subfranchise Fee that must be paid to CrepeAffaire is stated in **Appendix B**.
- 39. “Key Personnel”** -- Those Subfranchisee employees designated by Master Franchisee who must attend and successfully complete the initial training program.
- 40. “Losses and Expenses”** – These Include, but are not limited to: all losses; compensatory, exemplary and punitive damages; fines, charges, costs or expenses; lost profits or rents; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to the reputation and goodwill of any Indemnitee; costs of or resulting from delays; financing; costs of advertising material and media time/space of changing, substituting or replacing the same; all expenses of recalls, refunds, compensation or public notices; and other such amounts incurred in connection with the matters described.
- 41. “Manual”** – The set of Confidential Information that CrepeAffaire may periodically update, or cause to be updated, in whole or in part, as the manuals for the CrepeAffaire System and that will include such information related to the CrepeAffaire System, CrepeAffaire Restaurants and/or any Proprietary Mark as CrepeAffaire may periodically determine.
- 42. “Marketing Fund”** – An advertising fund established by Master Franchisee to create and develop advertising, marketing and public relations, research and related programs for CrepeAffaire Restaurants in the Development Territory.

43. **"Master Franchise Transfer Fee"**—An amount equal to 25% of the Net Sales Proceeds.
44. **"Master Franchisee Affiliate"** – Any Affiliate of Master Franchisee.
45. **"Master Franchisee Owner"** – Any Person that is an owner or parent of Master Franchisee.
46. **"Net Sales Proceeds"** – The aggregate amounts received by Master Franchisee after deducting costs and expenses (other than legal fees) from the gross proceeds in a Transfer.
47. **"Non-Competition Obligations"** – The obligations of Master Franchisee under Section 17.3 of the Agreement.
48. **"Opening Date"** – The date set forth in Paragraph 3 of **Appendix B** and the applicable Subfranchise Agreement by or before which the applicable Subfranchised Restaurant must be open to the public for business.
49. **"Operating Principal"** – Master Franchisee's employee who satisfies the criteria in Section 14.4 of the Agreement and who has been accepted by CrepeAffaire. The Operating Principal as of the Effective Date is identified in paragraph 6 of Appendix B.
50. **"Order"** -- Executive Order 13224, signed on September 23, 2001.
51. **"Original Owners"** – Each: **(a)** Master Franchisee Owner as the Effective Date; and **(b)** Person with any ownership in each Master Franchisee Owner that is an entity as of the Effective Date.
52. **"Party"** – A Person that is a Party to the Agreement.
53. **"Person"** -- Any natural person and any entity, whether or not incorporated.
54. **"Plans and Specs"** – The architectural, engineering and other plans, specifications, designs and drawings (including without limitation any attachments, exhibits, appendices, addenda, amendments or "as built" or other revisions thereto) for the development, construction, equipping, furnishing, renovation and/or other preparation of a CrepeAffaire Restaurant, which plans, specifications, designs or drawings must individually and collectively be: **(a)** based on CrepeAffaire-approved general or prototypical plans, specifications, designs or drawings for a CrepeAffaire Restaurant; **(b)** customized to the satisfaction of CrepeAffaire at the sole expense of Master Franchisee or Subfranchisee for use in connection with a CrepeAffaire Restaurant; **(c)** amended or revised only upon CrepeAffaire's approval; and **(d)** otherwise in Full Compliance with the Manual. Notwithstanding anything to the contrary in the Agreement, equipment may be sourced locally provided it meets CrepeAffaire specifications.
55. **"Prohibited Payment"** – Any payment or offer of, or promise to pay, any money or thing of value directly or indirectly to any Public Official in order to influence any act, omission or determination of, by or for the Public Official for the purpose of obtaining or retaining business, directing business to any Person or securing any improper advantage of any kind.
56. **"Prohibited Person"** – Any of the following: **(a)** any Person, government, country or territory with whom it is unlawful for CrepeAffaire to associate, deal or do business, under applicable U.S. law; **(b)** any Person whose name appears on any current Denied Persons List

(currently available through the Bureau of Industry and Security), List of Debarred Parties (currently available through the Office of Defense Trade Controls of the U.S. Department of State) or list of Specially Designated Nationals and Blocked Entities (available through Office of Foreign Assets Control); or **(c)** any Affiliate of any Person that qualifies as a Prohibited Person under this definition.

**57. “Proprietary Goods”** – Goods, food products, ingredients, mixes, beverages, materials and supplies that are prepared by or for CrepeAffaire according to CrepeAffaire proprietary special recipes and formulas for use in connection with CrepeAffaire Restaurants and such other uses that CrepeAffaire may periodically designate.

**58. “Proprietary Marks”** – The trade names, service marks, trademarks, trade dress, logos, insignias, images, slogans, emblems, symbols and designs, including “CrepeAffaire,” that have been designated or may in the future be designated for use with the CrepeAffaire System and that CrepeAffaire may periodically authorize Master Franchisee to use and/or license Subfranchisees to use in connection with the operation of CrepeAffaire Restaurants in the Development Territory.

**59. “Public Official”** – Any of the following: **(a)** any official, employee or functionary of any government; **(b)** any candidate for political office; **(c)** any political party; or **(d)** any Related Person or Affiliate of any of the foregoing.

**60. “Refurbishment”** – Certain extensive structural changes, major remodeling, redecoration and renovations and substantial modifications to modernize and conform the Subfranchised Restaurants to the then-current image of the CrepeAffaire System for new CrepeAffaire Restaurants.

**61. “Related Agreement”** – Each agreement other than the Master Franchise Agreement between Master Franchisee and/or any Master Franchisee Affiliate, on the one hand, and CrepeAffaire and/or any CrepeAffaire Affiliate or Related Person of CrepeAffaire, on the other hand, that relates in any way to the Master Franchise Agreement, any Subfranchise Agreement, any Site Acceptance Request, any Site Acceptance, any Subfranchised Restaurant, any CrepeAffaire Restaurant, the CrepeAffaire System, any Proprietary Mark, CrepeAffaire, any CrepeAffaire Affiliate or any Related Person of CrepeAffaire and/or the relationship of the Parties.

**62. “Related Person”** – Any Person who is: **(a)** a director, officer, agent, representative, attorney-in-fact, or employee, or shareholder, member, limited or general partner or other owner or Affiliate acting for or on behalf, of the concerned Person; or **(b)** an immediate family member or close relation of the concerned Person.

**63. “Royalty Fee”** – With respect to each Subfranchised Restaurant, the recurring non-refundable fee payable on a continuing basis by Master Franchisee to CrepeAffaire under Section 4 of the Agreement in consideration for the use of the CrepeAffaire System, including the Proprietary Marks and the Confidential Information, in connection with the Subfranchised Restaurant. The amount of the Royalty Fee is set forth in **Appendix B**.

**64. “Site Acceptance”** – A written, formal acceptance issued by CrepeAffaire authorizing a Subfranchisee to develop a CrepeAffaire Restaurant at the Authorized Site pursuant to the terms and conditions of the Agreement.

- 65. “Site Acceptance Request”** – A written request submitted by Master Franchisee to CrepeAffaire for Site Acceptance which contains that information as periodically required by CrepeAffaire.
- 66. “Social Media”** – Any form of electronic communications, including Internet web sites, social networking sites, applications or other future technological avenues that enable users to create and share content or to participate in social networking.
- 67. “Subfranchise Agreement”** – An agreement in the form prescribed or approved by CrepeAffaire under which Master Franchisee grants the applicable Subfranchisee the right to: **(a)** develop, open and operate a Subfranchised Restaurant; and **(b)** use the CrepeAffaire System in connection with the opening and operation of a Subfranchised Restaurant.
- 68. “Subfranchised Restaurant”** – A CrepeAffaire Restaurant opened or operated by a Subfranchisee pursuant to a Subfranchise Agreement.
- 69. “Subfranchisee”** – The collective of Unaffiliated Subfranchisees and Affiliated Subfranchisees.
- 70. “Termination Date”** – The date on which the Agreement is terminated or expires according to its terms.
- 71. “Third Party”** – Any Person that is not a Party.
- 72. “Trainers”** – Persons hired by Master Franchisee to conduct CrepeAffaire training programs.
- 73. “Training Facility”** – A facility developed by Master Franchisee in the Development Territory at which Master Franchisee will provide training to employees of Master Franchisee and Subfranchisees as required by CrepeAffaire.
- 74. “Trade Dress”** – The design, décor and image elements that CrepeAffaire authorizes Master Franchisee to use, and sublicense the use of, in connection with the operation of a CrepeAffaire Restaurant as they periodically may be revised and further developed by CrepeAffaire and as further described in the Manual.
- 75. “Transfer”** – Any sale, assignment, transfer, merger, conveyance, give away, pledge, mortgage or other encumbrance, either voluntarily or by operation of law of: **(a)** any interest in the Agreement; **(b)** any interest in any CrepeAffaire Restaurant operated by an Affiliated Subfranchisee (unless sold to an Unaffiliated Subfranchisee); **(c)** any direct or indirect ownership interests in Master Franchisee; and **(d)** Master Franchisee’s assets pertaining to Master Franchisee’s operations under the Agreement.
- 76. “Transferee”** – Any Person in whose favor or for whose benefit a Transfer is, or proposed Transfer may be, effected.
- 77. “U.S.”** – United States of America.
- 78. “U.S. Dollars” or “\$”** – United States Dollars.



**79. “USA PATRIOT ACT”** – Collectively, The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and The Uniting and Strengthening America by Fulfilling Rights and Ending Eavesdropping, Dragnet-collection and Online Monitoring Act.

**80. “Unaffiliated Subfranchisee”** – A Third Party that is not owned directly or indirectly by Master Franchisee that CrepeAffaire has approved and with whom Master Franchisee will enter into a Subfranchise Agreement for the development, opening and operation of a Subfranchised Restaurant in the Development Territory.

**81. “Website”** – Any point or points of presence on the Internet, or on any other public data network, including without limitation all: **(a)** content found or available on such point or points of presence; **(b)** pages or units of information found or available on such point or points of presence in any relevant data protocol that either: **(i)** are identified by the same second-level domain name or by the same or equivalent level identifier in any relevant address scheme or **(ii)** have content that a user might reasonably conclude are part of an integrated or systematic information, product or service offering; **(c)** servers used to facilitate or make available such content or such pages or units of information found or available on such point or points of presence; and **(d)** raw or processed, collective or individual information or data about Persons using or visiting, or servers or computers accessing, such servers or such point or points of presence.

**APPENDIX B  
DEVELOPMENT INFORMATION**

**1. Development Fee.** The Development Fee is \$400,000, less the \$100,000 paid by Master Franchisee in connection with the execution of the CrepeAffaire License Agreements as the Initial License Fees for the establishment of 2 CrepeAffaire Restaurants in Texas prior to the execution of this Agreement.

**2. Fees Owed to CrepeAffaire For Each Subfranchised Restaurant.**

<b>Fee</b>	<b>Amount or Method of Calculation</b>	<b>Payment Due and Payable</b>
Initial Subfranchise Fee	\$25,000 per Subfranchised Restaurant operated by an Affiliated Subfranchisee; however, there is no Initial Subfranchise Fee for the first 9 CrepeAffaire Restaurants developed by Affiliated Subfranchisees and there is no Initial Subfranchise Fee to be paid to CrepeAffaire in connection with Unaffiliated Subfranchisees	Upon execution of a Subfranchise Agreement
Royalty Fee	1.5% of Fiscal Period Gross Sales	By the Due Date
Brand Fund Fee	0.5% of Fiscal Period Gross Sales	Simultaneously with the Royalty Fee

**3. Development Schedule.**

**A. During the Initial Development Term, Master Franchisee is required to ensure compliance with the following Development Schedule:**

<b>Development Year</b>	<b>Opening Date</b>	<b>New Subfranchised Restaurants to be Opened in Development Year</b>	<b>Cumulative Number of Subfranchised Restaurants to be Open and Operating by the Opening Date</b>
1	April 30, 2024	2	2
2	April 30, 2025	2	4
3	April 30, 2026	10	14
4	April 30, 2027	40	54
5	April 30, 2028	50	104
6	April 30, 2029	75	179
7	April 30, 2030	75	254

**4. Master Franchisee's Existing Businesses.** Master Franchisee represents and warrants that the following are the Existing Businesses:

Name of Business	Description of Business

**5. Original Owners.** Master Franchisee represents and warrants that the following are all of the Original Owners:

Name	Address, Telephone Number	Extent (Stated as a Percentage) of Interest

**6. Operating Principal.** The Operating Principal as of the Effective Date is

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## EXHIBIT 1 GUARANTEE

Each undersigned Person (“**Guarantor**”) has, effective \_\_\_\_\_, executed this Guarantee (“**Guarantee**”), which is made for the benefit of CrepeAffaire Franchising US, Inc. (“**CrepeAffaire**”), in consideration, and as a material inducement for, CrepeAffaire to execute and perform the foregoing CrepeAffaire Master Franchise Agreement (“**MFA**”) by and between CrepeAffaire and \_\_\_\_\_ (“**Master Franchisee**”).

**1. Defined Terms.** Except as otherwise provided herein, all capitalized terms in this Guarantee have the meanings given to them in the MFA.

**2. Acknowledgment.** Each Guarantor has had or taken the opportunity to review and discuss this Guarantee, the Agreement and any other Related Agreement with its own advisers and consultants.

**3. Commitment.** Each Guarantor agrees jointly and severally, irrevocably and unconditionally: **(a)** to abide and be bound by the MFA during the Agreement Term and thereafter for so long as any provision of the MFA survives; **(b)** during the Agreement Term, to perform each and every undertaking, agreement and covenant set forth in the MFA; and **(c)** to abide and be bound by the Confidentiality Obligations and the Non-Competition Obligations for 2 years after the expiration or termination of the Agreement Term or the release of that Guarantor from this Guarantee, which ever happens first.

**4. Guarantee.** Each Guarantor jointly and severally guarantees and assumes liability to CrepeAffaire, and its successors and assigns, for all financial and other obligations and covenants of Master Franchisee under the MFA and any other Related Agreement, and, without limiting the generality of this Guarantee, will see to it and cause Master Franchisee to punctually pay and perform each such obligation and covenant, and otherwise remain in Full Compliance. Each Guarantor agrees that: **(a)** the liability will not be contingent or conditioned on pursuit by CrepeAffaire of any remedies against Master Franchisee or any other Person; **(b)** the liability will not be affected by any extension of time or other indulgence which CrepeAffaire may periodically grant Master Franchisee; **(c)** it will be bound by and will perform the Confidentiality Obligations and the Non-Competition Obligations; and **(d)** if any Guarantor ceases to own any interest in Master Franchisee before termination or expiration of the Agreement Term, all obligations of that Guarantor will remain in force unless CrepeAffaire expressly releases that Guarantor in writing. Notwithstanding any such release: **(i)** the obligations of each Guarantor will remain in force and effect for 2-years immediately following any such release with respect to the Confidentiality Obligations and the Non-Competition Obligations; and **(ii)** that release will not affect the obligations of any other Guarantors hereunder.

**5. Release.** Each Guarantor releases and waives: **(a)** acceptance and notice of acceptance by CrepeAffaire of the foregoing undertakings; **(b)** payment of any independent consideration by CrepeAffaire to any Guarantor in exchange for this Guarantee; **(c)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** protest and notice of default to any Person with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(e)** any right or Claim to require that an action be brought against Master Franchisee or any other Person as a condition of liability hereunder; **(f)** any right or Claim to payments and Claims for reimbursement or subrogation which any Guarantor may have; **(g)** any law which requires that CrepeAffaire assert Claims against or collect from Master Franchisee or any others; and **(h)** all other notices and legal, equitable or other defenses to which Guarantor may be entitled with respect to this Guarantee.

**6. Enforcement.** The Enforcement Provisions of the MFA will govern this Guarantee as if fully incorporated herein, substituting the term “Guarantor” for the term “Master Franchisee.”

**7. Assignment.** This Guarantee will inure to the benefit of and be binding on the Parties and their respective heirs, legal representatives, successors and assigns. CrepeAffaire may freely assign its interests and rights, title and benefit in and to this Guarantee, in whole or in part, without the prior written consent of any Guarantor. No assignment by CrepeAffaire will release any Guarantor from this Guarantee. No Guarantor may assign or delegate any right or obligation to any other Person without the approval of CrepeAffaire. No right of action will accrue to any third Party under this Guarantee other than CrepeAffaire and its successors, assigns, receivers or administrators.

**IN WITNESS WHEREOF**, each Guarantor has executed this Guarantee.

\_\_\_\_\_

Print Name: \_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

***EXHIBIT D***  
***CONFIDENTIALITY AGREEMENT***

**CONFIDENTIALITY AGREEMENT**

In consideration of the willingness of CrepeAffaire Franchising US, Inc. ("CrepeAffaire") to permit me to review the confidential operating Manual ("Manual") before entering into a Master Franchise Agreement, I agree, individually and as an officer, member or partner of any entity that may enter into an agreement with CrepeAffaire, as follows:

1. As used in this Agreement, the term "Confidential Information" means all information contained in the Manual and all other information relating to the CrepeAffaire System disclosed to me except: information which is now, or hereafter becomes, generally known (other than by unauthorized disclosure, whether deliberate or inadvertent, by myself or by any other person or entity with which I am affiliated); information that was in my possession at the time of receipt of the Manual; and information that comes into my possession after the date of this Agreement from a source not under an obligation of secrecy to CrepeAffaire.

2. I agree not to make any use of the Confidential Information, not to make any copies of the Confidential Information and not to reveal any of the Confidential Information to any person who has not signed a Confidentiality Agreement with CrepeAffaire.

3. This Agreement will be governed and construed in accordance with the laws of the state in which I reside.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

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

***EXHIBIT E***  
***FINANCIAL STATEMENTS***



**CREPEAFFAIRE FRANCHISING US, INC**  
**FINANCIAL STATEMENTS**  
**November 30, 2023**

## CREPEAFFAIRE FRANCHISING US, INC

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***Independent Auditors' Report***

CrepeAffaire Franchising US, Inc:  
The Woodlands, Texas

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of CrepeAffaire Franchising US, Inc which comprise the balance sheet as of November 30, 2023, and the related statements of income, stockholder's equity, and cash flows for the period from Inception (May 11, 2023) through November 30, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CrepeAffaire Franchising US, Inc as of November 30, 2023, and the results of its operations and its cash flows for the period from Inception (May 11, 2023) through November 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CrepeAffaire Franchising US, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CrepeAffaire Franchising US, Inc'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 CrepeAffaire Franchising US, Inc'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.

*PWR CPA, LLP*

Houston, Texas  
December 5, 2023

**CREPEAFFAIRE FRANCHISING US, INC**  
**Balance Sheet**  
**November 30, 2023**

	<b>2023</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 10,000
<b>Total current assets</b>	<b>10,000</b>
<b>Total assets</b>	<b>\$ 10,000</b>
 <b>Liabilities and stockholder's equity</b>	
<b>Current liabilities</b>	
Accounts payable	\$ -
<b>Total liabilities</b>	<b>-</b>
 <b>Stockholder's equity</b>	
Common stock - \$.01 par, 10,000 shares authorized, 10,000 shares issued and outstanding	100
Additional paid-in capital	10,200
Retained earnings	(300)
<b>Total stockholder's equity</b>	<b>10,000</b>
 <b>Total liabilities and stockholder's equity</b>	 <b>\$ 10,000</b>

See notes to the financial statements

**CREPEAFFAIRE FRANCHISING US, INC**  
**Statement of Income**  
**For the period from Inception (May 11, 2023) through November 30, 2023**

	<u>2023</u>
<b>Revenues</b>	\$ -
<b>Costs of revenues</b>	<u>-</u>
<b>Gross margin</b>	-
<b>Operating expenses</b>	
General and administrative	<u>300</u>
<b>Total operating expenses</b>	<u>(300)</u>
<b>Net loss</b>	<u><u>\$ (300)</u></u>

See notes to the financial statements

**CREPEAFFAIRE FRANCHISING US, INC**  
**Statement of Cash Flows**  
**For the period from Inception (May 11, 2023) through November 30, 2023**

	<b>2023</b>
<b>Cash flows from operating activities</b>	
Net loss	\$ (300)
Net cash used in operating activities	(300)
 <b>Cash flows from financing activities</b>	
Proceeds from the sale of common stock	10,000
Contributions	300
Net cash provided by financing activities	10,300
 Net change in cash	 10,000
Cash – beginning of period	-
Cash – end of period	\$ 10,000
 <b>Supplemental Disclosures</b>	
Interest paid	\$ -

See notes to the financial statements

**CREPEAFFAIRE FRANCHISING US, INC**  
**Statement of Changes in Stockholder's Equity**  
**For the period from Inception (May 11, 2023) through November 30, 2023**

	<u>Shares</u>	<u>Amount</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Balance as of Inception, May 11, 2023</b>	-	\$ -	\$ -	\$ -	\$ -
Sale of common stock	10,000	100	9,900	-	10,000
Contributions by shareholder	-	-	300	-	300
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>(300)</u>
<b>Balance, November 30, 2023</b>	<u>10,000</u>	<u>\$ 100</u>	<u>\$ 10,200</u>	<u>\$ (300)</u>	<u>\$ 10,000</u>

See notes to the financial statements



**CREPEAFFAIRE FRANCHISING US, INC**  
**Notes to Financial Statements**  
**For the period from Inception (May 11, 2023) through November 30, 2023**

**1. Summary of Significant Accounting Policies**

***Nature of Operations***

The Company was originally formed as CrepeAffaire Franchising US, Inc (“Company”) on May 11, 2023. The Company is in the hospitality industry providing franchise services to franchisees in the food & beverage sector. The Company is a wholly owned subsidiary of Crepeaffaire International Ltd, a United Kingdom entity. The Company is currently in the development stage and plans to offer its services in the United States.

***Basis of Presentation***

Our financial records are maintained on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP.”)

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

***Cash and Cash Equivalents***

The Company considers cash and cash equivalents to include all financial institution deposits with an original maturity of ninety days or less.

***Income Taxes***

The Company accounts for income taxes in accordance with FASB ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income (loss) in the years in which those temporary differences are expected to be recovered or settled.

The effect of a change in tax rules on deferred tax assets and liabilities is recognized in operations in the year of change. A valuation allowance is recorded when it is “more likely-than-not” that a deferred tax asset will not be realized.

**CREPEAFFAIRE FRANCHISING US, INC**  
**Notes to Financial Statements**  
**For the period from Inception (May 11, 2023) through November 30, 2023**

**1. Summary of Significant Accounting Policies – (continued)**

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions as of November 30, 2023. Interest and penalties, if any, related to unrecognized tax benefits would be recognized as interest expense. The Company does not have any accrued interest or penalties associated with unrecognized tax benefits, nor was any significant interest expense recognized during the period from inception May 11, 2023 through November 30, 2023, respectively.

There was no income tax expense for the period from inception (May 11, 2023) through November 30, 2023 as the Company had a tax loss.

**Fair value of Financial Instruments**

Under the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures”, we are permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. We elected not to measure any eligible items using the fair value option. Consistent with the Fair Value Measurement Topic of the FASB ASC, we implemented guidelines relating to the disclosure of our methodology for periodic measurement of our assets and liabilities recorded at fair market value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our Level 1 assets primarily include our cash and cash equivalents (including our money market accounts). Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**CREPEAFFAIRE FRANCHISING US, INC**  
**Notes to Financial Statements**  
**For the period from Inception (May 11, 2023) through November 30, 2023**

**1. Summary of Significant Accounting Policies – (continued)**

**Effect of recent accounting pronouncements**

The Company has reviewed all recently issued, but not yet adopted, accounting standards, in order to determine their effects, if any, on its results of operations, financial position, or cash flows. Based on that review, the Company believes that no other pronouncements will have a significant effect on its financial statements.

**2. Equity**

The corporate common stock consists of shares of common stock. A share of common stock shall be entitled to one vote for each share held by such holder.

The sole shareholder paid the corporate fees of \$300.

**3. Subsequent Events**

Management has evaluated subsequent events through December 5, 2023, the date on which the financial statements were available to be issued. Management has not deemed any subsequent events significant enough for disclosure.

***EXHIBIT F***

***ADDITIONAL INFORMATION REQUIRED BY CERTAIN STATES***

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR CALIFORNIA**

## ADDITIONAL DISCLOSURES FOR CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. See the cover page of the disclosure document for CrepeAffaire's website address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

3. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither CrepeAffaire nor any person listed in Item 2 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 parties from membership in such association or exchange.

4. **Item 6, Additional Disclosures.** The following statement is added to Item 6:

The maximum interest rate allowed by law in California is 10% annually.

5. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the master franchise agreement contains a provision that is inconsistent with the law, the law will control.

The master franchise agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

The master franchise agreement contains a covenant not to compete which extends beyond the expiration or termination of the franchise. These provisions may not be enforceable under California law. The master franchise agreement requires application of the laws of Texas. These provisions may not be enforceable under California law.

You must sign a general release if you transfer your master franchise rights. This provision may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

**MASTER FRANCHISE AGREEMENT ADDENDUM FOR CALIFORNIA**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law are met independently of this Addendum.
4. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR HAWAII**



## ADDITIONAL DISCLOSURES FOR HAWAII

THESE FRANCHISES 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.

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.

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.

Our registered agent in the state authorized to receive service of process: **Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 205, Honolulu, Hawaii 96813**

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

**MASTER FRANCHISE AGREEMENT ADDENDUM FOR HAWAII**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum.
4. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:**

**CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR ILLINOIS**

## ADDITIONAL DISCLOSURES FOR ILLINOIS

**1. Risk Factors, State Cover Page.** The following statement is added to the end of the first risk factor on the State Cover Page:

SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT THAT DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION THAT OTHERWISE IS ENFORCEABLE IN ILLINOIS. NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW WILL GOVERN THE MASTER FRANCHISE AGREEMENT.

**2. Item 17, Additional Disclosures.** The following statements are added to Item 17:

Any provision in the Master Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action that is otherwise enforceable in Illinois. In addition, Illinois law will govern the Master Franchise Agreement.

Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.

**3.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

## **MASTER FRANCHISE AGREEMENT ADDENDUM FOR ILLINOIS**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.

2. The following sentence is added to the end of Sections 18 and 19:

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. The following sentence is added to the end of Section 26.1:

Notwithstanding the foregoing, Illinois law will govern this Agreement.

4. The following sentence is added to the end of Section 26.2:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois; however, a franchise agreement may provide for arbitration in a venue outside of Illinois.

5. The following sentence is added to the end of Section 26.3:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the Franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the Franchisee of a written notice disclosing the violation.

6. The following sentence is added as new Section 27.5:

**27.5 Certain Waivers Void.** Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

7. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum.

9. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR MARYLAND**

## ADDITIONAL DISCLOSURES FOR MARYLAND

**1. Item 17, Additional Disclosures.** The following statements are added to Item 17:

The master franchise agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against CrepeAffaire, including upon renewal or transfer, does not release any claim you may have 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.

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

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

**3.** Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.



## MASTER FRANCHISE AGREEMENT ADDENDUM FOR MARYLAND

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.

2. The following sentence is added to the end of Section 16:

Any provision requiring you to sign a general release of claims against us does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Section 26.2:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 26.3:

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

5. The following sentence is added to the end of Section 27:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

7. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this Addendum.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR MINNESOTA**

## **ADDITIONAL DISCLOSURES FOR MINNESOTA**

**1. Trademarks.** The following statement is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Proprietary Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Proprietary Marks unless the use is in accordance with the requirements of the Master Franchise Agreement and the CrepeAffaire System.

**2. Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreements.

**3. Choice of Forum and Law.** The following statement is added to the State Cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements 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.

**4. General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

**5. Waiver of Right to Jury Trial.** The following statement is added to Item 17:

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial.

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

**7.** Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to these Additional Disclosures.

## MASTER FRANCHISE AGREEMENT ADDENDUM FOR MINNESOTA

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. (“CrepeAffaire,” “we” or “us”) and \_\_\_\_\_ (“Master Franchisee,” “you” or “your”) is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.

2. The following sentence is added to the end of Section 13.5:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Proprietary Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Proprietary Marks unless the use is in accordance with the requirements of this Agreement and the CrepeAffaire System.

3. The following sentence is added to the end of Sections 16.1(c):

Notwithstanding the foregoing, you will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. The following sentence is added to the end of Sections 18 and 19:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of franchise agreements.

5. The following sentences are added to the end of Section 26.2:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements 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.

6. The following sentence is added to the end of Section 26.3:

Minnesota Statute § 80C.17, Subdivision 5, provides that no action may be commenced pursuant to that Section more than three years after the cause of action accrues.

7. Section 26.4 is deleted.

8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

9. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Act and the Rules and Regulation promulgated thereunder are met independently of this Addendum.

10. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR NEW YORK**

## ADDITIONAL DISCLOSURES FOR NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

**A.** No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

**B.** No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

**C.** No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

**D.** No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.



4. The following language replaces the “Summary” section of Item 17(d), titled "**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

## **MASTER FRANCHISE AGREEMENT ADDENDUM FOR NEW YORK**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
3. The following sentence is added to the end of Section 16.2(c):  
  
Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added to Section 15:  
  
We will not assign our rights under this Agreement, except to an assignee who in its good faith and judgment is willing and able to assume its obligations under this Agreement.
5. The following sentence is added to the end of Section 26.1:  
  
Notwithstanding the foregoing, the New York Franchises Law will govern any claim arising under that law.
6. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently of this Addendum.
7. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

8. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR NORTH DAKOTA**

## ADDITIONAL DISCLOSURES FOR NORTH DAKOTA

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

On renewal, you are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

The agreement summary in Items 17(v) and (w) is deleted.

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

3. Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to these Additional Disclosures.

**MASTER FRANCHISE AGREEMENT ADDENDUM FOR NORTH DAKOTA**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.

2. Sections 26.1, 26.2, 26.4 and 26.5 are deleted.

3. Section 26.3 is deleted and is replaced by the following:

Any legal action or proceeding (including a proceeding related to the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within the applicable statute of limitations under North Dakota law.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

5. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR RHODE ISLAND**

## **ADDITIONAL DISCLOSURES FOR RHODE ISLAND**

1. The following statement is added to Item 17:

**Additional Disclosure for Item 17.** Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

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

3. These Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to these Additional Disclosures.



**MASTER FRANCHISE AGREEMENT ADDENDUM FOR RHODE ISLAND**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.

2. The following language is added to Sections 26.1 and 26.2:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

4. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently of this Addendum.

5. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR SOUTH DAKOTA**

## **ADDITIONAL DISCLOSURES FOR SOUTH DAKOTA**

- 1.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 2.** Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Investment Act are met independently without reference to these Additional Disclosures.

**MASTER FRANCHISE AGREEMENT ADDENDUM FOR SOUTH DAKOTA**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement. This Addendum is being executed because the franchise was "offered or sold" (as defined in the South Dakota Franchise Investment Act ("Act")) in South Dakota.
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Act are met independently of this Addendum. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR VIRGINIA**

## ADDITIONAL DISCLOSURES FOR VIRGINIA

**1. Additional Disclosures for Item 17.h.** The following statements are added to Item 17.h.:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Master Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Development Agreement and/or Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

**3.** Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to these Additional Disclosures.

**MASTER FRANCHISE AGREEMENT ADDENDUM FOR VIRGINIA**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently of this Addendum.
4. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR WASHINGTON**



## **ADDITIONAL DISCLOSURES FOR WASHINGTON**

- 1. State Cover Sheet.** The following risk factors are added to the State Cover Sheet:

THE FRANCHISOR HAS A LIMITED FRANCHISE OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING TO MAKE THIS INVESTMENT.

THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND ITS PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

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

- 3.** Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to these Additional Disclosures.

## **MASTER FRANCHISE AGREEMENT ADDENDUM FOR WASHINGTON**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
4. 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.
5. 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.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. 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.
8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from: **(A)** soliciting or hiring any employee of a franchisee of the same franchisor; or **(B)** 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.

9. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

10. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR WISCONSIN**

## **ADDITIONAL DISCLOSURES FOR WISCONSIN**

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

## **MASTER FRANCHISE AGREEMENT ADDENDUM FOR WISCONSIN**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. Notwithstanding anything that may be contained in the body of the Master Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days' prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Master Franchise Agreement or a related document between the CrepeAffaire and Master Franchisee inconsistent with the Law.
4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.
5. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Wisconsin law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if those jurisdictional requirements are not met.
6. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**ADDITIONAL DISCLOSURES AND ADDENDUM FOR INDIANA AND MICHIGAN**



## **ADDITIONAL DISCLOSURES FOR INDIANA AND MICHIGAN**

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** 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.

**MASTER FRANCHISE AGREEMENT ADDENDUM FOR INDIANA AND MICHIGAN**

This Addendum to the CrepeAffaire Master Franchise Agreement dated as of \_\_\_\_\_ between CrepeAffaire Franchising US, Inc. ("CrepeAffaire," "we" or "us") and \_\_\_\_\_ ("Master Franchisee," "you" or "your") is entered into as of \_\_\_\_\_.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Master Franchise Agreement.
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: **(A)** waiving any claims under any applicable state franchise law, including fraud in the inducement; or **(B)** disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. Except as expressly modified by this Addendum, the Master Franchise Agreement remains unmodified and in full force and effect.

**MASTER FRANCHISEE:**

**CREPEAFFAIRE:  
CREPEAFFAIRE FRANCHISING US, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**EXHIBIT G**

**LIST OF FRANCHISEES AND FRANCHISED LOCATIONS**

**NONE**

**LIST OF TERMINATED FRANCHISEES**

**NONE**

**EXHIBIT H**  
**STATE EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
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 CrepeAffaire Franchising US, Inc. offers you a franchise, CrepeAffaire Franchising US, Inc. 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 requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. 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 the payment of any consideration, whichever occurs first.

If CrepeAffaire Franchising US, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state administrator listed in Exhibit A.

Franchise Seller Information: Name – Daniel Spinath; Address - Pixmore Centre, Pixmore Avenue, Letchworth Garden City, Herts, England SG6 1JG; and Telephone Number - +44 203 141 9790.

Issuance Date: December 5, 2023

I have received a Franchise Disclosure Document issued on December 5, 2023. This disclosure document included the following exhibits: A. List of State Administrators; B. List of Agents for Service of Process; C. Master Franchise Agreement; D. Confidentiality Agreement; E. Financial Statements; F. Additional Information Required by Certain States; G. List of Franchisees and Franchised Locations; and H. State Effective Dates.

Date of Receipt: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
City, State Zip Code

**TO BE RETAINED BY YOU**

**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 CrepeAffaire Franchising US, Inc. offers you a franchise, CrepeAffaire Franchising US, Inc. 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 requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. 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 the payment of any consideration, whichever occurs first.

If CrepeAffaire Franchising US, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state administrator listed in Exhibit A.

Franchise Seller Information: Name – Daniel Spinath; Address - Pixmore Centre, Pixmore Avenue, Letchworth Garden City, Herts, England SG6 1JG; and Telephone Number - +44 203 141 9790.

Issuance Date: December 4, 2023

I have received a Franchise Disclosure Document issued on December 5, 2023. This disclosure document included the following exhibits: A. List of State Administrators; B. List of Agents for Service of Process; C. Master Franchise Agreement; D. Confidentiality Agreement; E. Financial Statements; F. Additional Information Required by Certain States; G. List of Franchisees and Franchised Locations; and H. State Effective Dates.

Date of Receipt: \_\_\_\_\_

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Signature

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Print Name

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Company Name

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Street Address

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Telephone Number

\_\_\_\_\_  
City, State Zip Code

**TO BE RETURNED TO CREPEAFFAIRE FRANCHISING US, INC.**