

## FRANCHISE DISCLOSURE DOCUMENT



PERKINS LLC  
A DELAWARE LIMITED LIABILITY  
COMPANY  
5901-B PEACHTREE DUNWOODY ROAD,  
SUITE 450  
SANDY SPRINGS, GEORGIA 30328  
(770) 325-1300  
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Perkins LLC offers franchises for the operation of a family-style restaurant offering moderately priced meals at a single location.

The total investment necessary to begin operation of a Perkins Restaurant and Bakery franchise is \$1,520,400 to \$2,489,650 for a New Development Unit when leasing the land and building and purchasing the equipment and signs. This includes \$70,000 to \$90,000 that must be paid to the franchisor or its affiliates. If you sign a development agreement for the opportunity to develop multiple Perkins franchises (we do not specify a minimum number to be eligible for a development agreement), you will pay a development fee for the rights to those development opportunities. The development fee will vary depending on the number of Perkins Restaurants you are committed to develop, and is calculated as the total of the \$40,000 for your first franchise and \$20,000 for each additional franchise to be developed (the development fee is separate from the initial franchise fee). The total investment necessary under a Market Development Agreement (based on a commitment of two to three Perkins restaurants) ranges from \$62,500 to \$82,500. This includes \$60,000 to \$80,000 that must be paid to the franchisor.

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 the Franchise Department at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, or at (800) 418-9555.

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

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

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

The issuance date is: October 16, 2020.

## 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:

| <b>QUESTION</b>  | <b>WHERE TO FIND INFORMATION</b>  |
|--|---|
| <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 D. |
| <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 Perkins Restaurant and Bakery 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 Perkins Restaurant and Bakery franchisee?</b>                  | Item 20 or Exhibit D 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 C.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Georgia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Georgia than in your own state.
2. **Spousal Liability.** If you are married, your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse may have no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Supplier Control.** You must purchase all of nearly all of the inventory and supplies necessary to operate your business from Franchisor, its affiliate, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
4. **Intangible Assets.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

To simplify language in this Franchise Disclosure Document, we will refer to Perkins LLC, the franchisor, as “**Perkins**” or “**Franchisor**” and the person or company considering the purchase of a franchise from Perkins LLC as “**You**” or “**Your**.”

### The Franchisor

Perkins’ principal place of business is at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. Perkins was incorporated as a Delaware limited liability company on September 26, 2019. A list of Perkins’ registered agents for service of process is included in **Exhibit B** to this Disclosure Document. Perkins does business under the names “Perkins” and “Perkins Restaurant and Bakery.”

Perkins is the owner of a plan and system (the “**Perkins System**”) for retail food sales and restaurant operations, which includes recipe formulation and food preparation techniques, equipment selection and layouts, accounting methods, merchandising, advertising, sales and promotional techniques, personnel training, and other matters relating to the operation and promotion of restaurants.

Perkins may also lease and sub-lease restaurant facilities and equipment to some franchisees under the Perkins System, as well as to others.

Perkins has operated Perkins Restaurants since October 2019, when it acquired the rights to the Perkins System and began offering franchises as of March 4, 2020. Perkins does not offer, nor has it previously offered, franchises in any other line of business for Perkins Restaurants. As of April 28, 2020, there were 217 domestic franchised Perkins restaurants and 89 domestic company-owned Perkins restaurants in operation, and 7 franchised Perkins restaurants in Canada. Perkins predecessors and the background of the Perkins System are described below.

### Acquisition of the System, Parents and Perkins’ Affiliates

As described further below and in Item 4 of this Disclosure Document, in August 2019, Perkins & Marie Callender’s, LLC, which is the predecessor franchisor of Perkins, and its parent, Perkins & Marie Callender’s Holding, LLC (“**PMCH**”) and other affiliates filed a petition under Chapter 11 in the United States Bankruptcy Court for the District of Delaware. Our affiliate, Huddle House, Inc. (“**HHI**”), entered into an asset purchase agreement dated September 10, 2019 with PMCH and certain of its affiliates to acquire assets used in the franchise, ownership and operation of Perkins family dining restaurants and bakeries (together, the “**Perkins Business**”) through the bid procedures of the bankruptcy court. By a joinder agreement signed in October 2019, Perkins became a party to the asset purchase agreement, and on October 22, 2019 (the “**Acquisition Date**”), the parties completed the transaction and Perkins became the owner of the Perkins Business and the franchisor of the Perkins network and operator of the company-owned Perkins restaurants.

Perkins is indirectly owned, through various holding companies, by Elysium Investments (Second) LLC (“**Elysium Second**”), an investment vehicle whose principal business address is 445 Park Avenue, Suite 1401, New York, NY 10022, and is ultimately managed and controlled by Elysium Management LLC (“**Elysium Management**”), a family office whose principal business address is 445 Park Avenue, Suite 1401, New York, NY 10022. Elysium Management effectively ultimately controls Perkins and is directly responsible for control of Perkins.

Elysium Second and Elysium Management have never previously operated businesses of the type being franchised under this Disclosure Document or offered franchises in any line of business and do not currently provide products or services to Perkins franchisees. Elysium Second and/or affiliates of it or its owners may invest in other companies that offer franchises and/or own restaurant enterprises that may compete with the type

business being franchised under this Disclosure Document. See also the information below in this Item under “Affiliates and Related Operations.”

PR&B Marketing Fund LLC (“**Perkins Marketing Fund**”), which is an affiliate of Perkins, is a Delaware limited liability company with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. Perkins established the Perkins Marketing Fund to operate and administer advertising and promotional funds designed to promote and benefit the Perkins System. The Perkins Marketing Fund is not engaged in any other line of business and has never engaged in the sale of franchises.

PCSF LLC (“**PCSF**”), which is an affiliate of Perkins, is Colorado limited liability company with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. Perkins established PCSF to operate and administer gift cards to promote and benefit the Perkins System. PCSF is not engaged in any other line of business and has never engaged in the sale of franchises.

### **Predecessors and History of Perkins Restaurants**

The first Perkins restaurant was opened in 1958 in Cincinnati, Ohio. In October 1986, Perkins Family Restaurants, L.P. (“PFR”), a Delaware limited partnership formed in July 1986, acquired the rights to franchise, own and operate Perkins Restaurants and Bakeries. PFR then conveyed most of its assets and liabilities to Perkins Restaurants Operating Company, L.P. (“PROC”), a Delaware limited partnership formed in July 1986. Perkins Management Company, Inc., a wholly-owned subsidiary of Perkins Restaurants, Inc. (“PRI”), a Minnesota corporation, was the general partner of PFR and PROC. On December 22, 1997, PROC merged into PFR and PROC ceased to exist; also on that date, PFR became a privately held wholly-owned subsidiary of The Restaurant Company (“TRC”; formerly known as Tennessee Restaurant Company). On December 13, 1999, Perkins Management Company, Inc. merged into PRI, and then PRI merged into TRC, resulting in TRC being the sole partner, and the general partner, of PFR. Then on December 22, 1999, PFR merged into TRC. In August 2006, TRC changed its name to Perkins & Marie Callender’s Inc. (“PMCI”). In May 2006, TRC acquired Marie Callender Pie Shops, Inc., which owned, operated and franchised Marie Callender’s restaurants, and which in November 2011 converted to a limited liability company, Marie Callender Pie Shops, LLC.

On November 30, 2011 (the “Conversion Date”), PMCI was converted into a Delaware limited liability company and was renamed Perkins & Marie Callender’s, LLC (“**PMCLLC**”). The term “PMC” as used in this Disclosure Document will refer to PMCI and PMCLLC – referring to PMCI until the Conversion Date, and referring to PMCLLC beginning as of the Conversion Date. The sole shareholder and parent of PMC is PMCH.

As described above, on the Acquisition Date, PMCLLC, PMCH and certain affiliates completed the sale of the Perkins Business to Perkins. As of the Acquisition Date, PMCLLC ceased to be the franchisor of the Perkins franchise system and Perkins became the new franchisor. PMCLLC may be referred to in this Disclosure Document as the “predecessor franchisor.” Following the Acquisition Date, PMCLLC’s name was changed to Pancakes & Pies, LLC, and PMCH’s name was changed to “Pancakes & Pies Holding, LLC.” As used in this Disclosure Documents, the terms PMCLLC and PMCH, as applicable, will be used to refer to these entities before and after their name changes. The principal place of business of both businesses is 6075 Poplar Avenue, Suite 800, Memphis, Tennessee 38119; however, it expected that in 2020, the principal address will change to the address of the bankruptcy plan administrator, as c/o Morris Anderson & Associates Ltd., 55 West Monroe Street, Suite 2350, Chicago, Illinois 60603-5114.

### **The Franchise Offered**

A Perkins Restaurant is a full-service restaurant that serves all meals and menu items at all times to customers for on-premises and personal carry out consumption and for off-site catering services (“**Catering**”) and delivery service within the “Territory” of the restaurant or other pre-approved geographic areas conducted

in accordance with Perkins' standards and specifications (a “**Franchise**”). Perkins Restaurants offer a broad menu of breakfast, lunch and dinner entrees.

Perkins offers and sells franchises under which you may develop and operate a new Perkins Restaurant (a “**New Development Unit**”), and also offers franchises in connection with the sale of existing Perkins Restaurants where Perkins has a property interest in the location and will lease or sell (under limited circumstances, such as when extensive remodeling is needed or to assist the franchisee with obtaining financing) the property to the franchisee (a “**Resale Unit**”). Unless otherwise specified, the information and terms described in this Disclosure Document apply to New Development Units and Resale Units, and the terms “**Standard Unit**” and “**Unit**” interchangeably may mean a New Development Unit or a Resale Unit.

If approved by us for a Franchise, you (individuals, partnerships, corporations, limited liability companies, and the owners of partnerships, corporations, and limited liability companies will be referred to as “**you**;” and the restaurant you will operate will be referred to as “**your Franchise**” or “**the Franchise**”) will sign a standard franchise agreement (the “**Franchise Agreement**”). If the franchisee is a corporation, partnership, or limited liability company, Perkins will require all owners, shareholders, partners, or members to personally sign a guaranty of the legal entity’s obligations under each agreement. You will operate your Franchise at a specific location accepted by Perkins, as described in Section 2 of the Franchise Agreement. Resale Units will operate at the locations of our existing restaurants. In some situations, which may include transactions with Resale Units, Perkins may condition its grant of franchise rights on the franchisee committing to develop and open an additional New Development Unit within two years. If so, a second Franchise Agreement will be signed at the same time as the Franchise Agreement for the first Unit and the opening deadline will reflect that the applicable time period for the second Unit. In some of our materials and communications about the Perkins System and among franchisees, we may refer our franchisees as our “**Franchise Partners**. ” In doing so, we do not mean or imply that franchisees are our partners in a legal or literal sense. Rather, we use this phrase to reflect a spirit of cooperation and that we value the important role of our franchisees, as independent owners and operators in the Perkins System.

You must keep your Franchise open and in normal operation during the times that Perkins specifies as mandatory hours of operation, which Perkins may periodically change. Perkins has the right to modify the mandatory hours of operation in the future, including a mandatory 24 hour, 7 days a week, schedule (schedules will be subject to any governmental regulations that limit the permissible hours of operation).

Perkins also offers a Market Development Agreement (the “**Market Development Agreement**”) to qualified, multiple unit operators. If you sign a Market Development Agreement, Perkins will grant you the right to establish an agreed-upon number of Perkins Restaurants within a specified area (the “**Development Area**”). Each Perkins Restaurant will operate under the terms of a separate Franchise Agreement. You must obtain site authorization for each Perkins Restaurant site, and establish Perkins Restaurants under a development schedule that Perkins will include as an exhibit to the Market Development Agreement (the “**Development Schedule**”). The Franchise Agreement for the first Perkins Restaurant to be developed under the Development Schedule will be in the form attached as an exhibit to the Disclosure Document (which may be this document) that you receive in connection with the Market Development Agreement that you enter into with Perkins. The Franchise Agreement for each Perkins Restaurant you later develop will be in the standard form that Perkins is offering to new franchisees under the Perkins System when you exercise your development rights, which may differ from the current form of Franchise Agreement included in this Disclosure Document.

## **The System**

The distinguishing characteristics of the Perkins System include distinctive exterior and interior design; color scheme; décor; standards and specifications for products, equipment, materials, and supplies; specifications and procedures for operations; recipe formulation and food preparation techniques; procedures for accounting and management control; personnel training and assistance; and marketing, sales, and

promotional programs; all of which may be changed, improved and further developed by Perkins. The Perkins System is identified by certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including “Perkins Restaurant & Bakery”, and others as Perkins may designate from time to time for use in Perkin’s Manuals or otherwise in writing (collectively, the “Marks”).

### **Affiliates and Related Operations**

Through common ownership by Elysium Management, HHI is our affiliate. HHI is the franchisor of the “Huddle House” restaurant franchise network and operator of the company-owned Huddle House restaurants. Huddle House restaurants are full-service restaurants that serve all meals and menu items at all times to customers for on-premises and personal carry out consumption and for off-site catering services. Huddle House Restaurants feature steaks, sandwiches, hamburgers, chicken, shrimp, potatoes, vegetables, desserts, beverages and a full menu. HHI is a Georgia corporation, formed in April 1964 and has its principal business address at 5901-B Peachtree Dunwoody Road, Suite 450 Sandy Springs, GA 30328. HHI has operated Huddle House Restaurants since April 22, 1964, and has offered franchises since 1966. As of April 28, 2020, there were 285 domestic franchised Huddle House restaurants and 48 domestic company-owned Huddle House restaurants in operation. HHI does not offer, nor has it previously offered, franchises in any other line of business for Huddle House Restaurants.

Based on the common equity holders of Elysium Management on the one hand and of Apollo Global Management, LLC (“Apollo”) on the other hand, Perkins may be deemed affiliated with CEC Entertainment, Inc. (“CEC”) and Qdoba Restaurant Corporation (“Qdoba Corp”), which have franchise operations as described below.

CEC is the franchisor of the Chuck E. Cheese's franchise network. CEC's wholly-owned subsidiary, Peter Piper, Inc. (“Peter Piper”), is the franchisor of the Peter Piper Pizza franchise network. The principal business address of each of CEC and Peter Piper is 1707 Market Place Blvd, Suite 200, Irving, Texas 75063. Chuck E Cheese's restaurants have been operated since 1977 and have been franchised since 1979, and Peter Piper Pizza restaurants have been operated since 1973 and have been franchised since 1977. As of December 29, 2019, there were 26 domestic franchised Chuck E. Cheese's restaurants and 89 domestic franchised Peter Piper Pizza restaurants in operation. CEC has never offered franchises in any other line of business nor has conducted a business similar to the Perkins restaurant you will operate.

Qdoba Corp is operates and franchises Qdoba Mexican Eats (“Qdoba”) restaurants. Qdoba Corp is the franchisor of the Qdoba domestic franchise network. The principal business address of Qdoba Corp is Qdoba Corp is 350 Camino de la Reina, Suite 400, San Diego, CA 92123. Qdoba restaurants have been operated since 1995 and have been franchised since 1997. As of December 31, 2019, there were 382 franchised Qdoba restaurants in operation. Qdoba has never offered franchises in any other line of business nor has conducted a business similar to the Perkins restaurant you will operate.

### **Competition**

The market for restaurants is well developed and very competitive. Perkins Restaurants will serve the general public and will compete primarily with other restaurants offering a similar menu and all other types of fast service restaurants. Your ability to compete will depend largely on geographical area, specific site location, general economic conditions, accessibility of your Franchise and your individual capabilities. Affiliation with the Perkins System will not guarantee your successful or profitable business operation.

### **Industry-Specific Regulations**

In addition to legal requirements that must be complied with by all businesses generally, you must comply with all applicable federal, state and local laws, rules and regulations pertaining to your Franchise,

including cleanliness, the storage, preparation and serving of food and beverages, nutrition information posting laws, health, sanitation, no smoking, EEOC, OSHA, FLSA, discrimination, employment, sexual harassment laws and data collection and use. Any Perkins Restaurant that serves alcohol will also need to comply with state and local laws, rules, and regulations pertaining to the sale of alcoholic beverages. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and therefore may affect remodeling or development of building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits and licenses and operational licenses. You should consult with your attorney concerning these and other local laws and ordinances that may affect your Franchise.

In 2020, due to the global coronavirus pandemic, some government agencies have ordered (or suggested) that food service businesses temporarily close and only offer drive-through, carryout or delivery service or have otherwise severely limited clientele from patronizing food service businesses. You must comply with all applicable federal, state, and local laws and regulations during the operation of your Perkins Restaurant. You should consult with your attorney concerning these and other local laws and ordinances that may affect your Perkins Restaurant's operation.

## **ITEM 2. BUSINESS EXPERIENCE**

Unless otherwise indicated, the principal place of business of the employer is Sandy Springs, Georgia with respect to Perkins, HHI, Peachtree Parentco Holdco, Peachtree Intermediateco Inc., Peachtree Parentco, EH Franchising Holdco LLC, and EH Franchising Intermediateco LLC is New York, New York with respect to Elysium Management, Elysium Second, and Apollo.

### **Bradley J. Wechsler: Director (Parent)**

Elysium Second: Chief Executive Officer, Secretary and Treasurer (since December 2017); and for Elysium Management as CEO (since January 2015)

Peachtree entities: for Peachtree Holdco as Director (since December 2017), and for Peachtree Intermediateco Inc. and Peachtree Parentco Inc. as Director (December 2017 to February 2018)  
EH Franchising Holdco LLC and EH Franchising Intermediateco LLC; Director (since September 2019)

Imax Corporation: Chairman (since 2009), located in New York, NY

Mr. Wechsler may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

### **Benjamin E. Black: Director (Parent)**

Peachtree Holdco: Director (since February 2018)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC; Director (since September 2019)

Knowledge Universe: Portfolio Manager (since January 2018), located in Santa Monica, CA

OCV Partners: Vice President, Venture Capital (August 2016 – December 2018), located in Los Angeles, CA

Apollo: Associate, Private Equity (September 2014 – July 2016)

Mr. Black may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

### **Joshua M. Black: Director (Parent)**

Peachtree Holdco: Director (since February 2018)  
 EH Franchising Holdco LLC and EH Franchising Intermediateco LLC; Director (since September 2019)  
 Apollo Management Holdings, L.P.: Principal (since July 2011)  
 Mr. Black may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

### **Gregory H. Ruben: Director (Parent)**

Peachtree Holdco: Director (since February 2018)  
 EH Franchising Holdco LLC and EH Franchising Intermediateco LLC; Director (since September 2019)  
 Elysium Management: Partner (since May 2016)  
 Goldman Sachs: Investor (July 2008 – May 2016), located in New York, NY  
 Mr. Ruben may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

### **Michael Shen: Director (Parent)**

Peachtree Holdco: Director (since April 2019)  
 EH Franchising Holdco LLC and EH Franchising Intermediateco LLC; Director (since September 2019)  
 Elysium Management: Partner (since September 2018)  
 BC Partners: Investor (September 2016 – September 2018), located in New York, NY  
 Mr. Shen may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

### **Michael Abt – Chief Executive Officer and President; Director**

Perkins LLC: Director, CEO and President (since September 2019)  
 PR&B Marketing Fund LLC: Director (since September 2019)  
 HHI: Director and CEO (since October 2012); and President (since February 2018)  
 Griddle Holdings: CEO (since October 2012) and Director and President (since February 2018) in Sandy Springs, GA  
 Huddle House Holdings: Director and CEO (since October 2012) and President (since February 2018)  
 Huddle House Marketing Fund: Director (since March 2013)  
 Peachtree entities: for Peachtree Holdco, Peachtree Intermediateco Inc. and Peachtree Parentco Inc. as Director, CEO and President (since February 2018) in Sandy Springs, GA  
 EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director, CEO and President (since September 2019)

### **Alison Hart Delaney – Chief Marketing Officer**

Perkins LLC: Chief Marketing Officer (since October 2019)  
 PR&B Marketing Fund LLC: Director and President and Chief Operating Officer (since September 2019)  
 HHI: Chief Marketing Officer (since October 2013)  
 Huddle House Marketing Fund: Director and President (since October 2013) and CEO (since February 2018)

### **David Krisher – Chief Financial Officer and Treasurer**

Perkins LLC: Treasurer and Chief Financial Officer (since September 2019)  
 PR&B Marketing Fund LLC: Treasurer and Chief Financial Officer (since September 2019)

HHI: Chief Financial Officer and Treasurer (since August 2019); Vice President, Finance and Accounting (February 2019 – August 2019 and May 2016 – October 2018); Senior Director of Finance and Controller (September 2013 – May 2016)

Huddle House Holdings: Chief Financial Officer and Treasurer (since August 2019)

Griddle Holdings: Chief Financial Officer and Treasurer (since August 2019) in Sandy Springs, GA

Huddle House Marketing Fund: Chief Financial Officer and Treasurer (since August 2019)

Peachtree entities: for Peachtree Intermediateco Inc. and Peachtree Parentco Inc. Chief Financial Officer and Treasurer (since August 2019)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Treasurer and Chief Financial Officer (since September 2019)

BlueLinx Corporation: Director of Financial Planning and Analysis (October 2018 – February 2019), located in Marietta, GA

### **Melissa Rothring – Executive Vice President, General Counsel and Corporate Secretary; Director**

Perkins LLC: Director and Executive Vice President, General Counsel and Corporate Secretary (since September 2019)

PR&B Marketing Fund LLC: Director and Corporate Secretary (since September 2019)

HHI: Executive Vice President (since September 2016), General Counsel and Corporate Secretary (since February 2013), and Director (since August 2019)

Huddle House Holdings: Corporate Secretary (since February 2018), and Director (since August 2019)

Griddle Holdings: Corporate Secretary (since February 2018), and Director (since August 2019) in Sandy Springs, GA

Huddle House Marketing Fund: Director and Corporate Secretary (since March 2013), and Director (since August 2019)

Peachtree entities: for Peachtree Holdco, Peachtree Intermediateco Inc. and Peachtree Parentco Inc. as Secretary (since February 2018), and for Peachtree Holdco and Peachtree Intermediateco Inc. as Director (since August 2019) in Sandy Springs, GA

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Secretary (since September 2019)

### **Nathan Ballard – Chief Supply Officer**

Perkins LLC: Chief Supply Officer (since October 2019)

HHI: Chief Supply Officer (since May 2019); Senior Vice President – Distribution (May 2012 – May 2019); Vice President – Distribution (December 2008 – May 2012); Senior Director Distribution (December 2006 – December 2008); Director of Distribution (July 2005 – December 2008)

### **James Frank – Chief Operating Officer**

Perkins & Marie Callendar's, LLC: Chief Operating Officer (since January 1, 2015) in Memphis, TN

Perkins LLC: Chief Operating Officer (since September 2019)

### ITEM 3. LITIGATION

The following litigation relates to Perkins & Marie Callender's, LLC (or PMC), which as described in Item 1 is the predecessor franchisor.

#### **Litigation of PMC (Predecessor Franchisor)**

The information in this Item regarding litigation of PMC is based on information provided to Perkins by PMC. As described in Item 1 and Item 4, in August 2019, PMC and various related entities, filed a petition to reorganize filed a petition under Chapter 11 in the United States Bankruptcy Court for the District of Delaware. Information relating to the actions described below after the initiation of the bankruptcy action is based on information from PMC's bankruptcy estate (the "PMC Estate").

1. Justin Norwalt v. Perkins & Marie Callender's, LLC and Marie Callender's Pie Shops, LLC (Los Angeles County Superior Court). On December 27, 2016, Mr. Norwalt filed an individual action, Case No. BC645042, alleging a single claim for wrongful termination in violation of public policy. On January 3, 2017, Plaintiff filed a separate representative action, Case No. PC057501, under California's Private Attorneys General Act ("PAGA") alleging the following claims: (1) minimum wage (Stores 61 and 97 only), (2) rest period violations, (3) inaccurate wage statements, and (4) waiting time penalties. The cases were consolidated, the individual action was submitted to arbitration, and the PAGA action was stayed. The parties attended mediation on January 31, 2019. The PMC Estate and Norwalt have entered a settlement agreement under which the PMC Estate will pay \$26,000 as follows: approximately \$12,473 to the California Labor and Workforce Development Agency as beneficiary under the PAGA; \$2,000 to Mr. Norwalt; \$8,667 to Representative's Counsel as and for legal fees and expenses; and \$2,860 to Dundon Advisers LLC as contingent financial adviser and expert to Representative and Representative's Counsel.

2. Ricardo Ramirez v. Perkins & Marie Callender's, LLC, Case No. 30-2018-01025639-CU-OE-CXC (Orange County Superior Court, October 11, 2018). Mr. Ramirez filed a PAGA action alleging that PMC's Shoes for Crews program represents an impermissible deduction from wages, violates minimum wage laws, and constitutes an impermissible attempt to pass on to employees the cost of workers' compensation insurance. The PMC Estate and Ramirez entered a settlement agreement under which the PMC Estate will pay \$7,000 as follows: approximately \$2,897 to the California Labor and Workforce Development Agency as beneficiary under the PAGA; \$1,000 to Mr. Ramirez; \$2,333 to Representative's Counsel as and for legal fees and expenses; and \$770 to Dundon Advisers LLC as contingent financial adviser and expert to Representative and Representative's Counsel.

3. Merhzad Nourani v. Perkins & Marie Callender's, LLC, Case No. 30-2018-01019082 (Orange County Superior Court, September 14, 2018). Mr. Nourani filed a PAGA claim alleging the following claims: (1) off-the-clock work; (2) failure to pay overtime, (3) meal and rest period premiums, (4) inaccurate itemized wage statement, (5) waiting time penalties, and (6) failure to reimburse business expenses. The proceedings were subject to the automatic stay provision of PMC's bankruptcy action. There has been no resolution.

4. Kathryn Cupp v. Perkins & Marie Callender's, LLC, 8:18-cv-02211-JLS-KES (C.D. Cal. November 2, 2018). Ms. Cupp filed a class action lawsuit seeking to represent a "[a]ll persons who are employed or have been employed by PMC in California, who were, at any time within four years of the filing of this Complaint, classified as a 'non-exempt employee,'" based on six causes of action: (1) Failure to Provide Rest Breaks; (2) Failure to Provide Meal Periods; (3) Failure to Provide Wage Statements; (4) Failure to Pay All Wages Owed Upon Termination; (5) Violation of California Labor Code § 558; and (6) Violation of California Business & Professions Code § 17200. The parties stipulated to remand the case to state court conditioned upon Ms. Cupp agreeing to dismiss her class claims and instead pursue her individual claims and a claim under PAGA. The case was remanded to the Orange County Superior Court, Case No. 30-2018-01030922-CU-OE-CXC. In March 2019, Ms. Cupp agreed to arbitrate her individual actions and her PAGA claim were stayed.

The proceedings were subject to the automatic stay provision of PMC's bankruptcy action. Plaintiff filed a Proof of Claim, however there has been no resolution.

**Franchisor (by PMC as Predecessor Franchisor) Initiated Litigation During Prior Fiscal Year:**

1. Perkins & Marie Callender's, LLC v. 5171 Campbells Land Co., Inc. and William T. Kane, and Kristin Kochis, (collectively "CLC"), United States District Court, Western District of Tennessee, Case No. 2:19-cv-02414-JPM-dkv. PMC filed this case on June 27, 2019 for multiple breaches of CLC's 27 license agreements, seeking damages and injunctive relief. On July 2, 2019, the Court heard and granted PMC's Motion for a Temporary Restraining Order, which ordered, among other things, that CLC immediately cease using the Perkins trademarks and restaurant operating system, not engage in competing activities within 3 miles of its former Perkins Restaurants or any other Perkins Restaurant, and de-identify the restaurants. On July 8, 2019, PMC received notice that CLC had filed for bankruptcy protection under Chapter 11 in the Bankruptcy Court for the Western District of Pennsylvania. On July 30, 2019, the case was voluntarily dismissed without prejudice as to all defendants.

Other than the actions described above, no litigation is required to be disclosed in this Item.

**ITEM 4. BANKRUPTCY**

On June 13, 2011, PMCI filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the District of Delaware, Case No. 11-11795. PMCI's principal place of business was 6075 Poplar Avenue, Suite 800, Memphis, Tennessee 38119. PMCI continued to operate its business and manage its assets as a debtor-in-possession under bankruptcy court supervision. By order dated November 1, 2011 the bankruptcy court confirmed PMCI's plan of reorganization, which restructured the rights of creditors by providing for certain payments and discharged their claims. As of November 30, 2011, PMCI completed its financial restructuring and emerged from bankruptcy proceedings, and converted to a limited liability company (PMCLLC). On September 28, 2012, the bankruptcy court issued the Final Decree and Order closing the Debtors' Chapter 11 Cases.

On August 5, 2019, PMCLLC, together with PMCH and other affiliates, filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the District of Delaware, Case No. 19-11743. PMCLLC's principal place of business is 6075 Poplar Avenue, Suite 800, Memphis, Tennessee 38119. PMC continues to operate its business and manage its assets as a debtor-in-possession under bankruptcy court supervision, except with respect to assets sold pursuant to the bankruptcy proceedings. By order dated September 19, 2019, the bankruptcy court authorized the sale of the Perkins Business according the court's previously authorize bid procedures, and on the Acquisition Date the sale of the Perkins Business to Perkins was completed. At that time, existing franchise agreements were assigned from PMCLLC to Perkins, and Perkins became the franchisor of the "Perkins" system.

On June 24, 2020, CEC, its wholly-owned subsidiary, Peter Piper, and 15 other entities affiliated with CEC filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Southern District of Texas (Case 20-33163). This case has been designated as a complex chapter 11 bankruptcy case and the deadline for filing claims is set for November 12, 2020. (As described in Item 1, based on the common equity holders of Elysium Management on the one hand and of Apollo Global Management, LLC on the other hand, Perkins may be deemed to be an affiliate of CEC.)

Except for the actions described above, no bankruptcy information is required to be disclosed in this Item.

## ITEM 5. INITIAL FEES

### Franchise Agreement - Initial Franchise Fees

The initial franchise fee for a twenty-year Standard Unit Franchise (the “**Initial Franchise Fee**”) is \$40,000 for a new franchisee, unless either (a) you qualify for the veteran’s discount under Perkins’ current Patriot Program, which is described below in this Item 5 under the heading “Incentive Programs,” or (b) you are an existing franchisee purchasing an additional unit, as described below.

*Existing Franchisee discount* – Perkins also wants to encourage its existing franchisees in good standing to develop additional New Development Units. To do so, Perkins’ current policy is that it will reduce the initial franchise fee to \$30,000 for franchisees who are in good standing, with at least one Unit open and in operation for at least 12 months, and who enter into additional Franchise Agreements with Perkins. To qualify for this discount, the additional franchises must be purchased by the same individual (or business entity, if applicable), who signed the existing franchise agreement with Perkins. We may discontinue or alter this policy in the future.

The entire Initial Franchise Fee is payable when you sign the Franchise Agreement. The Initial Franchise Fees are uniformly applied in the manner described above to all franchisees that are purchasing new franchises. During Perkins’s most recent fiscal year following the Acquisition Date (the period beginning October 22, 2019 to April 28, 2020), Perkins did not collect any Initial Franchise Fees different from the standard fees.

For the Franchises of Resale Units, the Initial Franchise Fee may vary depending on the length of lease term available.

Except as described below in this paragraph, the Initial Franchise Fee is not refundable. If Perkins’ initial training program is not completed to Perkins’ satisfaction, Perkins can terminate your Franchise Agreement. If Perkins terminates your Franchise Agreement for this reason, you will be entitled to a partial refund in an amount equal to 50% of your Initial Franchise Fee less any costs and expenses incurred by Perkins in training you and your managerial personnel, and in reviewing, approving and supervising the development of your Franchise.

You must also pay a training fee to Perkins in connection with the initial training program that Perkins provides. The training fee is currently \$30,000, although Perkins may change this fee in the future. The training fee is payable before you begin construction of your Perkins Restaurant.

### Market Development Agreement – Development Fees

If you enter into Perkins’ standard form of Market Development Agreement, you can develop an agreed upon number of Franchises within a Development Area according to a Development Schedule. If you enter into a Market Development Agreement, you must pay us a development fee equal to the total of (a) \$40,000 for the first New Development Unit to be developed and (b) \$20,000 for all other New Development Units that you must develop under the Development Schedule (collectively, the “**Development Fees**”). The Development Fee is separate from the Initial Franchise Fees that will be due under the Franchise Agreement for each Unit. The Initial Franchise Fee for each unit will be determined at the time the Franchise Agreement is executed and will be based on Perkins’ then-current fees for new franchises. If you remain in full compliance with the Development Schedule, and you are not otherwise in default under any provisions of the Development Agreement, or any other Franchise Agreement, at the time you and Perkins sign a Franchise Agreement for a Unit under the Development Schedule, Perkins will credit toward the Initial Franchise Fee the portion of the Development Fee that you paid for that Unit (based on our standard Development Fees, the credit will be \$40,000 for the first Unit and \$20,000 for each additional Unit included in the Development Schedule).

The length of the term of the Market Development Agreement (the “**Term**”) is determined based on the Development Schedule that you and Perkins agree upon (the Development Schedule will vary based on a variety of factors including the number of New Development Units that you must develop and operate). The Development Fee per Franchise to be paid under a Market Development Agreement will be uniformly applied to all new franchisees. During our most recent fiscal year, Perkins did not collect Development Fees different from the standard Development Fee under the Market Development Agreement in effect during that time.

Additionally, Perkins may offer developers the opportunity to purchase an extension of the Term (a “**Term Extension**”) beyond the last date of the Development Schedule so that the territorial rights granted to the developer under the Development Agreement would continue for an agreed upon period after the developer completes the Development Schedule (so long as the developer continues to comply with its obligations). The fee to increase the Term (the “**Term Extension Fee**”) is calculated as: \$7,500 per additional year added to the Term (with each additional year measured as twelve months from the last date of the Development Schedule) multiplied by the number of New Development Units that you must develop and operate to satisfy the Development Schedule. If you wish to extend the Term and Perkins agrees to a Term Extension, you may do so either: (a) when you sign the Market Development Agreement with Perkins; or (b) during the Term but you must give Perkins notice of your request to extend the term at least six months before the end of the Term and you must be in full compliance with the Market Development Agreement and any other agreements with Perkins. You must pay the Term Extension Fee at the time you and Perkins agree to an extension of the Term beyond the end of the Development Schedule.

The Development Fees and Term Extension Fee (if applicable) paid under a Market Development Agreement are fully-earned and non-refundable, regardless of whether you enter into Franchise Agreements for those Franchises or continue to operate franchises for the entire Term, in consideration of administrative and other expenses Perkins incurs in entering into the Market Development Agreement, and for Perkins’ lost or deferred opportunity to enter into the Market Development Agreement and Franchise Agreements with others.

### **Other Fees and Pre-Opening Payments**

If you will lease the premises of your Perkins Restaurants from Perkins, you will be required to pay to Perkins a security deposit equal to one month’s rent applicable in the first year, which ranges from \$10,000 to \$20,000 (the “**Security Deposit**”). This deposit is payable before you begin construction of your Perkins Restaurant.

The balance of the security deposit will be returned to you when your Lease Agreement expires, so long as you have complied with all of the terms of the Lease Agreement, and all other agreements between you and Perkins (including payment of all sums due). The security deposit may be applied, if necessary, to cover delinquent invoices for rent payments.

Additionally, when you sign your Franchise Agreement, you must reimburse Perkins for any expenses Perkins incurs in using attorneys that are not Perkins employees to prepare documents and handle other legal matters which are done specifically for your Franchise. For instance, in the unlikely event we need assistance from outside counsel to assist with negotiations or to prepare documents peculiar to your Franchise, we may require you to reimburse us for our legal expenses. In our last fiscal year, we did not require any franchisee to reimburse us for these types of expenses.

### **Incentive Programs**

#### **Referral Program**

Perkins offers a referral program incentive of \$1,000 to the first person or company that introduces a prospective franchisee to Perkins, if: (a) Perkins approves the prospect; (b) Perkins and the prospect sign a Franchise Agreement within six months after the referral is made; and (c) the prospective franchisee pays

Perkins the applicable Initial Franchise Fee. Perkins will pay this referral fee when Perkins and the referred prospective franchisee have signed the Franchise Agreement and the prospect have fully paid the Initial Franchise Fee. Perkins may discontinue this Referral Program at any time.

#### Existing Franchisee Referral Program

Perkins offers a referral program incentive of \$7,500 to an existing franchisee that introduces a prospective franchisee to Perkins, if: (a) Perkins approves the prospect; (b) Perkins and the prospect sign a Franchise Agreement within six months after the referral is made; (c) the prospect pays Perkins the applicable Initial Franchise Fee; (d) the prospect has not had any prior conversations with any employee of Perkins or Perkins' affiliates about becoming a franchisee; (e) the prospect is not currently listed in Perkins' database; (f) the prospect is not a referral candidate of one of Perkins' affiliates or affiliated franchise brands; (g) the prospect is not a customer at the existing franchisee's Unit unless the existing franchise was the originating source for the customer contact to Perkins and a referral form was submitted prior to any conversation between the customer and Perkins or its affiliates; and (h) the prospect is at least 21 years old. Referral fees are paid only for the prospect's first franchise agreement and first Unit. No additional referral fees will apply for a second or additional Unit. Perkins will pay this referral fee when Perkins and the prospect have signed the Franchise Agreement and the prospect has fully paid the Initial Franchise Fee. Perkins may discontinue this Existing Franchisee Referral Program at any time. This is a referral program only. The existing franchisee does not represent Perkins and is not authorized to make any sales or representations on behalf of Perkins.

#### Perkins Patriot Program

Perkins participates in the International Franchise Association's Veterans Transition Franchise Initiative ("VetFran") program to provide franchise opportunities to qualifying veterans. The purpose of the VetFran program is to honor those men and women who have served in the U.S. military. The VetFran program was developed to help veterans transition to civilian life. VetFran is a voluntary effort of International Franchise Association member-companies that is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans.

Perkins' VetFran program incentive is called the Perkins Patriot Program (the "**Patriot Program**"). Perkins' Patriot Program incentive provides a 25% reduction in the Initial Franchise Fee due under Perkins' single unit Franchise Agreement for New Development Units only. This Incentive may not be combined with any other Incentive program and applies only to the first New Development Unit. To qualify, a prospective franchisee must request the Patriot Program at the time of application; must meet Perkins' then-current qualifications for new franchisees; the franchise must be at least 51% legally and beneficially owned by persons meeting Perkins' qualifying veteran status; the prospective franchisee may not have previously received a Veterans Incentive or Patriot Program incentive from Perkins. Perkins may discontinue this Patriot Program at any time.

## ITEM 6. OTHER FEES

| Name of Fee                      | Amount                | Due Date   | Remarks  |
|----------------------------------|-----------------------|--|--|
| Royalty <sup>1,3</sup>           | 4.0% of the Net Sales | Every Week.<br>Perkins may require that you make payments by electronic fund transfer ("EFT"). | Net Sales includes the full price of all merchandise and services (including Catering and delivery) sold, and all other receipts.  |
| Contribution to Advertising Fund | 3.0% of the Net Sales | Every week to Perkins or its designee.<br>Perkins may require that you make payments by EFT    | This amount may increase to an amount not to exceed 4% of Net Sales, although it will not increase more than 1% in any given year.   |
| Local Advertising Requirement    | 1% of the Net Sales   | On demand  | Every quarter, you must spend a minimum of 1% of the Net Sales on qualified local advertising and marketing activities (the " <b>Local Advertising Requirement</b> "), and must submit (by the 10th day of the following quarter) receipts and other reports that Perkins may reasonably request to evidence your expenditure. This amount may increase to an amount not to exceed 1.5%. In lieu of having you spend the monies directly to satisfy the Local Advertising Requirement, Perkins has the right upon notice to you to require that you (and other franchisees) contribute the same amounts to the advertising fund for Perkins Restaurants (the " <b>Fund</b> "). Additionally, if you do not fully comply with the advertising requirement, then we may require that you contribute the Local Advertising Requirement monies to the Fund (without any requirement to have other franchisees do the same) or to a designated account and we will then either: spend the monies on your behalf; or require that you satisfy your Local Advertising Requirements and then (once you provide documentation of your compliance) return to you the Local Advertising Requirement monies that you submitted to the Fund (or other designated account) for that same period. |

| Name of Fee   | Amount  | Due Date                         | Remarks  |
|---|---|----------------------------------|--|
| Transfer  | Varies - 25% of Perkins' then-current Initial Franchise Fee, or \$2,000, or no fee  | Upon transfer                    | 25% of then-current Initial Franchise Fee applies if you sell your Franchise or engage in a transfer involving more than 51% ownership interests. \$2,000 fee applies if you transfer to your majority-owned corporation or an immediate family member. There will be no fee if you transfer to an entity owned solely by you, during the first year after signing the Franchise Agreement.      |
| Interest on Rent  | 5% per month on overdue amount  | Monthly                          | Payable if you are more than 15 days late on payment of any rent owed to Perkins.  |
| Interest on Payments (other than rent)                              | Lesser of 18% (per annum) per annum or maximum legal rate   | Monthly                          | Payable if you are more than 5 days late paying any amount owed to Perkins (other than rent).  |
| Management  | 8% of the Net Sales   | Weekly                           | Payable while Perkins manages your Franchise due to your death or incapacity.  |
| Liquidated Damages -- Employee                                      | \$40,000  | On demand                        | Payable if you employ a Perkins employee contrary to the terms of the Franchise Agreement.   |
| Liquidated Damages -- Breach and Termination                        | \$300,000 or three years of estimated royalties and marketing contributions (see Remarks), whichever is greater   | On demand                        | Payable if you breach your Franchise Agreement and it is terminated by Perkins. Perkins will calculate any estimated royalties and marketing contributions based on the average of your weekly royalties and marketing contributions due during the preceding two years, or such shorter period as you have been operating.  |
| Music Delivery System   | Currently \$25 - \$39/month   | Monthly, or as provider requires | Payable to the designated supplier for music delivery systems.   |
| Fees relating to computer system, software, and technology services | Currently \$850 per year (billed on a monthly basis), but may vary in the future. If Perkins provides computer or communications equipment, software or assistance or related services, Perkins may charge reasonable fees for these services. At this time, you will obtain these services directly from Perkins but in the future | Upon demand                      | See Note 4 and Item 11 under the heading "Computer System." At this time, Perkins provides helpdesk services. The fee to Perkins is currently \$850 per year (billed on a monthly basis) but Perkins may change the fee in the future. If third party services are utilized in the future or services are integrated in the future, you must pay the fees specified by the designated suppliers. |

| Name of Fee                         | Amount  | Due Date   | Remarks   |
|-------------------------------------|---|--|---|
|                                     | Perkins may authorize you to utilize third parties.   |  |   |
| Central Billing Fee                 | Will vary, but not currently in effect.   | Upon demand  | In connection with program and services that we designate as generally required for Perkins Restaurants (for example, gift card program, customer loyalty programs, and online ordering services), Perkins may centrally collect from franchisees the fees due to the suppliers. If Perkins does so, it may charge a reasonable fee (not exceed 10% of the amounts due to the supplier) for its central billing and payment functions.  |
| Non-Participation/Non-Reporting Fee | \$100 for 1 <sup>st</sup> month; \$200 for 2 <sup>nd</sup> month; \$300 for 3 <sup>rd</sup> and each subsequent month | Upon demand  | If you do not participate in, or comply with, any program or standard that Perkins designates for the System, then Perkins may assess these fees for each month that you are not in compliance with the System requirement. This fee is in addition to Perkins' other rights relating to your default (except that for defaults relating to missing reports, Perkins will assess either this fee or the delinquent report fee described below and both fees will not apply to the same missing or delinquent report). |
| Re-evaluation Fee                   | \$350 per failed inspection/review (beginning with a second consecutive failure)                                      | Upon demand  | If you fail two or more consecutive inspections or operational reviews, then beginning with the second failure you must pay Perkins a re-evaluation fee for each failed inspection or evaluation until you achieve a satisfy re-evaluation score.   |
| Delinquent Report                   | \$10  | When report is submitted   | Payable if you do not deliver any report to Perkins when due.   |
| Audit                               | Interest at 12% or highest rate allowed by law if higher  | Upon request   | Payable if an audit of your books shows an understatement of your Net Sales that is 1.5% or more.   |
| Renewal                             | 25% of the then-current Initial Franchise Fee   | Before first day of renewal term   | Renewal fee is for an additional 10-year term.  |
| Perkins Performance                 | Reimbursement of amount plus 12% interest (or highest rate allowed by law if to pay creditors)                        | Promptly after payment by Perkins (with next royalty fee payment if for insurance) | Payable if you fail to perform maintenance obligations, pay creditors or procure insurance and Perkins does so for you.   |

| Name of Fee  | Amount   | Due Date                                      | Remarks  |
|--|--|---|--|
| Additional or Refresher Training and Orientation                               | Currently \$300 per day for our current additional or refresher training programs, but may change in the future. | Prior to attending training                   | In addition to the initial training program, we may impose a fee for training any new or replacement managers. Also, if we require you, your manager or employees to attend additional or refresher training or orientation programs, we may charge a fee for those programs. As of the date of the Disclosure Document, Perkins is not conducting a separate Orientation Program. |
| Extension of Opening Deadline or Deadline in Development Schedule <sup>2</sup> | \$7,500 per month that the deadline is extended  | Before extension of deadline                  | Payable if Perkins grants you an extension of your Opening Deadline under a Franchise Agreement or a deadline under the Development Schedule for any particular Restaurant. This is separate from an extension of the Term of the Development Agreement beyond completion of the Development Schedule.   |
| Extension of Term of Development Agreement                                     | Varies - \$7,500 per additional year, per Unit in Development Schedule   | At time you and Perkins agree to an extension | Applies only if you request to extend the Term of the Development Agreement beyond the end of the Development Schedule. (See Item 5 under "Market Development Fees") This is not an option to extend, nor does it extend, any deadline in the Development Schedule.  |
| Fee for Closing During any Required Hours of Operation                         | \$1,000 per day that the Perkins Restaurant is not open during all required hours of operation                   | Upon demand                                   | If you do not keep your Perkins Restaurant open and in normal operation during all hours that we require each day, you must pay us this daily fee.   |
| Rejected Payment Fee   | Our then-current rejected payment fee (currently \$100 per occurrence)   | Upon demand                                   | If a payment to Perkins is rejected (for insufficient funds or other reasons), you must pay Perkins its then-current rejected payment fee (which may include amount to reimburse Perkins for all costs associated with the rejected payment).  |
| Lease Review   | Up to \$2,500  | Upon demand                                   | Perkins may require that your proposed lease for the Unit be reviewed by an attorney that Perkins designates. The review may include a review of the general business and financial terms of the proposed lease as well for inclusion of terms required by Perkins. If requested, you will pay this fee either to Perkins or the designated provider for the review services.      |

| Name of Fee                           | Amount   | Due Date  | Remarks   |
|---------------------------------------|--|---|---|
| Fees for Financial Report             | \$12.50 per month for program service fee, and \$10 fee if fail to submit report   | Monthly for program service fee and upon demand for missing report fee                              | Perkins requires Perkins Units to use a web-based application for reporting profit and loss and related financial information to us through a designated vendor (currently PLAT by iLumen). The service fee for this program and fees for failing to submit reports (if applicable) are payable to Perkins.   |
| Fee for Non-attendance at Conferences | \$2,500  | At the same time as your Royalty for the week immediately following the missed mandatory conference | Perkins may conduct an annual or periodic system wide or regional conferences, seminars or meetings (“Conferences”) for operators of Perkins Units and may require that you attend the Conferences. If you fail to attend a mandatory Conference and have not obtained Perkins’ prior written waiver of your attendance, you must pay the non-attendance fee.   |
| Unit Hours Modification Fee           | Varies – up to 7.0% of the Base Amount, which will be determined as the Unit’s Net Sales during the immediately preceding 52-week for the hours being modified                               | Currently monthly, but not more often than weekly.  | You must keep your Franchise open and in normal operation according to current hours of operation set forth in the Operations Manual and Perkins has the right to modify these hours at any time. In some circumstances, Perkins may allow existing franchisees (or their transferees), to modify their Unit hours for agreed upon periods if certain conditions are met. These conditions may include: payment of the Unit Hours Modification Fee, remaining in compliance with the Franchise Agreement, removal of any 24-hour signage or marketing materials, and signing an amendment to the Franchise Agreement in the form that Perkins provides. |
| Customer Feedback Program             | Will vary. Includes: a monthly fee (which is currently \$22 and paid by Perkins), and the cost of Mystery Shopping (if any) due to low survey scores (currently \$105 per additional visit). | Monthly for standard monthly fee, and upon demand for additional inspections (if required)          | See Note 5 and Item 11 under the heading “Computer System.”   |
| Online Learning Management System     | Currently \$550 per year   | Annually  | As established by vendor. Fees are subject to change.   |
| Online Ordering                       | Currently \$78/month paid directly to the vendor   | Monthly to the vendor by ACH  | As established by vendor. Fees are subject to change.   |

The above tables describe other recurring or isolated fees or payments that you must pay to Perkins or its affiliates, or which Perkins or its affiliates impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all of the fees listed are imposed by, payable to, and collected by Perkins and are non-refundable.

## NOTES:

1. “Net Sales” is defined in Section 5(e) of the Franchise Agreement and you should refer to the Franchise Agreement for a complete understanding of what is included. Additionally, if Perkins specifies, you must make all payments for royalties and advertising contributions by EFT, unless otherwise directed or approved by Perkins. To establish an EFT arrangement for these payments, you must sign our current “Authorization Agreement for Prearranged Payments (Direct Debits)” form in favor of Perkins.
2. Under the Franchise Agreement and/or a Market Development Agreement, Perkins may, but is not obligated to, grant you an extension of any deadline of (as applicable) the Unit’s Opening Deadline under the Franchise Agreement or a deadline under the Development Schedule for a particular restaurant under a Market Development Agreement. If an extension is granted, prior to the Opening Deadline (under a Franchise Agreement) or the original deadline under the Development Schedule (under a Development Agreement), you must pay to Perkins a fee equal to \$7,500 per month of the extension, with a maximum extension of six months.
3. Unless otherwise specified, all of the amounts described above are collected by and payable to Perkins and are nonrefundable. All fees currently are uniformly imposed on new system franchisees.
4. Perkins requires that you install and use computer and technology systems (which are described in Item 11 under the subheading “Computer Systems”), which include a point-of-sale computer system/online ordering system, managed firewall and related security systems, back-office management programs, integrated accounting and financial software, and inventory management and other computer software programs and hardware that Perkins specifies. In connection with the Computer System, you will have to enter into appropriate agreements and pay the approved or designated suppliers (which may include Perkins or its affiliates) initial and ongoing fees (which may include activation fees, per-user fees, set-up fees, and support fees) in order to install and continue to use (and maintain and upgrade) the Computer System. See Item 11 under “Computer System” for more information. As this time, Perkins (or any affiliate) is not a supplier of these services other than certain support/helpdesk services which could include but may not be limited to POS System polling.
5. You must participate in the customer feedback program that Perkins designates. Perkins currently incurs the monthly overhead fee for the program but may require franchisees to pay the monthly charges for their Franchised Restaurants. This fee is currently approximately \$22 per month per restaurant but may increase in the future. You will also be responsible for the cost of any survey offer, if applicable, though this is not part of the current customer feedback program. If your Franchised Restaurant does not receive a satisfactory score, Perkins has the right to use additional customer feedback measures that may include Mystery Shops, in-store surveys, and receipt-back surveys. You will be responsible for the costs of these additional measures.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT

| <b>Expenditures</b>   | <b>Low Amount</b>      | <b>High Amount</b>     | <b>Method of Payment</b>                          | <b>When Due</b>   | <b>To Whom Payment is to be Made</b>                                    |
|---|------------------------|------------------------|---|---|---|
| Initial Franchise Fee <sup>1</sup>  | \$ 40,000              | \$ 40,000              | One Payment                                       | When you Execute the Franchise Agreement                                    | Perkins   |
| Training Fee and Travel and Living Expenses While Training <sup>2</sup>               | 82,000                 | 104,000                | As Arranged                                       | Training fee (\$30,000) before construction start; remainder before opening | Perkins (for training fee); Suppliers, Transportation, Food and Lodging |
| Real Estate – Rent for First 3 months <sup>3</sup>                                    | 20,000                 | 60,000                 | As Arranged                                       | As Arranged   | Third-party Landlord  |
| Improvements <sup>4</sup>   | 575,000                | 1,250,000              | Progress Payments                                 | As Arranged   | Contractors   |
| Interest during construction  | 25,000                 | 30,000                 | As Arranged                                       | As negotiated with Lender   | Bank or other financial institution                                     |
| Equipment <sup>5</sup> and Seating  | 490,000                | 590,000                | Financed or As Incurred                           | As Arranged   | Vendors or Perkins  |
| Signs and Décor <sup>6</sup>  | 53,000                 | 82,000                 | As Arranged                                       | As Arranged   | Vendors   |
| Site Plan/Engineering Drawings  | 12,500                 | 18,500                 | As Arranged                                       | As Arranged   | Vendors   |
| Travel Expenses for Opening Guide Meeting <sup>7</sup>                                | 0                      | 750                    | As Arranged                                       | Before Opening  | Suppliers of Transportation, Food and Lodging                           |
| Smallwares, Small equipment, Opening Inventory and Uniforms                           | 50,000                 | 70,000                 | As Arranged                                       | Before Opening  | Vendors or Perkins  |
| POS System <sup>8</sup>   | 20,000                 | 25,000                 | Lump Sum  | Before Opening  | Vendors   |
| Help Desk <sup>9</sup>  | Currently \$850/year   | Currently \$850/year   | Billed monthly, subject to increase in the future | Before Opening and Annually thereafter                                      | Vendors   |
| Computer Related Hardware and Software Components and Security Services <sup>10</sup> | 2,500 (before opening) | 3,000 (before opening) | As Incurred                                       | Before Opening and Annually thereafter                                      | Vendors   |
| Grand Opening Promotion   | 4,000                  | 10,000                 | As Incurred                                       | As Arranged   | Vendors   |

| <b>Expenditures</b>                          | <b>Low Amount</b>  | <b>High Amount</b> | <b>Method of Payment</b> | <b>When Due</b>                        | <b>To Whom Payment is to be Made</b>               |
|--|--------------------|--------------------|--------------------------|--|--|
| Miscellaneous <sup>11</sup><br>Opening Costs | 45,000             | 55,000             | Lump Sum                 | Before Opening                         | Vendors,<br>Governmental<br>Authorities, Utilities |
| Additional Funds-3 Months <sup>12</sup>      | 100,000            | 150,000            | As Incurred              | As Incurred                            | Employees and Vendors                              |
| Online Learning Management System            | 550                | 550                | Annually                 | Before Opening and Annually thereafter | Vendor   |
| <b>Totals<sup>13, 14</sup></b>               | <b>\$1,520,400</b> | <b>\$2,489,650</b> |                          |  |  |

The table above applies to the total initial investment when you own or lease your land and building, and purchase or lease your signs, equipment and improvements, using personal and/or borrowed funds.

#### Notes to Franchise Agreement Investment:

1. See **Item 5** for additional details regarding the Initial Franchise Fee, including how it is determined for a Resale Unit. The low amount applies only to existing franchisees purchasing an additional unit.
2. You must pay Perkins a training fee for initial training of opening staff members and management, which is currently \$30,000. Additionally, you will be responsible for all expenses relating to you and your personnel attending training, such as travel, room, board and wages.
3. If you do not own a location for your Unit, you must purchase or lease a space. Typical New Development Units using our current format range in size from 50,000 to 65,000 square feet. Free standing restaurants will require from 1.25 to 1.75 acres of land for the Restaurant and adequate parking facilities. The figures in the chart above are estimates to lease the location for the first three months of operation. You will need to lease the space in advance of your opening; however, you may attempt to negotiate an abatement from the landlord for periods before your opening date. Rents may vary beyond this range based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the Unit, the terms of the lease, and the desirability of the location. Due to variations in the market conditions for commercial property from region to region, we are unable to provide an estimate of the cost of purchasing real estate for the Franchise. If you decide to purchase the land, the cost and outlay needed to do so will be considerably higher.
4. You will need to construct improvements of, or "build out," the premises at which you will operate the Unit. The figures in the chart are for the build out of either a newly constructed building or improvements to an existing premises. These improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, and décor items which must be constructed according to Perkins' specifications. Costs are likely to vary depending upon various factors, including: the size, location, configuration, installation costs, and overall condition of an existing premises, general contractor rates and the availability and cost of labor and materials; and the work that the lessor will do as a result of the lease negotiations. Costs may be much higher if you already have or wish to establish your Franchise in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply. You may negotiate for a tenant improvement allowance from the landlord covering a portion of the costs of constructing the leasehold improvements. If you are able to obtain from the property owner or lessor a leasehold allowance, or a lease payment abatement, those allowances or benefits should reduce your overall out-of-pocket costs to acquire, build out, and lease space but such allowance is not included in our estimates. These

situations are site-specific and Perkins cannot determine exact costs; a franchisee should evaluate those potential costs for any specific site that might be considered.

This estimate does not include the costs for site preparation and site improvements. Site preparation costs include improvements to the land necessary for Unit construction and operation as well as adjacent parking areas. These costs may vary greatly depending on the condition of the land, environmental factors and whether or not you will buy or lease the site.

5. You are responsible for paying any applicable state and local sales and other taxes, in addition to the actual cost of the equipment package.
6. The low figure is for a standard sign package. The high figure assumes that you will need a standard sign package for the building and a high-rise road sign (including, where applicable, a standard highway sign). Specific circumstances may cause costs to be different.
7. Once Perkins has accepted a location for your New Development Unit and before beginning your site design, you will travel to Perkins' support center for a one day meeting to review the New Restaurant Opening Guide and complete initial project timelines and checklists with Perkins' construction and design department and operations team. Perkins does not charge a fee for this day, but you will be responsible for any travel or related costs that you incur, which are estimated between \$0 and \$750 (for flight and hotel) depending on travel distance to Perkins' support center.
8. Perkins has implemented a point-of-sale system (the "**POS System**") that you must purchase before opening your Franchise according to Perkins' specifications and criteria. Perkins is not currently a supplier of the POS System, but Perkins may choose to become a supplier in the future (but is not required to do so). The estimated initial investment includes the estimated cost of purchasing all elements of the POS System, as currently configured, which requires the use of POS terminals. You will incur certain costs and expenses to purchase revised or upgraded components or services, or replacement systems, when specified by Perkins.
9. There are ongoing fees for a "help desk." Based on the current system, Perkins estimates that the fees for the "help desk" will cost approximately \$850 per year though such price is subject to change in the future. At this time, Perkins bills and collects this fee on a monthly basis. This expense covers services for assistance in operating and maintaining the POS System. Perkins is currently the sole provider of the "help desk", but Perkins may choose to utilize a third party supplier in the future (but is not required to do so). Perkins rolled out a new web-based food and labor cost control system in 2018. All Units are required to implement this new software tool and, although it is difficult to estimate the exact cost of subscription to franchisees, it will currently cost you approximately \$2,180 per year, per Unit however, this price may increase in the future.
10. The use of broadband communications requires security features and services (such as antivirus, antispam, firewall, intrusion detection and secure file transfer communication software). In addition, hardware components include a manager's PC, a network switch and other miscellaneous components and cables. Costs for these services and timing of payments will be as you determine with service providers, however, Perkins estimates approximately \$2,500 to \$3,000 per year. Perkins may choose to become a supplier of some security services and features. You must also be PCI compliant. "**PCI**" means the Payment Card Industry Data Security Standards, which are a set of requirements designed to ensure that all companies that process, store, or transmit credit card information maintain a secure environment. The PCI Data Security Standards are administered and managed by the Payment Card Industry Security Standards Council ([www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), an independent body that was created by the major payment card brands (Visa, MasterCard, American Express, Discover and JCB); however, the PCI council is not responsible for enforcing compliance. PCI compliance costs will

accrue during the term of your Franchise, as arranged with service providers. Perkins estimates that costs for PCI compliance should not exceed \$3,000 to \$3,700 annually, although this may change in the future.

11. Includes business license fees, cash register money, first month's insurance deposit and tax escrow deposit, and utility deposits. This does not include a security deposit that you will pay to Perkins (see Item 5 for details).
12. This estimates your initial start-up expenses, including payroll. These figures are estimates and are based on Perkins' experience with respect to franchised and company-owned Perkins Restaurants. Perkins cannot guarantee that you will not have additional start-up expenses. Your costs will vary depending on factors such as: how well you follow Perkins' methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level of your Franchise during the initial period. If you finance any acquisition or operational aspect of your Franchise you will incur application fees, loan fees, closing costs and other related financing costs. These estimates are based on the current prototype for Perkins Restaurants, the experience that Perkins and its affiliates and predecessor franchisor have in developing and operating affiliate-owned Perkins Restaurants, and Perkins knowledge of business practices and conditions in the general marketplace.
13. The expenditures shown in the table above are for one Perkins Restaurant. If you are a developer, you will experience similar costs for each Perkins Restaurant under your Market Development Agreement.
14. If you signed a Market Development Agreement, you must pay Perkins a Development Fee that is equal to the total of (i) \$40,000 for the first Perkins Restaurant to be developed under the Development Schedule and (ii) \$20,000 for each additional Perkins Restaurant that you must development under the Development Schedule (as described in Item 5, the Development Fee is separate from the Initial Franchise Fees that will be due for each Unit, and the amount of the Initial Franchise Fee for each unit will be Perkins' then-current fees for new franchises). If you are in compliance with your obligations under the Development Agreement (and other agreements with Perkins), when you sign the Franchise Agreement for each Perkins Restaurant in compliance with the Development Schedule, Perkins will credit the portion of the Development Fee that you paid for that Perkins Restaurant toward the Initial Franchise Fee due for that Franchise Agreement.

\* \* \*

## YOUR ESTIMATED INITIAL INVESTMENT

### MARKET DEVELOPMENT AGREEMENT

| <b>Expenditures</b>            | <b>Amount</b>                                    | <b>Method of Payment</b> | <b>When Due</b>                            | <b>To Whom Payment is to be Made</b> |
|--------------------------------|--|--------------------------|--|--------------------------------------|
| Development Fee <sup>1</sup>   | \$60,000 (for 2 units) to \$80,000 (for 3 units) | One Payment              | When you Execute the Development Agreement | Perkins                              |
| Professional Fees <sup>2</sup> | \$2,500  | As arranged              | When you Execute the Franchise Agreement   | Third parties                        |
| <b>Totals<sup>3</sup></b>      | <b>\$62,500 to \$82,500</b>                      |                          |  |                                      |

## **Notes to Market Development Agreement Investment**

1. **Market Development Fees** - If you and Perkins sign a Market Development Agreement, you will develop multiple Perkins Restaurants under an agreed upon Development Schedule. You must pay Perkins the Development Fees, which as described in Item 5 will be equal to \$40,000 for your first Perkins Restaurant, plus \$20,000 for each additional Perkins Restaurant that you are to open under the Development Schedule. Perkins does not specify a minimum or maximum number of units that may be part of a Market Development Agreement. Based on its previous experience, the estimate in the chart above assumes a Development Schedule commitment of two to three Perkins Restaurants, although the actual number will be based on our mutual agreement. The Development Fee is separate from the Initial Franchise Fees that will be due under the Franchise Agreement for each Unit. Your estimated initial investment under the Market Development Agreement will vary depending on the number of Perkins Restaurants you develop within the Development Area. No part of this initial investment is refundable. If you remain in full compliance with the Development Schedule, and you are not otherwise in default under any provisions of the Development Agreement, or any other Franchise Agreement, at the time you and Perkins sign a Franchise Agreement for a Unit under the Development Schedule, Perkins will credit toward the Initial Franchise Fee the portion of the Development Fee that you paid for that Unit (based on our standard Development Fees, the credit will be \$40,000 for the first Unit and \$20,000 for each additional Unit included in the Development Schedule).
2. **Professional Fees** - You may choose to employ an attorney, accountant, and other consultants to help you evaluate the Market Development Agreement and development opportunity. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors.
3. **Estimated Investment** - For each Perkins Restaurant that you develop under the Market Development Agreement, you must sign a Franchise Agreement and you will also incur the expenses in the first table in this Item 7.

\* \* \*

Except as described above, there are no other payments you need to make in order to begin operating your Franchise. Amounts payable to Perkins are not refundable except as specifically described in **Item 5**. Amounts payable to a third party may be refundable, depending on the contracts, if any, between you and the third party. Except as described in **Item 10** of this Disclosure Document, neither Perkins nor its affiliates provide financing for any portion of a franchisee's initial investment.

## ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not obligated to purchase or lease from Perkins, its designee or suppliers approved by Perkins, or under Perkins' specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to establishing or operating your Franchise.

### **Construction or Renovation of the Franchise Premises**

For any New Development Unit, the building for the operation of your Franchise, and the related parking lot, must be constructed in accordance with Perkins' accepted site layout and plan, parking lot lighting specifications, and exterior sign specifications. These specifications will be provided to you in writing before you begin construction of your Franchise. For any Resale Unit, if you undertake renovations or remodeling of the building or parking lot, your alterations must be made in accordance with Perkins' standards and specifications. Perkins' specifications are not intended to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities.

For a New Development Unit, you must prepare and submit to Perkins preliminary and final plans and specifications to suit the shape and dimensions of the site. As part of this process, you must engage a licensed architect that Perkins has designated or approved in writing as a preferred architect to prepare initial concept designs for your Unit. For further designs and plans, including construction drawings and final plans, you may use other qualified and licensed architects. For any construction or renovation or remodeling to a Franchise, you will be solely responsible for ensuring that the plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. Perkins' review is not designed to assess potential for success or compliance with federal, state or local laws and regulations and is limited to review of such plans to assess compliance with Perkins' standards for Franchises, including such items as trade dress, presentation of Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Franchises. Additionally, prior to opening a New Development Unit (and upon renovating any Franchise after the initial opening), you must sign and deliver to Perkins an ADA Certification, in the form attached to the Franchise Agreement, certifying to Perkins that the Franchise and any proposed renovations comply with the ADA.

### **Purchases**

You must purchase or lease all fixtures, furnishings, signs, equipment, décor, computer systems inventory, uniforms, advertising materials, operational and support services and other supplies, products and materials required for the operation of your Franchise. Such items and designated services (such as music delivery services, help desk services, online ordering services, gift card and loyalty program services), must meet Perkins' standards and specifications, and may be purchased or leased only from suppliers (the term "suppliers" refers to manufacturers, vendors, distributors, and other sources of supply) that have been approved by Perkins. Perkins (or any affiliates) may be an approved supplier, or the only approved supplier, of any such items. Additionally, as described below under "Leases," for Franchises for Resale Units, some items will be leased from Perkins. Perkins' Operating System Standards, consisting of, but not limited to (the "**Operations Manual**") operational instructions, standards and specifications, and a list of approved suppliers, are provided to you in: the Learning Management System (LMS) Learning Programs and Resources, Franchise Standards, Shift Standards Binder, Recipe Binders and Order Guides (these are collectively referred to as the "**Manuals**" or "**Confidential Manuals**"). Modifications to Perkins' standards and specifications, and list of approved suppliers, will be provided to you by updates to the Manuals or otherwise in writing. You must not purchase, install or use on the premises, without Perkins' prior written consent, any fixtures, furnishings, equipment,

decor, supplies, signs, food, or materials not previously approved as meeting Perkins' standards and specifications.

If you want to purchase or lease items or services from an unapproved supplier, you must submit a written request for approval to Perkins and if Perkins does not approve the supplier within 30 days, the supplier will be deemed to be disapproved. As a condition of approval, Perkins may require that a Perkins representative inspect the supplier's facilities and that samples from the supplier be delivered (or provided for services) to Perkins for testing. Perkins either will test the samples at its own testing facility or operations or will make arrangements with independent testing laboratories. You may be required to reimburse Perkins for the testing, review and evaluation costs that it incurs. Potential suppliers can obtain from Perkins the specifications and standards for specific products, and may submit samples of their product(s) for testing. Once a supplier is approved by Perkins, no additional fees will be charged by Perkins for the continuing review and reapproval of that supplier. Perkins may disapprove proposed or existing suppliers based on its desire to achieve purchasing efficiencies for the Perkins System and/or to consolidate Perkins System purchases through a single supplier or fewer suppliers. Perkins may, from time to time, revoke its approval of particular products, services, or suppliers if Perkins determines, in its sole right and discretion, that those items or suppliers no longer meet Perkins' standards or needs or for any reason or no reason. Upon receipt of written notice of such revocation, you must cease to sell and/or use any disapproved product or service and/or cease to purchase from any disapproved supplier.

You must purchase (or lease) and maintain a computer system. In general terms, you must obtain a computer system that includes certain hardware and software items and peripheral devices (such as printers). Among other things, you must meet our requirements concerning: (a) back office and management systems; (b) computer based point of sale systems, including cash registers and related components (a "**POS System**"), which may include, or be supplemented by, related technology, equipment, and services for customer online and mobile ordering systems and services, customer loyalty programs, and third-party delivery services; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems and battery backup systems, and (g) Internet access mode (for example, form of telecommunications connection) and speed. Perkins' standards and specification may include the approval of certain manufacturers and suppliers (together, including the POS System, the "**Computer System**"). Perkins is not currently a supplier, but Perkins may choose to become a supplier (including being the sole supplier) of the POS System or Computer System as a whole or any portion of it. Additionally, Perkins has the right to develop or have developed for it, or to designate computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), as well as services for computer maintenance and help desk features for use in operating your Franchise. See **Item 11** under the subheading "Electronic Point-Of-Sale and Computer Systems" for details.

You must use only business stationery, business cards, marketing materials, advertising materials, printed materials and forms that have been approved in advance by Perkins.

Perkins may attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of franchisees and Perkins, but Perkins is not obligated to do so. Perkins purchases and resells to franchisees many items used in the operation of Perkins Restaurants under arrangements negotiated with suppliers and distributors who may provide Perkins with a discount or rebate. These arrangements may be changed, discontinued, or may not be available to you. Additionally, the costs of items that must be purchased locally, such as fresh produce and bakery items, may vary according to the location of your Perkins Restaurant.

## **Marketing and Promotion**

All marketing and promotion you use must be in strict conformity with the standards, formats and specimens that Perkins provides and approves. You must conduct the activities in a dignified manner, and they must conform to Perkins' standards. You must not use any marketing or promotional materials until you

receive Perkins' written approval. You must submit samples of all marketing and promotional materials to Perkins, for prior written approval (except as to prices you charge), if Perkins has not prepared or previously approved the materials. Perkins' approval of any materials will expire after six months, and you must resubmit them for Perkins' approval if you wish to continue to use the materials.

In addition, you must purchase and maintain a "DOT" road sign during all times when it is available (if the available meets Perkins' standards) and must include oneself on a waitlist if the "DOT" sign is not immediately available. Perkins may also require that you advertise on other billboard signage at your expense over and above your contributions to the Fund. All road signage and billboards must comply with Perkins' then-current standards and specifications. See Item 11 under "Local Advertising" for additional information.

### **Insurance**

You must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting Perkins, Perkins' lenders (where appropriate), and Perkins' respective officers, directors, partners, agents, and employees. The policies must include the types of insurance that are specified in the Operations Manual, the Franchise Agreement or otherwise in writing and provide protection against any demand or claim relating to personal injury, death, or property damage, employment practices liability, or any loss, liability or expense arising from the operation of your Franchise. All policies must be written by a responsible carrier or carriers which Perkins determines to be acceptable, must name Perkins and Perkins' affiliates as an additional insured, and must provide at least the types and minimum amounts of coverage specified in the Operations Manual or otherwise in writing from time to time. Perkins also strongly encourages, but does not currently require, that you maintain policies with umbrella liability coverage and cyber liability and network data breach coverage.

### **Leases**

If you will operate a Franchise for a New Development Unit at premises under a lease (other than for Resale Units), you must, before executing the lease, submit the lease to Perkins for Perkins' review and written acceptance to ensure the lease contains the required terms contained in the Franchise Agreement. Perkins' acceptance of the lease agreement or sublease is an indication only that the agreement meets Perkins' criteria for leases.

With respect to Resale Units, Perkins already owns or leases the premises, equipment and signs and will enter into a lease or sublease with you for these assets before you open the Franchise. The form of Lease Agreement that Perkins uses is included as [Exhibit A-9](#) to this Disclosure Document. You will be responsible for obtaining all operating permits at least 10 days before you open for business.

### **Music Delivery System and Vending Machines**

In connection with the Franchise Agreement, you must agree to enter into a contract with an approved supplier for the installation of a music delivery system in your Perkins Restaurant. Perkins may require an updated technology or music delivery system in the future.

You may not place any coin operated machine on the premises of your Franchise. You may not place any ATM, cigarette, vending, crane game, electronic, or other machine without our approval and subject to our conditions, which can be revoked at any time and require immediate removal of the machines.

Any revenue generated through the music delivery system and the vending machines (except for cigarette machines, for which we do not collect royalties or other payments) will be included in the Net Sales for your Franchise.

## **Fixtures, Furnishings and Equipment**

As described above, you must purchase or lease fixtures, furnishings and equipment for your Perkins Restaurant that meet Perkins' specifications from approved suppliers. Perkins will approve vendors for these items and may, from time to time, specify a preferred vendor for these items and related services (such as installation) from whom you may purchase these items.

\* \* \*

As explained above, you will be required to use only those food products, ingredients, seasonings, mixes, beverages, materials and supplies used in the preparation of products, menus, paper, glassware, china and plastic products, packaging or other materials, utensils and uniforms that meet Perkins' standards and specifications from suppliers Perkins has approved. Because of the unique character and reputation of Perkins restaurants' pancakes and the importance of the mixes used in those menu items, you will be required to purchase and use only pancake mixes prepared from Perkins' secret recipes. The initial purchase, upon your opening a restaurant, will represent a very minimal part of the initial inventory of food expenditures. Currently, these pancake mixes are only available from approved third party distributors and manufactured by Fairfield Gourmet Food Corp., and there are no other approved sources of supply. The mixes may not be sold, given away or otherwise transferred. You will also be required to purchase certain bakery items from sources approved by Perkins. Currently, certain bakery items (muffin batter, cookies and pies) are only available from approved third party distributors and manufactured by Fairfield Gourmet Food Corp., and there are no other currently approved sources of supply. Prior to October 21, 2019, these items were manufactured by the Foxtail Foods division of PMC. On October 21, 2019, Fairfield Gourmet Food Corp. purchased the Foxtail Foods operations from PMC. Perkins is not an affiliate of Fairfield Gourmet Food Corp. or Foxtail Foods.

The purchase of products manufactured by Fairfield Gourmet Food Corp. will represent approximately 10 to 15% of your overall distributor purchases in connection with the establishment and operation of your restaurant. Perkins estimates that the cost of items to be purchased in accordance with its specifications and from approved suppliers will represent 75 to 80% of your total purchases in establishing your Franchise, and that purchases of these items will represent 80 to 90% of your overall purchases in operating your Franchise.

During Perkins' first fiscal year following the Acquisition Date (the period beginning October 22, 2019 to April 28, 2020), Perkins did not sell products to Perkins franchisees. Perkins reserves the right to receive rebates, license fees, allowances, or similar payments from thirty-party suppliers, which amounts may be based on the franchisees' purchase directly from these suppliers. Perkins and its affiliates have the right to apply any of these amounts, as they determine appropriate, compensation of Perkins and its affiliates for expenses that Perkins or its affiliates incur in connection with negotiating and maintaining relations with such parties, or any other corporate purpose that Perkins or its affiliates may deem appropriate. At this time, these rebates from third-party suppliers range from approximately 1% to 10%, calculated based on the amount of the franchisees' purchases from these suppliers. During the last fiscal year, the total amount of rebates that Perkins received from third-party suppliers based on franchisees' purchases from them were approximately \$428,715. Additionally, if Perkins sells Products to franchisees, to the extent that Perkins purchases items from third-party suppliers, they may also offer incentives or volume discounts directly to Perkins based on Perkins' purchases from them.

In addition to the rebates described above, third-party suppliers may pay rebates or other contributions to system marketing funds or directly to franchisees. Under the purchase arrangements in effect as of the date of this Disclosure Document, certain designated suppliers make contributions to the Perkins advertising Fund relating to the system's participation in the purchasing arrangements, and franchisees may qualify to receive rebates based on their purchases.

Perkins does not provide material benefits to franchisees based on their use of designated, preferred, or approved sources, although franchisees may have their franchise agreements terminated or not renewed if they use unapproved suppliers.

At this time, our affiliate, HHI, is an approved supplier of items that franchisees of Perkins Restaurants may elect to purchase, but HHI currently is not a required or sole supplier of any items that franchisees must purchase for use in their Perkins Restaurants but may be in the future. Other than interests in HHI, none of our officers or directors has an interest in any companies that are approved vendors or suppliers to Perkins restaurant franchisees.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

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

| Obligation   | Section In Agreement   | Disclosure Document Item |
|--|--|--------------------------|
| a. Site selection and acquisition/lease                    | §§ 2(a) and 7(a) of Franchise Agreement (“F/A”) and Site Selection Addendum; §5 of the Market Development Agreement (“D/A”)  | Items 6 and 11           |
| b. Pre-opening purchases/leases                            | §§7 and 16(a) of the F/A   | Items 5, 7 and 8         |
| c. Site development and other pre-opening requirements     | §§7 and 16(a) of the F/A; §5 of the D/A  | Items 6, 7, 8 and 11     |
| d. Initial and ongoing training                            | §7(i) of the F/A; §6 of the D/A  | Items 6, 7 and 11        |
| e. Opening   | §§7(d) and 7(f) of the F/A; §5 of the D/A  | Items 7 and 11           |
| f. Fees  | §§5, 7(d), 7(e), 7(i), 7(k), 7(u), 7(z), 7(aa), 8(b), 13(d), 13(f), 13(h), and 16(a) of the F/A; §§3, 2(b), and 7 and 13 of the D/A; Equipment Lease; Hours of Operation Amendment | Items 5, 6, 7 and 17     |
| g. Compliance with standards and policies/Operating Manual | §§7 and 9 of the F/A   | Items 1, 8 and 11        |
| h. Trademarks and proprietary information                  | §§6, 9 and 10 of the F/A; §§10 and 11 of the D/A   | Items 13 and 14          |
| i. Restrictions on products/services offered               | §§7(j), 7(k), 7(l), 7(m), 7(q), 7(w), 7(bb) and 7(gg) of the F/A   | Item 16                  |
| j. Warranty and customer service requirements              | §§7(g), 7(o), and 7(r) of the F/A  | Not Applicable           |
| k. Territorial development and sales quotas                | §2(e) of the F/A; §§1 and 4 of the D/A   | Item 12                  |
| l. Ongoing product/service purchases                       | §§7(k), 7(l) and 7(q) of the F/A   | Item 8                   |
| m. Maintenance, appearance and remodeling requirements     | §§7(c), 7(q), 7(r), 7(s), 7(t), 7(w) and 7(aa) of the F/A; Hours of Operation Amendment  | Item 11                  |

| Obligation                                   | Section In Agreement  | Disclosure Document Item |
|--|---|--------------------------|
| n. Insurance                                 | §16 of the F/A  | Items 7 and 8            |
| o. Advertising                               | §§7(m), 7(gg) and 8 of the F/A                              | Items 6, 7, 8 and 11     |
| p. Indemnification                           | §18(a) of the F/A   | Not Applicable           |
| q. Owner's participation/management/staffing | §§7(g), 7(h), 7(x), 7(y), 7(cc), 7(dd) and 7(ee) of the F/A | Items 6, 7, 11 and 15    |
| r. Records and reports                       | §11 of the F/A  | Item 6                   |
| s. Inspections and audits                    | §§7(p), 11(a) and 20(a) of the F/A                          | Items 6 and 11           |
| t. Transfer                                  | §§7(ee) and 13 of the F/A; §13 of the D/A                   | Items 6 and 17           |
| u. Renewal                                   | §§3(b) and 3(c) of the F/A; §§2(b) and 5(c)(vi) of the D/A  | Items 6 and 17           |
| v. Post-termination obligations              | §§12(b) and 15 of the F/A                                   | Item 17                  |
| w. Non-competition covenants                 | §12(b) of the F/A   | Item 17                  |
| x. Dispute resolution                        | §§20 and 22 of the F/A; §§15 and 16(d) of the D/A           | Item 17                  |
| y. Other: Guaranties                         | §§11(d) and 13(l) of the F/A                                | Items 10 and 15          |

## ITEM 10. FINANCING

For New Development Units, Perkins does not offer direct or indirect financing to its franchisees except that it may, in some circumstances finance a portion of Initial Franchise Fee, security deposit; and certain pieces of equipment in connection with a “Note” as further described below under “General Financing Terms.“ For Resale Units, Perkins does provide certain financing arrangements in connection with some Resale Units, as described below under “Additional Terms for Resale Units.“

### **General Financing Terms**

**Promissory Note.** Under a Promissory Note (the “**Note**”), Perkins may finance a portion of the Initial Franchise Fee, security deposit; and certain pieces of equipment paid by franchisees with operational experience for some new or currently existing Perkins Restaurants that it offers for Franchises. The Note bears interest at a fixed, annual rate which varies from time to time. As of the date of this Disclosure Document, the Note provides for an annual rate of interest which does not exceed 14.5%. The Note provides that all principal and interest owed under the Note are to be paid in 60 (or fewer) consecutive, equal, monthly installments. The Note does not provide for a prepayment privilege or a prepayment penalty. If any payment is more than 5 days late, a 5% late fee also is due, and if any payment is more than 10 days late, Perkins or any other holder of the Note can call the entire amount owed under the Note due and payable. If the Note is collected by law or through an attorney-at-law, all costs of collection (including 15% attorney’s fees) also must be paid. If you default under the Note, we may terminate your Franchise Agreement and you may be liable for a cross-default under the Franchise Agreement and required to pay Perkins all sums, including actual and consequential damages, costs and expenses we incur as a result of the default. The Note includes provisions waiving all homestead or exemption rights, demand, protest and notice of demand, protest, and non-payment. (Perkins’ current form of Note is included as Exhibit A-11 to this Disclosure Document).

### Guarantees and Owner Agreements.

If you are a corporation or other entity, Perkins will require your individual shareholders or members holding at least 5% ownership interest, and each their spouses (if applicable) to execute a Guaranty (the “**Guaranty**”) (the current form of which is included as **Exhibit A-5** to this Disclosure Document), and may require that any entities holding a financial interest in you execute a corporate/entity form of Guaranty (the current form of which is included as **Exhibit A-7** to this Disclosure Document). Under these Guaranties, each signing guarantor agrees to jointly and severally guarantee your performance of all of your obligations under the Franchise Agreement and any other agreements (such as leases or option agreements, loans and any other financing documents) that you enter into with Perkins or its affiliates.

If you are a corporation or other entity, Perkins will also require all of your shareholders or members holding at least 5% ownership interest to execute a Shareholders’ Guaranty and Agreement/Members’ Guaranty and Agreement (the “**Shareholder’s Agreement**” or “**Member Agreement**”). In addition to the guaranty obligations described above, under the Shareholders’ Agreement/Members’ Agreement, the signing owners also must jointly and severally agree not to sell, pledge or dispose of any of their ownership in you without Perkins’ written consent. (Perkins’ current forms of Shareholders’ Agreement and Members’ Agreement are included as **Exhibits A-6A and A-6B** to this Disclosure Document.)

Under the Guaranties and the Shareholder’s Agreement/Members’ Agreement, the signing owners and guarantors each waive presentment, demand, notice of dishonor, protest and all other notices, and Perkins can proceed against any owner or guarantor without first proceeding against you or any other owner or guarantor. Additionally, under each of the agreements, the signing owners and/or guarantors: (i) consent to, and waive any objection against, courts in the State of Georgia having personal jurisdiction over them in a lawsuit; (ii) consent to, and waive any objection against, venue being proper in Fulton County, Georgia Superior Court or the United States District Court for the Northern District of Georgia, Atlanta Division, in a lawsuit against them; (iii) agree to bring all lawsuits related to the Guaranty in Fulton County, Georgia Superior Court or the United States District Court for the Northern District of Georgia, Atlanta Division; and (iv) consent to, and waive any objection against, being served with process outside of the State of Georgia in the same manner as service may be made within Georgia.

Perkins has not in the past, and does not presently, sell, assign or discount to third parties any notes, agreements or other instruments executed by Perkins’ franchisees. However, Perkins may do so in the future if it determines, in its sole right and discretion, that such activity is advisable or in its best interests.

Perkins may refer you to persons or entities that offer financing or that arrange for the placement of financing, but Perkins does not receive any payment from any such person or entity, nor does Perkins make any recommendation as to whether you should obtain financing from any source.

### Additional Terms for Resale Units:

In addition to the above listed requirements and the Note, the following applies for Resale Units. Perkins may lease or sublease the land, premises, building and for the operation of Perkins Restaurants that it offers for Franchises as Resale Units. The Lease Agreement (see **Exhibit A-9**) is for a term of 20 years with an option to renew for one 10-year renewal period (or if it is a sublease, then the term is (i) 20 years with an option to renew for a 10-year renewal period or (ii) the remainder of any term on an underlying lease between Perkins and the landlord). Rent is payable monthly at a rate to be specified in the Lease Agreement. If any amount due under the Lease Agreement is more than 5 days late, a 5% late fee also is due. If the lessee defaults under the Lease Agreement, Perkins can terminate the agreement and require the lessee to leave the premises. If any amount owed under the Lease Agreement is collected by or through an attorney at law, the lessee must pay 15% of such amount as attorney’s fees. The Lease Agreement provides that the lessee waives and assigns to Perkins the lessee’s homestead rights and exemptions.

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

**Except as listed below, Perkins is not required to provide you with any assistance.**

### **Pre-Opening Obligations**

Perkins is required by the Franchise Agreement and Market Development Agreement to provide the following types of assistance to you before you open your Franchise:

**Franchise Agreement:** Before you open the Franchise, Perkins will:

1. Provide you and/or your designated manager with up to 35 total days of training (or such other amount of time as Perkins deems appropriate) in the operation of your Franchise (Franchise Agreement Section 4(a)(i));
2. Provide up to three other support managers up to 25 total days of training each (or such other amount of time as Perkins deems appropriate) in the operation of your Franchise;
3. Provide, at your Franchise location, up to 21 days of pre-opening or opening assistance (or such other amount of time as Perkins deems appropriate) in the initial operation of your Franchise (Franchise Agreement Section 4(a)(ii));
4. Provide you with one copy of the Manuals (Franchise Agreement Section 4(a)(iii));
5. Provide you with Perkins' minimum standards for the location of a Perkins unit, if an acceptable location for your Premises are not identified when you sign the Franchise Agreement (Franchise Agreement, Site Selection Addendum, Section 1);
6. Provide you with site selection counseling and assistance as Perkins deems advisable (Franchise Agreement, Site Selection Addendum, Section 1);
7. Accept or deny your proposed site for the Franchise, if an acceptable location for your Premises are not identified when you sign the Franchise Agreement (Franchise Agreement, Site Selection Addendum, Section 3);
8. Upon your request, and at no charge to you (except as otherwise expressly provided in the Franchise Agreement), furnish certain counseling and advisory services to you with respect to the construction and pre-opening activities related to the operation of the Franchise (Franchise Agreement Section 4(a)(iii)); and
9. Through the Manuals, Order Guide, and written instructions, Perkins will provide you with the System standards and specifications for all required fixtures, equipment, signs, inventory, and supplies, which may require you to purchase items from designated or approved suppliers. Perkins and its affiliates may, but are not required to, be a supplier of various required and optional items. To the extent that Perkins or its affiliates are suppliers of items, Perkins may arrange for delivery but does not install any of these items. (Franchise Agreement Sections 7(c), 7(k), and 9(a))

Market Development Agreement: Before you open each Franchise, Perkins will:

1. Accept or deny your proposed site for each Franchise (Market Development Agreement Section 5(b)).
2. Provide you with site selection counseling and assistance as Perkins deems advisable (Market Development Agreement Section 5(a)); and
3. Upon your request, and at no charge to you (except as otherwise expressly provided in the Market Development Agreement), furnish certain counseling and advisory services to you with respect to the construction and pre-opening activities related to the operation of the Franchise (Market Development Agreement Section 6(a)).

### Ongoing Assistance

Franchise Agreement: During your operation of your Perkins Restaurant, Perkins will:

1. Provide information concerning operating problems, new techniques or operating methods disclosed by reports submitted to, or evaluations made by, Perkins (Franchise Agreement Section 4(b)(i));
2. Provide information regarding new and improved methods of operation or business procedures developed by Perkins, use of the Manuals, management materials, promotional materials and the Marks (Franchise Agreement Section 4(b)(ii));
3. Permit you to participate, on the same basis as other Perkins franchisees, in any group purchasing programs that Perkins uses, develops or sponsors, so long as you are not in default under an agreement with Perkins (Franchise Agreement Section 4(b)(iii)); and
4. Periodically evaluate your Franchise and the products and services you offer (Franchise Agreement Section 4(b)(iv)).

### Market Development Agreement

The Market Development Agreement does not require us to provide any other assistance or services during the operation of any Franchise(s).

### Site Selection – New Development Unit

For Franchises for New Development Units, you must propose to Perkins a site for the operation of your Franchise and the site must comply with Perkins' site acceptance criteria. The site must be examined and certified to be environmentally clean (Franchise Agreement Section 7(a)). Perkins will not unreasonably withhold its acceptance of a site, so long as the site meets Perkins' criteria for general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics, rental terms and lease duration, the economic circumstances of the community, and other basic demographic data that Perkins considers important.

Unless you already possess a site that we accept at the time you sign the Franchise Agreement, you are responsible for finding and then leasing (or purchasing) a suitable site for your Restaurant in the manner described in the Site Selection Addendum (Exhibit E of the Franchise Agreement). Perkins may provide site selection counseling and assistance as Perkins determines advisable. Under the terms of the Site Selection Addendum, you will have 210 days to locate and secure an acceptable site (the "**Site Selection Period**"). We will furnish you with our minimum standards for the location of a Perkins Restaurant. Our requirements may

include standards and specifications regarding accessibility, available parking, and minimum square footage. We are not required to provide other assistance in selecting or securing a site. You must obtain our written acceptance of a proposed location before you commit to it. Within 90 days after signing the Franchise Agreement, you must submit to Perkins a request for acceptance of a site (including such information and items that we may require to evaluate the proposed site, which may include an option contract, letter of intent, or other evidence satisfactory to us that describes your favorable prospects for obtaining such site, photographs of the site, demographic statistics, and other such other information or materials that we may reasonably require). We will have 15 days from receiving the information to accept or reject the proposed site. We may, but are not obligated to, conduct on-site evaluation of any proposed sites. If we conduct any in-person visits for site evaluation purposes, then we may require that you reimburse us for our reasonable costs of travel, lodging, wages, and meals for any in-person site evaluations. Until we have given our written acceptance, a site will not be “accepted.” If we do not accept a proposed site, you must submit another proposal. Once we notify you that we have accepted your proposed site, you will have 30 days to secure the site by entering into a lease for the premises or a binding agreement to purchase the site. If you default on an obligation under the Site Selection Addendum, you will have 10 days to cure the default. If you do not locate and secure an acceptable site within the Site Selection Period, then you will be in default under the Site Selection Addendum and we may terminate the Franchise Agreement. The following chart summarizes the site selection actions and deadlines.

| Action to be Completed  | Deadline   |
|---|--|
| <u>Submission of proposed site</u><br>You must have submitted written request to Perkins for acceptance of proposed site  | 90 days after signing the Franchise Agreement                        |
| <u>Submission of alternate site</u><br>If Perkins rejects a proposed site, you must submit another proposed site  | 30 days after notice of Perkins' rejection of previous proposed site |
| <u>Sign lease for/purchase Accepted Site</u><br>You must sign a lease (which must comply with lease requirements of Franchise Agreement) or purchase agreement for the accepted site. | 90 days after Perkins' written acceptance of proposed site           |
| <u>Secure Accepted Site and Expiration of Site Selection Addendum</u><br>You must have secured the accepted location for Premises   | 210 days signing the Franchise Agreement                             |

Authorization by Perkins of the site indicates only that the site meets Perkins' minimum requirements for a Perkins Restaurant.

Once you have our acceptance of a location for your New Development Unit, you must comply with the terms of the Franchise Agreement regarding the acquisition, by purchase or lease, of the accepted site (Section 7(a)) and the development of your Perkins Restaurant (Sections 7(b) and (c) of the Franchise Agreement). Once you secure an accepted site, it will be your “Premises.” At that time, and before beginning your site design, you will travel to Perkins’ support center for a one day meeting to review the New Restaurant Opening Guide and complete initial project timelines and checklists with Perkins’ construction and design department and operations team. Perkins does not charge a fee for this day, but you will be responsible for any travel and related costs that you incur, including any travel expenses. Construction on your Perkins Restaurant must begin not more than 60 days after the Premises are secured (Section 7(d)) and your Perkins Restaurant must begin operating for business with customers not more than 300 days after you secure the Premises (by lease or purchase). (Section 7(d)). If you do not begin construction and operations by such times, Perkins can terminate your Franchise Agreement for default.

## **Start-Up Time – New Development Unit**

Perkins estimates that the typical length of time between the signing of the Franchise Agreement or the first payment of consideration for your Franchise and the opening of your Franchise for a New Development Unit is (a) between 180 to 300 days if your Premises are already identified when you sign the Franchise Agreement and (b) between 360 to 450 days if you must identify the Premises under the Site Selection Addendum after signing the Franchise Agreement. Factors which may affect these time periods include your ability to obtain financing, building permits and license approvals, zoning and local ordinances, weather conditions, construction delays, and shortages or delayed delivery and installation of equipment, fixtures and signs.

## **Start-Up Time – Resale Unit**

Resale Units are currently operating as Perkins Restaurants prior to your acquisition. Therefore, the typical length of time between the signing of the Franchise Agreement or the first payment of consideration for your Franchise and the opening of your Resale Unit Franchise is nominal. You will be able to take over operations of the Unit once you have successfully completed our initial training and other pre-opening obligations. Perkins estimates that the typical length of time to accomplish these obligations is four to eight months (or less, if the franchisee is an existing operator who has already completed the required training).

## **Advertising**

### **Perkins Marketing Fund**

Perkins Marketing Fund was established to administer and operate the advertising fund for the Perkins Restaurants in the Perkins System (the “**Fund**”). Amounts contributed to the Fund are used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities that Perkins believes will promote and enhance the image of the Perkins System and general public awareness of and favorable support for the Perkins System. This includes, among other things, the costs of preparing and conducting marketing campaigns through media advertising (such as television, radio, magazine, newspaper, outdoor, digital, social, email, direct mail; market surveys; developing and maintaining our website and affiliated websites (except for the portion, if any, specifically relating to soliciting franchisees); employing advertising personnel (in-house) or retaining third-party agencies to support marketing, advertising and public relations; consumer and product research and development; marketing technology; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; providing promotional and other marketing related materials and services to Perkins Restaurants in the Perkins System; sponsorship of organizations and events, including meetings for the Perkins System; developing and maintaining Online sites; purchasing promotional items; conducting and administering in-store promotions; product research and other surveys; providing promotional and other marketing materials and services; and providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements as approved by Perkins. The Fund is responsible for the administrative costs incurred in relation to the management of the Fund. Perkins has the right to determine the coverage of any advertising or promotion paid for by the Fund, and Perkins chooses and determines, in its sole right and discretion, the concepts, materials and media used in any advertising or promotional activities paid for by the Fund.

Each Perkins franchise and company-owned Perkins Restaurant is required to contribute to the Fund. Your contribution is currently 3.0% of your Net Sales. Franchises that enter the Perkins System after the date of this Disclosure Document are required to pay this same amount, except that the requirement may vary in connection with restaurants in a captive audience location or similar circumstances. In the future, Perkins may increase your required Fund contribution up to a maximum of 4% of Net Sales. Perkins-owned restaurants are required to contribute on the same basis. Franchisees who entered the Perkins System prior to that time

(through previously executed Franchise Agreements and/or Market Development Agreements) may not be required under their Franchise Agreements or Market Development Agreements to contribute in the same amount. The amounts that the existing franchisees and multiple unit developers must contribute to the Fund are determined by the terms of the Franchise Agreements and Market Development Agreements that Perkins previously offered.

Perkins, through the Perkins Marketing Fund, administers the Fund. At this time, neither Perkins nor any of its affiliates receives payment for providing goods or services provided to the Fund, other than for rent and administrative services provided by Perkins for the Fund's activities. The financial statements of the Fund are not audited. During Perkin's first fiscal year following the Acquisition Date (the period beginning October 22, 2019 to April 28, 2020), 2.3% of the expenditures of the Fund were spent on advertising production and research costs, 6.7% was spent on administrative costs, 63.8% were spent media placement, and 27.2% was spent on brand and menu development marketing and research costs. Any contributions that are collected, but not spent, during any given year will be carried over to the next fiscal year. No expenditures of the Fund were used for advertising that was principally a solicitation for the sale of franchises. Perkins is not required to spend, or to ensure that any amount expended by the Fund, is spent on advertising in your specific market area or to ensure that your Franchise benefits equally with other franchised and Perkins-owned restaurants or in proportion to your contribution.

Upon your written request, Perkins will provide to you an unaudited statement of how the funds were used in Perkins' most recent fiscal year.

#### Local Advertising and Promotional Activities

Certain criteria will apply to the local marketing that you conduct. You can develop your own advertising program, but your advertising and marketing must be in such media, and of such types and format as Perkins approves, and must conform to the standards, formats and specimens in Perkins' Manuals. Upon request from Perkins, you will change or cease to use any of your advertising programs, copy, and materials. (Franchise Agreement Section 8). If you want to use different copy or materials, or use to a different type or format of promotion, you must obtain Perkins' advance approval. Perkins will not unreasonably withhold its approval and any approval will be good for only six months. Your advertising materials cannot include anything that may, at Perkins' sole right and discretion, be considered in bad taste or offensive to the public or any group of persons, or defamatory of any person or an attack on any competitors. (Franchise Agreement Section 8) Perkins is not required to spend amounts on advertising in your specific market area or territory.

Perkins and/or its agents have the right at any time without prior notice to you to: (a) interview existing and/or prospective customers of any Perkins Restaurant and to require you to present to such customers such evaluation forms as are periodically prescribed by Perkins and to participate and/or request your customers to participate in any surveys performed by or on behalf of Perkins; and (b) conduct market research at the Perkins Restaurants and elsewhere, including surveys and focus groups involving customers and prospective customers of the Perkins Restaurants, and any other market research and customer satisfaction evaluation deemed appropriate by Perkins. You agree to use "mystery shopper" services to evaluate your compliance with customer service requirements and other Perkins standards (you will be responsible for these cost), and to provide reports of the results of the mystery shopper programs to Perkins. Your mystery shopper programs will be conducted in accordance with any mystery shopper methods or protocols in the Manuals. (Franchise Agreement Section 8)

You must spend on a quarterly basis (or such other time period as Perkins may reasonably specify) at least 1% of the Net Sales on local advertising and promotional activities (as described in Item 6, these are, collectively the "**Local Advertising Requirement**") (unless Perkins requires that you instead contribute this amount as described in the next paragraph). You must account for the expenditures on a routine basis and prepare and maintain, in accordance with the schedules and procedures specified by Perkins from time to time,

detailed reports describing the amount of money expended on local advertising and promotion during such period. You must submit, on or before the 10th day of the following quarter, all such statements, reports and records as Perkins may specify to evidence your compliance with the Local Advertising Requirement. The term “local advertising and promotional activity” refers to advertising and promotion related directly to your Perkins Restaurant, and will, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including advertising agency fees and expenses, cash and “in-kind” promotional payments to landlords, postage, shipping, telephone, and photocopying), approved DOT road signs and billboard advertising, and other activities and expenses as Perkins may specify. Perkins may provide to you, in the Confidential Operations Manual or otherwise in writing information specifying the types of advertising and promotional activities and costs which do not qualify as “local advertising and promotional activities,” including the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations.

In lieu of having you directly spend monies on local advertising for Local Advertising Requirements, Perkins has the right to require that you instead contribute those amounts to the Fund for use by the Fund, on a temporary or permanent basis. Perkins will notify you in writing at least 30 days in advance of any change. During any periods that Perkins requires this contribution (for reasons other than your non-compliance) and you make the required contribution, you will not be required to make expenditures for the Local Advertising Requirement for the same period. If, however, Perkins requires that you contribute your Local Advertising Requirement monies to the Fund because you did not fully comply with the advertising requirements, then Perkins may take either of the following courses of action: (a) Perkins spends the contributed Local Advertising Requirement monies on your behalf; or (b) Perkins requires that you spend amounts equal to the contributed Local Advertising Requirement on approved advertising, and then, after Perkins receives from you proof that you made those expenditures as required, Perkins will return to you the Local Advertising Requirement monies that were being held in the Fund for that period.

As part of your marketing activities, you must purchase and maintain a “DOT” road sign at all times it is available. If DOT signage is not immediately available when your Franchise opens, you must register on the wait list (if applicable) and purchase the signage at the earliest time it is available to you. Additionally, Perkins may require that you advertise on other billboard signage. Perkins may base its decision to require billboard advertising for your Franchise on the factors it determines relevant, including availability, location and costs. All road signage and billboards must comply with Perkins’ then-current standards and specifications. The monies that you spend on approved road signage and billboards will count towards your Local Advertising Requirements.

You must participate in the marketing initiatives that Perkins offers to franchisees and the consuming public. These initiatives may include: advertising through all media channels including on-line social media, electronic media, print, outdoor, digital media and public relations; in-store programs and community programs; frequent customer and loyalty programs, which may include providing discounts or complimentary products or menu items; online ordering and delivery activities; use and promotion of gift certificates and cards; coupons and other promotional programs; and charitable fundraising and donation programs and related activities.

The Franchise Agreement does not require that you participate in local or regional advertising cooperatives. There may, however, be local or regional coordinated advertising activities from time to time.

Perkins has formed a franchisee advisory council that provides advice to Perkins on various matters, including advertising matters. The franchisee advisory council is currently comprised of franchisees that Perkins selected to serve as members. The franchisee advisory council will advise Perkins on advertising matters, but the council’s authority will be advisory only. Perkins has the right to dissolve or change the franchise advisory council.

### Grand Opening Promotions.

In addition to (and not in place of) your requirements to contribute to the Fund and your Local Advertising Requirements, you must spend an amount that we designate in your Franchise Agreement, ranging from \$4,000 to \$10,000 on local promotion and a grand opening event for your unit's initial opening (the "**Grand Opening Program**"), according to Perkins' specifications. The Grand Opening Program will generally occur during the first 60 days from the date you first open for business (the exact dates will be determined as part of the marketing plan that you submit to Perkins for Perkins' review and approval). All materials used in the Grand Opening Program will be subject to Perkins' prior written approval, as described above. Upon Perkins' request, you must pay your Minimum Grand Opening Expenditure to a special bank account that Perkins establishes and maintains and from which you may apply to withdraw funds for the purpose of paying (or reimbursing yourself) for mutually-agreeable local marketing. If you do not conduct the Grand Opening Program as required, Perkins may elect to conduct the Grand Opening Program on your behalf. If Perkins does so, you will be required to pay Perkins for the amounts that it expended on your Grand Opening Program.

### Online Sites.

Unless Perkins has otherwise approved in writing, you agree that you will not establish or maintain or permit any other party to establish or maintain an Online Site relating in any manner whatsoever to your Franchise, the Perkins System, or referring to the Marks. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social or business networking sites (*e.g.*, Facebook, Twitter, Instagram, LinkedIn, YouTube, Google Plus, Google My Business, Pinterest, Foursquare, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools, etc.), blogs, vlogs, applications to be installed on mobile devices (*e.g.*, iOS or Android apps), business listings, search tools and other applications, etc. Any Online Site relating in any manner whatsoever to your Franchise, the Perkins System, or referring to the Marks will be deemed "advertising" under the Franchise Agreement, and will be subject to (among other things) Perkins' approval. In connection with any Online Site, you agree to the following:

- (1) Perkins (directly or through a designee) will have the right, but not the obligation, to establish one or more Online Sites for the Perkins System.
- (2) Unless Perkins approves you to do so, you may not establish any Online Site other than to the extent that Perkins provides you with one or more web pages on Perkins' Online Site.
- (3) If Perkins permits you, in writing, to have an independent Online Site, then you must comply with all of Perkins' then-current standards and requirements relating to Online Sites (which Perkins may issue periodically in the Manuals or otherwise in writing).
- (4) Perkins' standards and requirements relating to Online Sites may include (as an example) submitting samples and other information (regarding both visible and non-visible content) in the form and manner Perkins may require; inclusion of prescribed notices or disclaimers; and making Perkins (or its designee) the sole administrator (or co-administrator or other designee with rights to control the site) of any social networking pages, and providing us with passwords to any such Online Site. Additionally, Perkins may in writing revoke Perkins' approval at any time and require you to discontinue use of, take down, disable connectivity to, and remove content from, any Online Site, including an independent Online Site. (Franchise Agreement Section 8(d))

## **Electronic Point-Of-Sale and Computer Systems**

As described in Item 8, Perkins has the right to designate the Computer System and Required Software that you must purchase and use in the operation of your Franchise. You are required to purchase software and certain hardware for the Computer System, including an electronic POS System, according to specifications and standards designated by Perkins, which may include the approval of certain manufacturers and suppliers. Perkins is not a supplier of the POS System or other portions of the Computer System, although Perkins or an affiliate may become a supplier (and may become the sole supplier of this system). In connection with the Computer System and Required Software, you must enter and comply with any license, sublicense, or maintenance agreement that Perkins or the vendor may require.

The components of the current Computer and POS Systems fall into two general categories: “front of the house” and “back of house.” The front of the house items include a system that incorporates several touch-screen entry panels and software designed to provide cash register-like functionality, receipt printers, and cash drawers. The back of house equipment facilitates unit management functions, a central processing unit, a printer to generate paper reports, and router to transfer data and programs. This equipment also is used to track employees’ hours of work (i.e., employees punch in and out using the POS equipment). Other uses include: generation and/or maintenance of production schedules, vendor orders, and inventory lists, food cost analyses, employee records and other collections of data related to the day-to-day operation of your Franchise; credit card acceptance and verification; inventory management, and electronic submission of daily reports to Perkins. As described before, the software must be configured to include information regarding the recipes and pre-defined menu with pricing. The Computer System may also include a mandatory customer online and mobile ordering system that you must use. You must purchase the POS System and other portions of the Computer System from a third party approved by Perkins, and have the software configured to include this information, which Perkins will provide to you. There may also be a monthly charge for online ordering.

You must use the POS System to track individual sales transactions that take place at your Franchise, and you must provide this data to Perkins in a format and manner approved by Perkins. As a means to provide this data, we currently require you to use the Micros POS, however, this requirement could change in the future.

The software currently required is licensed (rather than owned) and, as such, your use of the software items listed above is limited by the intellectual property rights of the companies that produce such software. The software manufacturers’ individual license agreements regulate all use of their respective software and must be agreed to in order to run this system.

We have negotiated preferred pricing with hardware suppliers that meet our standards and specifications. Also, Perkins may develop custom software for additional tracking purposes and you may be required to enter into a license agreement as a condition of using such software programs. Perkins estimates that the initial cost of purchasing the software and hardware necessary for the Computer System will be approximately \$20,000 to \$25,000.

Additionally, you must obtain and use cable/DSL broadband communications or suitable connectivity available in your area. You will be responsible for obtaining and properly installing any additional hardware or software necessary to facilitate the use of the cable/DSL broadband communications. If you have cable/DSL broadband, you must also use PCI compliant security features, including antivirus, anti-spam, managed Firewall and intrusion detection. Perkins estimates that fees for these security services are currently approximately \$2,000 per year though this cost is subject to change in the future. Perkins may be a provider of these services. You will be responsible for complying with all applicable laws, regulations and rules relating to securing and maintaining credit card and customer identity information.

Though Perkins does not currently have independent access, Perkins has the right to require that you provide independent access to all of the information and data collected through the POS System and may request additional access to (or data from) other portions of the Computer System (including tracking systems). You must securely transmit information to Perkins from your computer system via high speed in the formats and at times as Perkins may specify. Perkins may make the data collected accessible to all franchisees. There are no contractual limitations on Perkins' right to access and use this information and data. All data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System (excluding consumers' credit card and/or other payment information) is and will be owned exclusively by Perkins, and Perkins has the right to use such data in any manner that Perkins deems appropriate without compensation to you. (Franchise Agreement, Section 7(u)) You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information (which may include, for example, the California Consumer Privacy Act). (Franchise Agreement, Section 7(u)(x))

In order to prevent disruption to the intended use of this system, no software may be installed on this system unless it appears on the list of approved software or prior written authorization is obtained from Perkins' authorized IT personnel. Your POS System may be monitored for unauthorized applications, which may be subject to removal without notice.

In addition to the cost of the hardware and software, additional charges will be incurred for maintenance, help desk services, and communication fees. Each of these items is required. The POS System will be used to accept credit cards. PCI compliance is mandatory and additional security measures and a static IP address will be required in order to process those transactions. The cost of this requirement, estimated should not exceed \$3,000 to \$3,700 annually, is your responsibility. There will be an additional cost for wiring if a store has not been pre-wired for both data and power to meet Perkins' specifications.

You must also purchase from, or contract with, Perkins' for help desk services for the software, licensing and maintenance assistance for computer hardware. Perkins estimates that the monthly fees for a "help desk" will cost approximately \$850 per year though this cost is subject to increase in the future. As of the date of this Disclosure Document, Perkins provides certain helpdesk services, although Perkins may decide to have these services provided by third-party suppliers in the future. At this time, the fee for this service is \$850 per year, which Perkins bills and collects on a monthly basis. Software upgrades are not included as part of the software maintenance agreement that is offered. Also, for the hardware covered by the hardware maintenance agreement, defective equipment will be replaced at no charge (provided the defective equipment is returned to the supplier).

You may be required to upgrade or update or replace any of the hardware or software and related programs used in connection with the Computer System. There are no contractual limitations on the frequency or costs associated with this obligation. You must adopt all modifications and additions specified by Perkins and incorporate them into your Computer System within 30 days after notice from Perkins. (Franchise Agreement, Section 7(u))

Perkins estimates that the annual cost of optional and required maintenance, updating, and upgrading for the hardware and software included in the POS System will be approximately \$3,000 to \$3,700.

Perkins rolled out a new web-based food and labor cost control system in 2018. All Units are required to implement this new software tool and Perkins anticipates that it will cost you approximately \$2,180 per year, per Unit, which includes the second level of support. As part of this rollout, a PCI compliant Micros version and equipment must be in place.

Perkins has the right to require that you participate in a gift card, customer incentive, convenience programs, and other loyalty programs and online ordering and delivery initiatives that Perkins specifies. For each required program, you must purchase the software, hardware, and other items needed to sell and process

gift cards or loyalty cards (and the term “card” may include any electronic “cards” or similar technology that may replace or supplement physical cards) or to otherwise engage in the program, as Perkins specifies in writing, and pay fees (which may include activation fees, monthly and per-swipe/use transaction fees) that Perkins or vendors of these systems may require. The fees may be payable directly to the designated vendors, or Perkins may collect these fees for payment to the vendors. The designated vendor, fees and payment methods for these programs may change in the future. The following describes Perkins’ current programs and initiatives.

At this time, Perkins requires participation in a designated gift card program under which you will be charged by a third party for the cards and a cost per transaction, which cannot be reasonably estimated because the rate depends on the volume of transactions.

Perkins may pilot a customer loyalty program and is currently implementing an online ordering program. As of December 2019, the monthly fees for the online ordering platform is \$78 per restaurant per month, but these fees may increase in the future. During its pilot, the loyalty program is expected to cost \$63 per restaurant per month. Following its pilot of a loyalty program, Perkins plans to introduce loyalty programs system-wide and require that all franchisees participate. There may also be one-time activation fees assessed at time of implementation.

Perkins also has third-party delivery agreements with several companies. Perkins may enter into agreements with additional companies and may require franchisees to participate in any or all of the delivery programs. At this time, the fees charged by the companies providing the delivery services of this type include a commission, which generally ranges between 20% to 35% of the order price, payable by the franchisee. Other fees imposed by the delivery companies may also apply.

You must also participate in the customer feedback program that Perkins designates from time to time. As of the date of this Disclosure Document, Perkins utilizes Black Box Guest Intelligence for guest feedback. Currently, the cost of this program is approximately \$265 per restaurant per year, and is paid out of the Fund but this could change in the future, with part or all of the cost being paid for by the franchisee. Perkins also reserves the right to change or modify the current feedback program at any time in which case costs may change.

## **Operations Manual**

Additionally, attached as **Exhibit F** is the Table of Contents of the Operations Manual as of the date of this Disclosure Document. There are 130 total pages in our Operations Manual as of the date of this Disclosure Document. The Operations Manual may be provided in several volumes or parts. Perkins may provide you with any portion or all of the Operations Manual, as well as other instructional materials, through electronic media, including computer disks, the Internet or an Extranet.

## **Training**

The following describes Perkins’ training program as of Perkins most recent fiscal year (May 1, 2019 to April 28, 2020):

Perkins will provide to you and/or your designated manager up to 35 total days of training (and such additional time that Perkins deems necessary) in the operation of your Franchise. (Franchise Agreement Section 4(a)(i)) Before you begin operating your Franchise, you and any managerial personnel that are designated or approved by Perkins personnel (as further described below) must complete to Perkins’ reasonable satisfaction all training programs that Perkins reasonably requires. (Franchise Agreement Section 7(i)) If you will be the day-to-day operator, then you must complete Perkins’ required initial general manager training program and three additional managers must complete Perkins’ required initial manager training program (35

and 25 total days, respectively). If you will not be the day-to-day operator of your Perkins restaurant, then (a) you must send four designated managers to complete this program, and (b) one of your owners will also be required to attend training that Perkins designates for franchisees without an owner who is also a designated manager, which consists of approximately 10 days of training in a Perkins restaurant. As of the date of this Disclosure Document, this classroom time is not required but will be expected in the near future. If any of the required trainees do not satisfactorily complete Perkins' required initial training program, you must designate a substitute trainee. (Franchise Agreement Section 7(i)) If you do not designate a substitute trainee or if the substitute trainee does not satisfactorily complete the training program, Perkins can terminate your Franchise Agreement. (Franchise Agreement Section 7(i)) The pre-opening training program described below will begin approximately 11 weeks prior to the scheduled opening date, and must be complete approximately three weeks prior to schedule opening day, during which time you must hire staff and prepare for opening.

Training is conducted at a Perkins restaurant that Perkins designates for use in training. Investor Training programs are not currently required but will be required in the future and will be scheduled on an ad hoc basis and you will be expected to attend. Perkins also may conduct training at restaurants operated by franchisees. We do not currently, but in the future may require that you or your designated manager will attend the opening of a new restaurant at a franchisee's unit as part of your training program.

The following table summarizes the subject matter, approximate minimum number of hours and location involved in Perkins' pre-opening training program.

## TRAINING PROGRAM

Table 1 – For New Restaurant Openings

| <b>Subject</b>           | <b>Hours of Classroom Training</b> | <b>Hours of On-the-Job Training</b> | <b>Location</b>   |
|--------------------------|------------------------------------|-------------------------------------|---|
| Server and Host Training | 20**                               | 35                                  | New Restaurant Opening or Perkins Regional Training Unit *<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Busperson Training       | 5                                  | 10                                  | New Restaurant Opening or Perkins Regional Training Unit *<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Cook Training            | 20**                               | 60                                  | New Restaurant Opening or Perkins Regional Training Unit *<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Dishperson Training      | 5                                  | 10                                  | New Restaurant Opening or Perkins Regional Training Unit *<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |

| <b>Subject</b>               | <b>Hours of Classroom Training</b> | <b>Hours of On-the-Job Training</b> | <b>Location</b>   |
|------------------------------|------------------------------------|-------------------------------------|---|
| Prep Cook and Baker Training | 20                                 | 30                                  | New Restaurant Opening or Perkins Regional Training Unit *<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Total                        | 60                                 | 145                                 |   |

Table 2 – Investor Training

| <b>Subject</b>  | <b>Hours of Classroom Training</b> | <b>Hours of On-the-Job Training</b> | <b>Location</b>  |
|---|------------------------------------|-------------------------------------|--|
| Server Training   | 2                                  | 2                                   | Support Center and Perkins Certified Training Restaurant*<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Cook Training   | 2                                  | 2                                   | Support Center and Perkins Certified Training Restaurant*<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Manager Training – including Administrative, Volume Handling, Managing Unit | 16                                 | 4                                   | Support Center and Perkins Certified Training Restaurant*<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Total   | 20                                 | 8                                   |  |

Table 3 – Manager Training

| <b>Subject</b>                      | <b>Hours of Classroom Training</b> | <b>Hours of On-the-Job Training</b> | <b>Location</b>   |
|-------------------------------------|------------------------------------|-------------------------------------|---|
| Server, Host and Busperson Training | 2.5                                | 40                                  | Perkins Certified Training Restaurants *<br><br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |

| Subject   | Hours of Classroom Training | Hours of On-the-Job Training | Location  |
|---|-----------------------------|------------------------------|---|
| Cook, Prep, Bake and Dishperson Training  | 2.5                         | 40                           | Perkins Certified Training Restaurants *<br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Menu Training   | 1.5                         |                              | Perkins Certified Training Restaurants *<br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Certified Trainer   | 2                           | 10                           | Perkins Certified Training Restaurants *<br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Manager Training – including Administrative, Volume Handling, Managing Unit                         | 10                          | 40                           | Perkins Certified Training Restaurants *<br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| Manager Total   | 20                          | 230                          |   |
| General Manager training, including facilities, maintenance, local marketing, and financial impacts | 5                           | 95                           | Perkins Certified Training Restaurants *<br>Company-Owned and/or Franchised Restaurants, as designated by Perkins |
| General Manager Total   | 43.5                        | 455                          |   |

\* Perkins will periodically designate restaurants as “Perkins Certified Training Restaurants” and may also designate additional Company-Owned and/or Franchised Restaurants as suitable locations where training will be conducted. Perkins will determine the locations for training the specific Restaurant locations for training on a case-by-case basis on a variety of factors, including proximity to the location where your Franchised Restaurant will be operated, convenience for both you and Perkins, the status of the Restaurants in the market at that time, the capacity of the Perkins Certified Training Restaurants, availability of managers, and other factors. The locations are subject to change by Perkins.

The manager and other personnel that train you at franchised or company-owned restaurants will be experienced in the fields for which they provide training. Donna Herbel has been the Vice President of Training and Culture Development since February 2017. Ms. Herbel has over 25 years of experience in training and operations in the restaurant industry.

In addition to the training described above, Perkins may offer and conduct an orientation program for new franchisees and other franchisees for whom we think the program will be beneficial (“**Franchisee Orientation Program**”). During any times that Perkins does so, Perkins may require that you, and/or your designated manager, attend and successfully complete the Franchisee Orientation Program within a designated period. At this time, Perkins does not conduct an Orientation Program separate from the initial training described above. If a Franchisee Orientation Program is introduced, Perkins may charge a fee for this program but does not currently have plans to charge a fee. If it is implemented and required, Perkins may require that

new franchisees attend the program before beginning to operate the Restaurant. Perkins may conduct the program at its headquarters (currently in Atlanta, Georgia) or at other locations that Perkins determines appropriate.

Any employee who is replacing your designated manager that was previously trained by Perkins must attend and successfully complete all, or any portion, of training that we specify, for which Perkins may charge a fee. At this time, Perkins provides this training only at Perkins company owned locations and does not charge a fee for training at its locations. The franchisee will be responsible for all expenses relating to franchisee and its personnel attending training, such as travel, room, board and wages. We currently require that a new manager, who is not an internal promotion from within a franchisee's existing personnel, to complete the 35 day training (described in Table 1 above). We currently require that any existing employee who is promoted to manager position to complete Perkins manager training program.

Additionally, you and/or your manager and other management employees must also attend additional courses, seminars, and training programs that Perkins reasonably requires from time to time and for which Perkins may impose a fee. At this time, Perkins does not charge for additional training other than for field based training, where Perkins sends a trainer to the franchisee's site, for which the current fee is \$300/day/trainer. This training may apply to any franchisees that Perkins determines appropriate, including new franchisees, franchisees opening additional Restaurants, franchisees of transferred Restaurants, and existing franchisees in connection with their ongoing operations. Currently, ServSafe Certification is required of all designated managers. Perkins has partnered with the National Restaurant Associations Educational Foundation to provide ServSafe Food Safety program in the online format at a discounted rate to all its partners (which is currently \$90). You and your employees will be responsible for all other expenses that they incur in connection with the courses, including the cost of transportation, lodging, meals, and wages. You will be responsible for all expenses, including tuition, for any training programs required of new or replacement managers, additional courses, seminars, training programs or refresher training programs. (Franchise Agreement Sections 7(i)). At this time, except as described above, Perkins does not have standard fees for these types of additional training and seminars and expects that fees payable to Perkins will be determined based on Perkins' expenses associated with the training that will be provided.

Perkins may also conduct an annual conference for operators of Perkins Units. Perkins may require you (or one of your Owners) to attend the annual conferences. If you or your Owner do not attend a mandatory conference and you did not obtain Perkins' prior written waiver, then you will be in default under your Franchise Agreement and you must pay a non-attendance fee of \$2,500.

## ITEM 12. TERRITORY

### **Franchise Agreement**

*Grant for a Specific Location.* You must operate your Franchise from a specific location, which (for a New Development Unit) must be accepted by Perkins, and you may not relocate your Franchise without Perkins' permission. (Perkins may grant permission for relocation, at its discretion, if the area around a franchisee's site undergoes an extreme change, such as an economic shift or change in demographics.)

*Protected Territory.* You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that Perkins owns, or from other channels of distribution or competitive brands Perkins controls.

Perkins does, however, provide you with certain protections in your Territory. During the term of the Franchise Agreement, and except as otherwise provided in that agreement (and those exceptions are described in the paragraphs below), Perkins will not establish nor license anyone else to establish, another Perkins

Restaurant at any location within the Territory that is designated in your Franchise Agreement. The Territory will be based on a particular area surrounding the Unit. Prior to this Disclosure Document, Perkins did not typically offer territories. Perkins expects that the size of the Territories granted for new franchises will vary from franchise to franchise, but will typically be approximately one-half mile for an urban location, two miles for a suburban location, and up to 3 miles for locations beyond suburban areas. Perkins will determine whether a location is "urban" or "suburban", but an urban location will typically be located in or near a business district of a large metropolitan area, and a suburban location will typically be located near residential areas (that are not part of or included within a central business district) and in or near outdoor strip-malls. Perkins will designate the Territory after you propose, and we approve, the premises for your Unit.

Except for the specific rights and territorial protections described in the paragraph above, Perkins retains all other rights. As a result, Perkins and its affiliates (including parents, subsidiaries and related companies) and licensees will have the right (among other things), on any terms and conditions that Perkins deems advisable, and without granting you any rights, to conduct any business activities, under any name, in any geographic area (including within the Territory), and at any location, regardless of the proximity to or effect upon your Franchise, without compensation to you. For example, Perkins has the right to:

- To own, acquire, establish, and/or operate and license others to establish and operate, Perkins Units at any location (a) outside of the Territory, or (b) inside the Territory on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes, military bases, government buildings, office complexes, high-rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for immediate consumption ("**Non-Traditional Restaurants**");
- To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether those businesses are similar to or different from your Unit, at any location within or outside of the Territory;
- To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Territory, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Marks and System;
- To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary marks, including the Licensed Marks: from any location notwithstanding its proximity to, or impact on, your Franchise; to accounts other than Perkins Units (other than as Non-Traditional Restaurants) operated inside the Territory (including educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national or group accounts); to retail food outlets (including supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the Internet and mobile applications), phone sales, or other distributions means or methods that may be developed after you join the Perkins System to any customer regardless of their location. Neither Perkins nor any of its affiliates has established any other channel of distribution selling or leasing similar products or services under a different trademark at this time.

You may not engage in any of the sales activities described above without our prior written consent.

The continuation of your territory does not depend on the achievement of any particular sales volume or market penetration. It does, however, depend on your compliance with the Franchise Agreement. If you default under the Franchise Agreement three or more times during any twelve-month period, we reserve the right to undertake certain actions in lieu of termination of the Franchise Agreement, including modifying, or eliminating completely, the Territory.

Perkins does not grant an option, right of first refusal, or similar right to acquire an additional franchise, other than as permitted under the terms of a Market Development Agreement.

### **Market Development Agreement**

*Development Area.* If you sign a Market Development Agreement, the Market Development Agreement will specify a Development Area, within which you may locate potential sites for Perkins Restaurants, subject to Perkins' acceptance. During the Term of the Market Development Agreement, if you comply with the obligations under the Market Development Agreement and Development Schedule and except as otherwise provided in that agreement (and those exceptions are described in the paragraphs below), Perkins will not establish or operate, nor franchise anyone other than you to establish or operate, Perkins Restaurants in the Development Area. The size and scope of the Development Area will be contained in the Market Development Agreement and will be determined on a case by case basis. The factors that Perkins considers in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other Perkins Restaurants, the financial and other capabilities of the developer, and Perkins' development plans. In Perkins' experience, Territories have generally been determined on a basis of one town for each Perkins Restaurant to be developed under the Market Development Agreement; although, as described above, various factors (such as the size and population of the relevant areas or towns, and the number of Perkins Restaurants to be developed) may affect the size of a Development Area.

Except for the specific rights and territorial protections described in the paragraph above, Perkins retains all other rights. As a result, Perkins and its affiliates (including parents, subsidiaries and related companies) and licensees will have the right (among other things), on any terms and conditions that Perkins deems advisable, and without granting you any rights, to conduct any business activities, under any name, in any geographic area (including within the Development Area), and at any location, regardless of the proximity to or effect upon any of your Perkins Restaurants, without compensation to you. For example, Perkins has the right to:

- To own, acquire, establish, and/or operate and license others to establish and operate, Perkins Units at any location (a) outside of the Development Area, or (b) inside the Development Area on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes, military bases, government buildings, office complexes, high-rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for immediate consumption ("Non-Traditional Restaurants");
- To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether those businesses are similar to or different from any of your Perkins Restaurants, at any location within or outside of the Development Area;

- To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Development Area, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Marks and System;
- To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary marks, including the Marks: from any location notwithstanding its proximity to, or impact on, any of your Perkins Restaurants; to accounts other than Perkins Units (other than as Non-Traditional Restaurants) operated inside the Development Area (including educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national or group accounts); to retail food outlets (including supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the Internet and mobile applications), phone sales, or other distributions means or methods that may be developed after you join the Perkins System to any customer regardless of their location. Neither Perkins nor any of its affiliates has established any other channel of distribution selling or leasing similar products or services under a different trademark at this time.

Additionally, if during the term of the Market Development Agreement, Perkins terminates the franchise of any Perkins Restaurant that you developed under the Market Development Agreement, Perkins may operate, or franchise another person or entity to operate, a Perkins Restaurant at the site where your terminated franchised business(es) had been established and operated.

*Extensions.* The Market Development Agreement does not provide developers with a right to renew the agreement. Perkins does, however, reserve the right in its sole discretion to grant: (a) an option to purchase an extension of the Term of the Market Development Agreement beyond the last date of the Development Schedule (as described in Item 5, this is a “**Term Extension**”); and/or (b) an extension of a deadline of the Development Schedule. As to a Term Extension, Perkins may permit a developer to purchase an extension of the Term of the Development Agreement beyond the last date of the Development Schedule so that the territorial rights granted to the developer under the Development Agreement would continue for an agreed upon period after the developer completes the Development Schedule (so long as the developer continues to comply with its obligations). If Perkins agrees to an Extension Term, the developer must pay Perkins a Term Extension Fee (which is calculated as \$7,500 per year added to the Term, per Unit in the Development Schedule). An extension of the Term does not change the Development Schedule. Regarding an extension of a deadline in the Development Schedule, Perkins may, but is not required, to extend a deadline for a particular Unit in the event that a developer has pursued the construction of Units according to the Development Schedule and is otherwise in compliance with the Market Development Agreement, but will not be able to meet a deadline of the Development Schedule. In this type of situation, a developer may apply to Perkins for an extension of a deadline of the Development Schedule. Perkins may require a developer to pay a fee equal to \$7,500 per month of the extension (with a maximum extension of six months).

Except as described above regarding an extension of the Term or an extension of a deadline of the Development Schedule, there are no circumstances under which the Market Development Agreement may be altered prior to expiration or termination of the Market Development Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that Perkins owns, or from other channels of distribution or competitive brands Perkins controls. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Market Development Agreement and Development Schedule.

*Affiliate and Potential Affiliate Operations.* As disclosed in Item 1, there are the businesses that, as of the date of this Disclosure Document, are affiliates of Perkins or may be deemed affiliated with Perkins and that operate or franchise businesses under a different trademark or sell goods or services similar to those that Perkins' franchisees sell. For each current (and possibly deemed) affiliate, Item 1 describes for its principal business addresses, the type of business operated and goods and services sold, the primary trademark used, and whether the businesses are franchised and/or company-owned. All of these other businesses, except Perkins LLC, maintain offices and training facilities that are physically separate from HHI's offices and training facilities maintained at HHI's headquarters. The Perkins Business will be a separate franchise system operated by Perkins LLC, however, HHI or an affiliate may provide certain support services to Perkins LLC and the Perkins Business. In addition to any current affiliated programs, certain of our parents and/or affiliates (and/or their owners), may invest in other companies that offer franchises and/or own restaurant enterprises that may compete with the type business being franchised under this Disclosure Document or otherwise sell similar goods or services. Most of the affiliated programs are not direct competitors of Perkins restaurants based on the products or services sold, although some are or may be, as described in Item 1. Because they are separate companies, Perkins does not currently anticipate conflicts arising between franchisees of the affiliated or possibly deemed affiliated brands and those of Perkins regarding territory, customers and/or franchisor support, and as such, do not have an established procedure to resolve perceived conflicts or disputes in the event they arise. However, current and/or future outlets of the affiliated brands -- as well as current and/or future restaurant enterprises owned, operated or invested in by our parents and/or affiliates (and/or their owners) -- may be located in your Territory (including immediately proximate to your Unit location) and may have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make or accept sales within your Territory.

### ITEM 13. TRADEMARKS

The Market Development Agreement does not allow you to use the Marks. The Franchise Agreement, as applicable, will provide you with the right to operate your Franchise under the Marks. The following trademarks, service marks, trade names, logotypes, and other commercial symbols ("Marks") are registered with the United States Patent and Trademark Office on the principal register:

| Name of Mark                                     | Registered No. | Registration Date |
|--|----------------|-------------------|
| Perkins in Oval Design                           | 1,203,149      | 7-27-1982         |
| Perkins (stylized)                               | 1,231,484      | 3-15-1983         |
| Perkins Restaurant (Design)                      | 1,403,558      | 7-29-1986         |
| Perkins Restaurant & Bakery (Design)             | 1,403,560      | 7-29-1986         |
| Perkins Restaurant & Bakery (Double Oval Design) | 1,464,960      | 11-10-1987        |
| Perkins Restaurant (Double Oval Design)          | 2,492,247      | 9-25-2001         |
| PERKINS RESTAURANT & BAKERY                      | 2,490,366      | 9-18-2001         |

Perkins owns or otherwise has the right to use and franchise others to use the following Marks in Canada:

| Name of Mark   | Registered No. | Registration Date |
|--|----------------|-------------------|
| PERKINS  | TMA307738      | 10/25/1985        |
| PERKINS FAMILY RESTAURANT<br>(Design)                | TMA443470      | 06/02/95          |
| PERKINS RESTAURANT & BAKERY                          | TMA567530      | 09/17/2002        |
| PERKINS RESTAURANT & BAKERY<br>& MAPLE LEAF Design   | TMA570276      | 11/05/2002        |
| PERKINS RESTAURANT & BAKERY<br>IN DOUBLE OVAL Design | TMA567528      | 09/17/2002        |

Perkins has filed or will file all required affidavits relating to the principal marks. There are currently no effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court. There is no pending infringement, opposition, or cancellation proceeding. There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state. Perkins does not know of any infringing uses that could materially affect your use of the Marks in this state or elsewhere. There are no agreements currently in effect which significantly limit the rights of Perkins to use or license the use of any trademark listed in this **Item 13**.

Perkins is not required by the Franchise Agreement or otherwise to protect your right to use the Marks. Perkins is not required by the Franchise Agreement or otherwise to protect you against claims of infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does not require Perkins to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks, or if the proceeding is resolved unfavorably to you.

You must police the use of the Marks and other elements of the Perkins System (such as building designs, color combinations, printed materials, etc.) and must promptly notify Perkins of: any unauthorized use of the Marks; any challenge to the validity of the Marks; any challenge to Perkins' ownership of, right to use and to license others to use, or your right to use, the Marks; and any use or claims that a third party may have of any trademark or service mark that is identical or confusingly similar to any of the Marks or elements of the Perkins System. The Franchise Agreement does not require Perkins to take affirmative action when notified of these uses or claims. Perkins has the right to control any administrative proceedings or litigation in connection with these uses or claims, and you cannot take any action or incur any expenses on Perkins' behalf in connection with any such use or claim without Perkins' prior written approval.

Perkins reserves the right to substitute or use any new, modified or replacement trademark(s) or service mark(s). If Perkins decides to use substitute or new mark(s), you must comply with Perkins' directions and you will be responsible for any associated costs and expenses.

You must not use the Marks (including Perkins' service marks) or the name Perkins Restaurant & Bakery as part of your corporate, partnership, or other legal name, or as part of any e-mail address, domain name, or other identification of you or your Franchise in any electronic medium, unless agreed to in advance, in writing, by Perkins. You must also submit to Perkins, for prior written approval, any corporate, partnership, or other legal name that you propose to use.

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

### Patents

Perkins has no patents (final or pending) that are material to the Franchise.

### Copyrights

Perkins claims copyright protection covering various materials used in its business and the operations of Perkins restaurants (“Copyrighted Works”). Perkins has not registered these materials with the United States Registrar of Copyrights, and is not required to do so in order to claim copyright protection. Perkins may authorize you, as a franchisee, to use certain Copyrighted Works, which are the valuable property of Perkins, including the Manual, advertisements, promotional materials, labels, menus, coupons, gift cards, posters and signs and may include all or part of the Marks, trade dress and other parts of the System.

You must immediately notify Perkins of any actual or apparent infringement of or challenge to any of the Copyrighted Works or claim by any person of any rights in the Copyrighted Works, and you may not communicate with any person other than Perkins and its counsel regarding any such infringement, challenge or claim. Perkins has the sole right to take such action as it deems appropriate in response to the foregoing and the right to exclusively control any settlement, litigation, arbitration, or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise with regard to the Copyrighted Works. Perkins is under no obligation to participate in your defense or indemnify you for damages or expenses incurred if you are a party to any administrative or judicial proceeding involving the Copyrighted Works.

If it becomes advisable at any time in Perkins’ sole judgment for you to modify or discontinue use of any of the Copyrighted Works, or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with Perkins’ directions to modify or otherwise discontinue the use of the copyrighted materials or to use one or more substitute materials. There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works, nor are such proceedings pending, nor are there any effective agreements between Perkins and third parties pertaining to the Copyrighted Works that will, or may, significantly limit your use of the Copyrighted Works. Perkins is not obligated under the Development Agreement, Franchise Agreement, or otherwise to protect or defend its copyrights. Perkins knows of no infringements of the Copyrighted Works that could materially affect your use of the Copyrighted Works. Perkins has not registered any of the Copyrighted Works.

### Confidential Information

During your relationship with Perkins, you will receive confidential materials and learn certain confidential information of Perkins relating to the establishment and operation of your Franchise. Perkins will loan you a copy of the Manuals that you will use to operate the Franchise for the term of your Franchise. You must treat the Manuals, any other materials created for or approved for use in the operation of your Franchise, and the information contained in them, as confidential, and must use reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Manuals will remain Perkins’ sole property.

Perkins may revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copies which Perkins maintains at Perkins’ home office will control.

You must not, during or after the term of the agreements you execute, use for the benefit of anyone else any confidential information concerning the Perkins System or the methods of operation of the Franchises. The term “confidential information” is defined in the Franchise Agreement. You may divulge confidential

information only to those employees who must have access to it in order to operate your Franchise. Any and all information, knowledge, and other data which Perkins designates as confidential will be deemed confidential.

At Perkins' request, you must obtain and provide us with signed covenants to maintain the confidentiality of information from any or all of the following persons: (1) your managers and any other personnel employed by you who have received or will receive training from Perkins; (2) all of your officers, directors, and holders of a beneficial interest of 5% or more of your securities and of any corporation, partnership, or limited liability company directly or indirectly controlling, controlled by, or under common control with you if you are a corporation, partnership, or limited liability company; and (3) your members, general partners, and any limited partners. These covenants must be in a form Perkins finds satisfactory, and specifically identify Perkins as a third-party beneficiary of these covenants with the independent right to enforce them.

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

Your Franchise must be operated either by you or by a designated manager. Perkins recommends that you personally supervise the operation of your Franchise. Additionally, during the first two months the Franchised Business is open to the public, you or (if the franchisee is an entity) one of your owners with at least 10% equity in the franchisee entity must serve as an on-Premises designated manager for a minimum of 30 peak operating hours per week. Any designated manager must be certified by Perkins as meeting its qualifications, and must satisfactorily complete Perkins' initial training program required for managers within 60 days after you designate him/her to be your manager. Any manager you hire may not establish, participate in the operation of, or own an interest in any other restaurant that serves breakfast at times other than the hours of 6:00 a.m. - 11:00 a.m. while such manager is employed in any capacity with your Franchise. If you become aware that your manager is violating this restriction, you will be in default under your Franchise Agreement, as applicable, unless either such manager completely separates him/herself from the other restaurant within 30 days, or you refrain from using that individual in a managerial role (in which case, you must have another manager operate your Franchise) while the person is violating this restriction.

If you are a corporation or other entity, Perkins will require your shareholders or members holding at least 5% ownership interest, and each of their spouses (if applicable), to execute a Guaranty under which each signing guarantor agrees to jointly and severally guarantee your performance of all of your obligations under the Franchise Agreement and any other agreements (such as leases or option agreements, loans and any other financing documents) that you enter into with Perkins or its affiliates. Perkins may also require that any corporation or entity with a financial interest in you, sign a form of Guaranty for a corporation or entity. The Guaranty forms that Perkins currently uses are attached to this Disclosure Document as Exhibits A-5 and A-7, and additional details are provided in Item 10.

At Perkins' request, you must obtain and provide us with signed confidentiality and non-compete covenants from any or all of the following persons: (1) your designated manager and any other managerial personnel employed by you who have received or will receive training from Perkins; (2) all of your officers, directors, and holders of a beneficial interest of 5% or more of your securities and of any corporation, partnership, or limited liability company directly or indirectly controlling, controlled by, or under common control with you if you are a corporation, partnership, or limited liability company; and (3) your members, general partners, and any limited partners. These covenants must be in a form Perkins finds satisfactory, and specifically identify Perkins as a third-party beneficiary of these covenants with the independent right to enforce them. **Item 14** has additional information regarding Perkins' confidential information and **Item 17** has additional information regarding the non-compete covenants.

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

You must not use the premises of your Perkins Restaurant for any other purpose or activity that is not provided for in the Franchise Agreement. The rights granted to you are limited solely to the premises of your Perkins Restaurant and you may not operate the franchised business or use Perkins' products at any other location without first obtaining Perkins' written consent. You must operate your Franchise in strict conformity with the specifications contained in the Manuals or otherwise in writing. You must not deviate from Perkins' specifications and procedures without first obtaining Perkins' written consent.

You must offer and sell all products designated by Perkins and you may not sell any product (food or non-food) that is not designated by Perkins. Such products must be prepared according to Perkins' prescribed methods of preparation. Perkins can change such authorized products and methods of preparation, and there is no limit on Perkins' right to make such changes, so long as Perkins is acting reasonably and gives reasonable notice of such changes.

You must keep your Perkins Restaurant open and in normal operation during the times that Perkins specifies as mandatory hours of operation, which Perkins may periodically change. Perkins has the right to modify the mandatory hours of operation in the future, including a mandatory 24 hour, 7 days a week, schedule. Perkins reserves the right to require that certain Perkins Restaurants remain open for different hours of operation than others (for instance restaurants may be required to operate drive-through services during different hours than eat-in services).

You may only sell to retail customers from your Perkins Restaurant for consumption on the Premises or for personal carry-out by the customer and for Catering and delivery service within the Territory. You may accept carry-out orders by phone or through on-line ordering systems that Perkins designates or approves in writing. You may not sell products by any other means or channels, including catalog, mailing, or by use of the Internet. You are not restricted as to customers to whom you sell products, except that you cannot, without Perkins' prior written consent, sell any goods bearing or labeled with the Marks or any items designed specifically for use in the Perkins System for the purpose of operating or promoting a restaurant, food service establishment or other business except for sales to another Perkins franchisee in good standing. You may advertise and market the services of your Perkins Restaurant and directly solicit customers only within your Territory. Perkins may establish rules and policies regarding solicitation and advertising that reaches areas with multiple franchisees.

For a description of your restrictions on some purchases, see **Item 8** of this Disclosure Document.

## ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

**These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

#### **FRANCHISE AGREEMENT:**

| <b>Provision</b>                               | <b>Section in Franchise Agreement</b> | <b>Summary</b>   |
|--|---------------------------------------|--|
| a. Length of the franchise term                | 3(a)                                  | 20 years; or possibly less for a Franchise for Resale Unit depending on the length of time left on Perkins' lease for the premises   |
| b. Renewal or extension of the term            | 3(b)                                  | If you have complied with the Franchise Agreement and meet other conditions at the time of each renewal date, you can renew for a 10 year term   |
| c. Requirements for you to renew or extend     | 3(b) and (c)                          | Give notice, pay fee, and meet Perkins' terms and conditions, including signing a new agreement (that may have materially different terms and conditions than your original contract), signing a release, and bringing your Franchise up to current standards. |
| d. Termination by you                          | Not Applicable                        | Not Applicable   |
| e. Termination by Perkins without cause        | Not Applicable                        | Not Applicable   |
| f. Termination by Perkins with cause           | 14                                    | If you default under the Franchise Agreement   |
| g. "Cause" defined – curable defaults          | 14(c)                                 | You have various cure periods ranging from 3 days to 10 days for certain of the defaults listed in Section 14(b) of the Franchise Agreement  |
| h. "Cause" defined – non-curable defaults      | 14(a) and (b)                         | All defaults listed in Sections 14(a) and 14(b) of the Franchise Agreement   |
| i. Your obligations on termination/non-renewal | 12(c) and 15(a)                       | Remove sign faces and deliver to Perkins, pay all amounts due, complete de-identification, return of confidential information, assign phone numbers, cease use of advertising materials, and comply with the non-competition obligations (as described below)  |
| j. Assignment of contract by Perkins           | 13(a)                                 | Freely assignable  |

| <b>Provision</b>                               | <b>Section in Franchise Agreement</b> | <b>Summary</b>   |
|--|---------------------------------------|--|
| k. “Transfer” by you – defined                 | 13(b)                                 | Includes transfer of an interest in the Franchise Agreement, the premises for your Franchise or any equity or voting interest in you   |
| l. Perkins’ approval of transfer by you        | 13(c)                                 | Perkins must approve any proposed transfer, but will not unreasonably withhold approval if certain conditions are met  |
| m. Conditions for Perkins approval of transfer | 13(c) and (d)                         | <p>Restaurant must be in operation before the transfer, transferee meets Perkins’ standards (including that the transferee satisfactorily completes all training and management staffing before the transfer), Perkins deems price, terms and conditions to be reasonable, a transfer fee is paid (transfer fee is 25% of the then-current Initial Franchise Fee except for some limited transfers), all required documents are signed, your obligations are satisfied, operating deficiencies are remedied. The required documents to be signed may include a then-current form of Franchise Agreement between the transferee and Perkins, a transfer agreement, and related agreements as Perkins deems necessary or desirable to reflect the terms and conditions of the transfer and Perkins’ approval. Additionally, in connection with any transfer or resale, Perkins may also require that the transferee sign a second Franchise Agreement under which the transferee will develop and open an additional new Perkins Restaurant within two years of the date of transfer. If Perkins agrees (even though not required) to allow a transfer to proceed before the transferee satisfies all training and/or management staffing requirements, the conditions of Perkins’ approval will include terms that it determines appropriate to ensure the proper operations of the Unit until the transferee completes those requirements. The terms may include you remaining obligated for the operation of the Unit, entering into a management agreement (with terms relating to the Unit’s operations as are reasonably acceptable to Perkins) with the transferee, and/or entering into escrow arrangements with the transferee until Perkins notifies the parties that all training and staffing requirements are satisfied. If an escrow arrangement is required, Perkins may require the use of an escrow agreement and/or agent that Perkins designates or approves.</p> |

| Provision   | Section in Franchise Agreement    | Summary   |
|---|-----------------------------------|---|
| n. Perkins' right of first refusal to acquire your business               | 13(g)                             | Perkins has 30 days to match offer for any interest in the Franchise, the premises for your Franchise, the Franchise Agreement or you   |
| o. Perkins' option to purchase your business                              | 13(g) and 15(b)                   | Perkins has option to acquire, by purchase or lease, your Franchise premises when your Franchise Agreement expires or terminates or upon a default for which Perkins has the right to terminate the Franchise Agreement   |
| p. Your death or disability   | 7(x), 7(y) and 13(f)              | Perkins can manage Franchise for 8% fee; you have 6 months to transfer to approved transferee; replacement manager must be approved within 60 days of removal   |
| q. Non-competition covenants during the term of the franchise             | 7(cc) and 12(b)                   | No involvement in a Competitive Business. A "Competitive Business" means any family style restaurant, pancake house, buffet serving breakfast, or diner, or any other table-service food service operation that sells pancakes or waffles or derives more than 25% of its total sales from sit down breakfast items. These terms are subject to applicable state law.   |
| r. Non-competition covenants after the franchise is terminated or expires | 12(c)                             | For a period of 2 years after the later to occur of termination or expiration, transfer or the date you actually cease operating the Unit and using the Marks, no involvement in any Competitive Business located within 5 miles of (i) the premises of your Franchise, or (ii) any other Perkins Restaurant then in existence or to be developed under then-executed franchise and development agreements (except, if required by the law applicable in your state, the 5-mile restriction will be limited to your premises and to any Perkins Restaurant that exists or is to be developed under franchise and development agreements that exist at the time you sign your Franchise Agreement). These terms are subject to applicable state law. |
| s. Modification of the agreement  | 7(v), 7(w), 9(b), 19(d) and 24(f) | No modifications of Franchise Agreement except in writing, but Perkins can unilaterally change standards, Perkins System and Operations Manual  |
| t. Integration/merger clause  | 24(f)                             | Only the terms of the Franchise Agreement are binding and any other promises may not be enforceable (other than this Disclosure Document) (subject to applicable state laws)  |

| <b>Provision</b>                                  | <b>Section in Franchise Agreement</b> | <b>Summary</b>  |
|---|---------------------------------------|---|
| u. Dispute resolution by arbitration or mediation | Not Applicable                        | Not applicable. The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 15  |
| v. Choice of forum                                | 22(b)                                 | Fulton County, Georgia or U.S. District Court for Northern District of Georgia (subject to applicable state laws)   |
| w. Choice of law                                  | 22(a)                                 | Georgia law applies (subject to applicable state laws); or if a provision is not enforceable under Georgia law, then the law of the state in which premises are located will apply to such provision (including, for example, provisions on the construction and enforcement of non-competition covenants). |

#### **DEVELOPMENT AGREEMENT:**

| <b>Provision</b>                    | <b>Section in Market Development Agreement</b> | <b>Summary</b>   |
|-------------------------------------|--|--|
| a. Length of the agreement term     | 2  | Ends at the earlier of the date the Franchise Agreement is signed by Perkins for last Unit to be developed or last day of Development Schedule. Perkins' existing Market Development Agreements generally have terms that are from one to ten years. We may permit Developers who are in compliance to purchase an extension of the Term of the Development Agreement (see below).   |
| b. Renewal or extension of the term | 2(b) and 5(c)(vi)                              | <p>Extension of Term – For Developers who are in compliance, we may permit the option to purchase an extension of the Term of the Development Agreement beyond the end of the Development Schedule. An extension of the Term does not change the Development Schedule. See Section 2(b)</p> <p>Extension of a Development Schedule Deadline - Perkins can permit extension of a deadline of the Development Schedule in its sole right and discretion, if you have complied with the Market Development Agreement and are pursuing construction in good faith– see Section 5(c)(iv).</p> |

| Provision                                       | Section in Market Development Agreement | Summary   |
|---|---|---|
|   |   | This is separate from an extension of the Term beyond completion of the Development Schedule.   |
| c. Requirements for you to renew or extend      | 2(b) and 5(c)(vi)                       | <p>Extension of Term – You must be in full compliance with the Development Agreement and all other agreements between you and Perkins; give notice of your request to extend at least 6 months before the expiration of the Development Agreement; and pay a Term Extension Fee (see Item 6 for fee calculation). We are not required, but may agree, to the requested extension.</p> <p>Extension of a Development Schedule Deadline - To be eligible to extend a deadline for a Restaurant that you must develop under the Development Schedule, you must apply in writing to Perkins, specifying the reasons for the requested extension and a proposed revised opening date for the affected Perkins Restaurant. Also, you may be required to pay a fee in an amount equal to \$7,500 per month of the extension.</p> |
| d. Termination by you                           | Not Applicable                          | Not Applicable  |
| e. Termination by Perkins without cause         | Not Applicable                          | Not Applicable  |
| f. Termination by Perkins with cause            | 8                                       | If you default under the Market Development Agreement   |
| g. “Cause” defined – curable defaults           | 8(b)(vi)                                | You have 10 days to cure defaults not listed in Section 8 of the Market Development Agreement   |
| h. “Cause” defined – non-curable defaults       | 8                                       | All other defaults listed in Section 8 of the Market Development Agreement  |
| i. Your obligations on termination/ non-renewal | Not Applicable                          | Not Applicable  |
| j. Assignment of contract by Perkins            | 13(e)                                   | Freely assignable   |
| k. “Transfer” by you-defined                    | 13(a) and (b)                           | Includes transfer of an interest in the Market Development Agreement or any interest in you if you are an entity  |

| Provision   | Section in Market Development Agreement | Summary  |
|---|---|--|
| l. Perkins' approval of transfer by you                                   | 13(a)                                   | Only with Perkins' written consent.  |
| m. Conditions for Perkins' approval of transfer                           | 13(c)                                   | Perkins may condition its approval of a transfer under the Market Development Agreement on, among other factors: any of the conditions (that we deem applicable) as described in the form of Franchise Agreement included in the Disclosure Document provided to you for your Market Development Agreement; payment of a transfer fee (\$7,500, except for some limited transfers); the requirement that the proposed transfer is to be made in conjunction with a simultaneous transfer of all comparable interests that you hold under any Franchise Agreements that you have entered into under the Market Development Agreement; and execution of our then-current Market Development Agreement. |
| n. Perkins' right of first refusal to acquire your business               | Not Applicable                          | Not Applicable   |
| o. Perkins' option to purchase your business                              | Not Applicable                          | Not Applicable   |
| p. Your death or disability   | 13(d)                                   | Interest in the Market Development Agreement can be transferred, so long as Perkins approves; approval will not be unreasonably withheld   |
| q. Non-competition covenants during the term of the agreement             | 6(c)                                    | Cannot solicit employees of Perkins working in certain positions at Perkins' corporate headquarters or distribution center   |
| r. Non-competition covenants after the franchise is terminated or expires | Not Applicable                          | Not Applicable   |
| s. Modification of the agreement  | 16(c)                                   | No modification except where agreed to in writing  |
| t. Integration/merger clause  | 16(k)                                   | Only the terms of the Market Development Agreement are binding and any other promises may not be enforceable (other than this Disclosure Document) (subject to applicable state laws)  |

| Provision   | Section in Market Development Agreement | Summary  |
|---|---|--|
| u. Dispute resolution by arbitration or mediation | 15                                      | Mediation must be conducted before lawsuit can be filed, except for trademark or similar disputes, or to maintain status quo. The agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 15 |
| v. Choice of forum                                | 16(d)                                   | Fulton County, Georgia or U.S. District Court for Northern District of Georgia (subject to applicable state laws)  |
| w. Choice of law                                  | 16(d)                                   | Georgia law applies (subject to applicable state laws)   |

**\*Note:** In addition to the provisions noted in the charts above, the Franchise Agreement and Market Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Section 22 and Market Development Agreement Section 16. These provisions may not be enforceable under certain state laws. See **Exhibit H** and **Exhibit I** for descriptions of some specific state statutes and regulations. We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

## ITEM 18. PUBLIC FIGURES

Perkins does not use any public figure to promote its franchise.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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.

### Part 1: Daily Sales Averages for Franchised Restaurants

#### Fiscal Year 2020 - By Quarter

##### Quarter 1 - FY2020 (May 1, 2019-July 23, 2019)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|----------------|----------------|----------------|--------------|
| Top 1/3    | \$6,474        | \$9,945        | \$6,378        | \$5,352        | 64           |
| Middle 1/3 | \$4,755        | \$5,346        | \$4,741        | \$4,211        | 64           |
| Bottom 1/3 | \$3,415        | \$4,171        | \$3,533        | \$1,188        | 64           |
| All        | <b>\$4,881</b> | <b>\$9,945</b> | <b>\$4,741</b> | <b>\$1,188</b> | <b>192</b>   |

##### Quarter 2 - FY2020 (July 24, 2019-Oct 15, 2019)

|            | <u>Average</u> | <u>High</u>     | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|-----------------|----------------|----------------|--------------|
| Top 1/3    | \$6,308        | \$10,041        | \$6,137        | \$5,241        | 64           |
| Middle 1/3 | \$4,563        | \$5,238         | \$4,531        | \$4,011        | 65           |
| Bottom 1/3 | \$3,190        | \$4,009         | \$3,336        | \$1,702        | 64           |
| All        | <b>\$4,686</b> | <b>\$10,041</b> | <b>\$4,531</b> | <b>\$1,702</b> | <b>193</b>   |

##### Quarter 3 - FY2020 (Oct 16, 2019-Jan 7, 2020)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|----------------|----------------|----------------|--------------|
| Top 1/3    | \$6,175        | \$9,906        | \$5,880        | \$5,177        | 64           |
| Middle 1/3 | \$4,500        | \$5,107        | \$4,480        | \$3,930        | 64           |
| Bottom 1/3 | \$3,006        | \$3,905        | \$3,035        | \$1,386        | 64           |
| All        | <b>\$4,560</b> | <b>\$9,906</b> | <b>\$4,480</b> | <b>\$1,386</b> | <b>192</b>   |

##### Quarter 4 - FY2020 (Jan 8, 2020-April 28, 2020) (\*note 2)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>   | <u>Count</u> |
|------------|----------------|----------------|----------------|--------------|--------------|
| Top 1/3    | \$3,868        | \$6,128        | \$3,631        | \$3,247      | 64           |
| Middle 1/3 | \$2,877        | \$3,239        | \$2,886        | \$2,506      | 65           |
| Bottom 1/3 | \$1,856        | \$2,490        | \$1,923        | \$773        | 64           |
| All        | <b>\$2,867</b> | <b>\$6,128</b> | <b>\$2,886</b> | <b>\$773</b> | <b>193</b>   |

#### Fiscal Year 2019 - By Quarter

##### Quarter 1 - FY2019 (May 2, 2018-July 24, 2018)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|----------------|----------------|----------------|--------------|
| Top 1/3    | \$6,148        | \$9,320        | \$6,072        | \$5,158        | 62           |
| Middle 1/3 | \$4,512        | \$5,096        | \$4,516        | \$3,955        | 63           |
| Bottom 1/3 | \$3,271        | \$3,950        | \$3,426        | \$2,011        | 62           |
| All        | <b>\$4,643</b> | <b>\$9,320</b> | <b>\$4,516</b> | <b>\$2,011</b> | <b>187</b>   |

##### Quarter 2 - FY2019 (July 25, 2018-Oct 16, 2018)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|----------------|----------------|----------------|--------------|
| Top 1/3    | \$6,071        | \$9,286        | \$5,878        | \$5,108        | 63           |
| Middle 1/3 | \$4,497        | \$5,098        | \$4,428        | \$3,949        | 64           |
| Bottom 1/3 | \$3,233        | \$3,890        | \$3,372        | \$1,563        | 63           |
| All        | <b>\$4,600</b> | <b>\$9,286</b> | <b>\$4,428</b> | <b>\$1,563</b> | <b>190</b>   |

##### Quarter 3 - FY2019 (Oct 17, 2018-Jan 8, 2019)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|----------------|----------------|----------------|--------------|
| Top 1/3    | \$6,035        | \$9,789        | \$5,783        | \$5,069        | 64           |
| Middle 1/3 | \$4,413        | \$5,050        | \$4,341        | \$3,887        | 63           |
| Bottom 1/3 | \$3,070        | \$3,886        | \$3,145        | \$1,218        | 64           |
| All        | <b>\$4,506</b> | <b>\$9,789</b> | <b>\$4,341</b> | <b>\$1,218</b> | <b>191</b>   |

##### Quarter 4 - FY2019 (Jan 9, 2019-April 30, 2019)

|            | <u>Average</u> | <u>High</u>    | <u>Median</u>  | <u>Low</u>     | <u>Count</u> |
|------------|----------------|----------------|----------------|----------------|--------------|
| Top 1/3    | \$5,886        | \$9,645        | \$5,623        | \$4,933        | 64           |
| Middle 1/3 | \$4,331        | \$4,901        | \$4,241        | \$3,840        | 63           |
| Bottom 1/3 | \$2,977        | \$3,833        | \$2,978        | \$1,047        | 64           |
| All        | <b>\$4,398</b> | <b>\$9,645</b> | <b>\$4,241</b> | <b>\$1,047</b> | <b>191</b>   |

(see Notes on the next page)

## **Part 1 – Daily Sales Averages for Franchised Restaurants - Notes**

1. The tables in Part 1 above present information for the thirteen periods of Fiscal Year 2020, which ran from May 1, 2019 through April 28, 2020 (“FY2020”), and for the thirteen periods of Fiscal Year 2019, which ran from May 2, 2018 through April 30, 2019 (“FY2019”). The information in this Item 19 for FY2019 and for FY2020 until October 3, 2019 (the Acquisition Date) is data provided by PMC (which is the predecessor franchisor). For each fiscal year, the information is presented on a quarterly basis.
2. In 2020, the coronavirus outbreak caused disruptions in the restaurant industry. Government agencies in some states and local jurisdictions have imposed restrictions on how food service businesses operate due to the coronavirus outbreak. Some of these restrictions have included temporary closures of restaurants, orders that operations be limited to carry-out or delivery services, or limitations on the capacity of in-person dining. These restrictions were first implemented during Perkin’s fourth quarter (Q4) of FY2020. During the Quarter 4 of FY2020, approximately 86.4% of Perkins restaurants operated offering only carry-out or delivery for at least some period of the quarter. To facilitate comparisons of restaurant results during periods before and after the coronavirus outbreak, the results are shown by quarter.
3. The franchised Perkins Restaurants included in tables in Part 1 encompass all units of any design of franchised restaurants who report sales through direct import from the POS systems used in the restaurants. The above tables show the highest, average, median and lowest Daily Sales Averages (which is explained in the following note) of the units in each category during each of the four quarters (Q1, Q2, Q3 and Q4) in the respective fiscal year.
4. The “Daily Sales Average” (DSA) for a restaurant is calculated as the restaurant’s total actual sales, without sales tax, during the quarter divided by the total number of days within that respective quarter. During each of FY2020 and FY2019, there were 84 days in each of the Quarters 1, 2 and 3, and 112 days in Quarter 4. DSAs are presented for common-sized comparison of per day unit results, which may be useful in analyzing the results during periods when traditional operations, including days and times open, have been affected by the coronavirus outbreak. The notes below provide additional details regarding the number of days the units were open during the respective quarters. The total sales (on a per unit basis) for either fiscal year shown in the tables above may be calculated for each category shown above (*i.e.*, the average, high or low in each of the three Tiers, or the overall averages) by: (1) multiplying the DSA for each quarter (for that category) by the total possible days in that quarter (see Note 2 above), and (2) adding together the totals for each of the four quarters.
5. For additional comparisons, the sales have been presented quarterly for FY2020 and FY2019. Each quarter has been calculated separately for the units that were open for more than half of the days in the quarter (meaning at least 42 days in each of Q1, Q2 and Q3, and at least 56 days in Q4), and were open on the last day of FY2020, which was April 28, 2020.
6. The tables show the results of the total overall units included in the calculations, as well the results subdivided into the top third (33%), middle third, and bottom third, based on Daily Sales Averages during the respective Quarters.
7. The term “Median” restaurant used in this Item 19 means the restaurant with the middle result. For example, if there are 35 restaurants, then the 18<sup>th</sup> restaurant is the median. If there are 36 restaurants, then the average of the results of the 18<sup>th</sup> and 19<sup>th</sup> restaurants is the median.
8. Restaurants remodeled during either FY2020 or FY2019 are included in the restaurants group.
9. Below is additional data regarding the (a) number and percentage of the units included in this Part 1 that have achieved the stated DSA’s and (b) the number of days that the units were open during the respective

quarters in FY2019 and FY2020. This information relates to the franchised Evolution restaurants that met the criteria described in the notes above. Part 3 below provides additional information regarding the franchised Huddle House units that reported sales during some portion of the reported periods, but were not included in the tables above.

#### FY2020 – Number and % of Units\* Achieving Stated DSAs

- In Q1, of the 192 franchised restaurants, there are 64 restaurants included in the Top Third, and of these 29 (45.3%) had Daily Sales Average greater than the Top Third average of \$6,474. There are 64 restaurants included in the Middle Third, and of these 30 (46.9%) had Daily Sales Average greater than the Middle Third average of \$4,755. There are 64 restaurants included in the Bottom Third, and of these 36 (56.3%) had Daily Sales Average greater than the Bottom Third average of \$3,415. Of ALL the 192 franchised restaurants, 87 (45.3%) had Daily Sales Average greater than the average of \$4,881.
- In Q2, of the 193 franchised restaurants, there are 64 restaurants included in the Top Third, and of these 26 (40.6%) had Daily Sales Average greater than the Top Third average of \$6,308. There are 65 restaurants included in the Middle Third, and of these 30 (46.2%) had Daily Sales Average greater than the Middle Third average of \$4,563. There are 64 restaurants included in the Bottom Third, and of these 35 (54.7%) had Daily Sales Average greater than the Bottom Third average of \$3,190. Of ALL the 193 franchised restaurants, 90 (46.6%) had Daily Sales Average greater than the average of \$4,686.
- In Q3, of the 192 franchised restaurants, there are 64 restaurants included in the Top Third, and of these 24 (37.5%) had Daily Sales Average greater than the Top Third average of \$6,175. There are 64 restaurants included in the Middle Third, and of these 29 (45.3%) had Daily Sales Average greater than the Middle Third average of \$4,500. There are 64 restaurants included in the Bottom Third, and of these 33 (51.6%) had Daily Sales Average greater than the Bottom Third average of \$3,006. Of ALL the 192 franchised restaurants, 90 (46.9%) had Daily Sales Average greater than the average of \$4,560.
- In Q4, of the 193 franchised restaurants, there are 64 restaurants included in the Top Third, and of these 22 (34.4%) had Daily Sales Average greater than the Top Third average of \$3,868. There are 65 restaurants included in the Middle Third, and of these 33 (50.8%) had Daily Sales Average greater than the Middle Third average of \$2,877. There are 64 restaurants included in the Bottom Third, and of these 37 (57.8%) had Daily Sales Average greater than the Bottom Third average of \$1,856. Of ALL the 193 franchised restaurants, 97 (50.3%) had Daily Sales Average greater than the average of \$2,867.

#### FY2019 – Number and % of Units Achieving Stated DSAs

- In Q1, of the 187 franchised restaurants, there are 62 restaurants included in the Top Third, and of these 25 (40.3%) had Daily Sales Average greater than the Top Third average of \$6,148. There are 63 restaurants included in the Middle Third, and of these 32 (50.8%) had Daily Sales Average greater than the Middle Third average of \$4,512. There are 62 restaurants included in the Bottom Third, and of these 33 (53.2%) had Daily Sales Average greater than the Bottom Third average of \$3,271. Of ALL the 187 franchised restaurants, 84 (44.9%) had Daily Sales Average greater than the average of \$4,643.
- In Q2, of the 190 franchised restaurants, there are 63 restaurants included in the Top Third, and of these 23 (36.5%) had Daily Sales Average greater than the Top Third average of \$6,071. There are 64 restaurants included in the Middle Third, and of these 27 (42.2%) had Daily Sales Average greater than the Middle Third average of \$4,497. There are 63 restaurants included in the Bottom Third, and of these 34 (54.0%) had Daily Sales Average greater than the Bottom Third average of \$3,233. Of ALL the 190 franchised restaurants, 86 (45.3%) had Daily Sales Average greater than the average of \$4,600.
- In Q3, of the 191 franchised restaurants, there are 64 restaurants included in the Top Third, and of these 22 (34.4%) had Daily Sales Average greater than the Top Third average of \$6,035. There are 63 restaurants included in the Middle Third, and of these 28 (44.4%) had Daily Sales Average greater than

the Middle Third average of \$4,413. There are 64 restaurants included in the Bottom Third, and of these 34 (53.1%) had Daily Sales Average greater than the Bottom Third average of \$3,070. Of ALL the 191 franchised restaurants, 89 (46.6%) had Daily Sales Average greater than the average of \$4,506.

- In Q4, of the 191 franchised restaurants, there are 64 restaurants included in the Top Third, and of these 27 (42.2%) had Daily Sales Average greater than the Top Third average of \$5,886. There are 63 restaurants included in the Middle Third, and of these 26 (41.3%) had Daily Sales Average greater than the Middle Third average of \$4,331. There are 64 restaurants included in the Bottom Third, and of these 32 (50.0%) had Daily Sales Average greater than the Bottom Third average of \$2,977. Of ALL the 191 franchised restaurants, 86 (45.0%) had Daily Sales Average greater than the average of \$4,398.

#### FY2020 – Days of Operation during each Quarter

- In Q1, of the total of 192 units: 188 (97.9%) were open a full quarter (>82 days); 2 (1.0%) were open between 56 and 82 days; 2 (1.1%) were open less than 56 days but more than 42 days.
- In Q2, of the total of 193 units: 187 (96.9%) were open a full quarter (>82 days); 5 (2.6%) were open between 56 and 82 days; 1 (0.5%) was open less than 56 days but more than 42 days.
- In Q3, of the total of 192 units: 174 (90.6%) were open a full quarter (>82 days); 17 (8.9%) were open between 56 and 82 days; 1 (0.5%) was open less than 56 days but more than 42 days.
- In Q4, of the total of 193 units: 133 (68.9%) were open a full quarter (>82 days); 60 (31.1%) were open between 56 and 82 days.

#### FY2019 – Days of Operation during each Quarter

- In Q1, of the total of 187 units: 170 (90.9%) were open a full quarter (>82 days); 16 (8.6%) were open between 56 and 82 days; 1 (0.5%) was open less than 56 days but more than 42 days.
- In Q2, of the total of 190 units: 181 (95.3%) were open a full quarter (>82 days); 7 (3.7%) were open between 56 and 82 days; 2 (1.1%) were open less than 56 days but more than 42 days.
- In Q3, of the total of 191 units: 179 (93.7%) were open a full quarter (>82 days); 12 (6.3%) were open between 56 and 82 days.
- In Q4, of the total of 191 units: 190 (99.5%) were open a full quarter (>82 days); 1 (0.5%) was open between 56 and 82 days.

The reasons for a franchised Restaurant not being included due to being open fewer days than required may include the unit being temporarily closed due to remodel, newly opened during the quarter, or impacted by the coronavirus outbreak.

\* \* \* \*

## Part 2 – Operational Results for Company Owned Restaurants (Fiscal Year 2020)

### Quarterly Results of Selected Costs as Percentage of Net Sales

| Average per store    | 2019          |               |               |               | 2020          |               |               |               |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                      | Q1 % of Sales | Q2 % of Sales | Q3 % of Sales | Q4 % of Sales | Q1 % of Sales | Q2 % of Sales | Q3 % of Sales | Q4 % of Sales |
| Net Sales            | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        | 100.0%        |
| COGS                 | 25.8%         | 26.0%         | 27.4%         | 26.6%         | 25.3%         | 25.5%         | 26.4%         | 27.9%         |
| Gross Profit         | 74.2%         | 74.0%         | 72.6%         | 73.4%         | 74.7%         | 74.5%         | 73.6%         | 72.1%         |
| Labor & Benefits (1) | 27.7%         | 28.4%         | 27.2%         | 27.8%         | 27.4%         | 27.7%         | 27.2%         | 28.0%         |
| Rent                 | 7.7%          | 7.8%          | 7.2%          | 7.5%          | 7.2%          | 7.5%          | 7.1%          | 9.8%          |
| Franchise Fees (2)   | 7.0%          | 7.0%          | 7.0%          | 7.0%          | 7.0%          | 7.0%          | 7.0%          | 7.0%          |
| Other Expenses       | 15.5%         | 16.4%         | 15.7%         | 16.6%         | 16.1%         | 16.4%         | 14.0%         | 23.3%         |
| EBITDA               | 16.3%         | 14.4%         | 15.5%         | 14.5%         | 17.0%         | 16.0%         | 18.3%         | 4.0%          |
| EBITDAR (3)          | 24.0%         | 22.2%         | 22.7%         | 22.0%         | 24.2%         | 23.5%         | 25.4%         | 13.8%         |

### Median Results

|                  | 2019    |         |         |         | 2020    |         |         |         |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                  | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 |
| COGS             | 25.9%   | 26.0%   | 27.4%   | 26.6%   | 25.3%   | 25.4%   | 26.1%   | 28.3%   |
| Gross Profit     | 74.1%   | 74.0%   | 72.6%   | 73.4%   | 74.7%   | 74.6%   | 73.9%   | 71.7%   |
| Labor & Benefits | 27.0%   | 28.5%   | 26.9%   | 27.2%   | 27.0%   | 27.6%   | 27.0%   | 28.4%   |
| Rent             | 7.3%    | 7.2%    | 6.8%    | 7.6%    | 6.8%    | 6.8%    | 6.8%    | 9.1%    |
| Franchise Fees   | 7.0%    | 7.0%    | 7.0%    | 7.0%    | 7.0%    | 7.0%    | 7.0%    | 7.0%    |
| Other Expenses   | 15.8%   | 16.6%   | 16.2%   | 16.9%   | 16.4%   | 16.5%   | 14.2%   | 23.4%   |
| EBITDA           | 15.3%   | 13.3%   | 15.3%   | 14.7%   | 16.4%   | 15.8%   | 17.7%   | 3.8%    |
| EBITDAR          | 24.2%   | 21.8%   | 22.7%   | 21.9%   | 24.3%   | 22.9%   | 24.8%   | 12.7%   |

The tables above in this Part 2 show selected average cost and margin, and the median values of those cost and margin results, for all 86 Perkins Restaurants that operated for a minimum of thirteen fiscal periods during each of FY2019 and FY2020, and were open as of the end of FY2020, April 28, 2020. The Cost and Margin information in the table for these Perkins Restaurants covers the thirteen periods of FY2020 and FY2019. For each fiscal year, the information is presented on a quarterly basis. (See the Notes below for information regarding the definitions and the categories of expenses shown in Part 2, and for the count and percentage of restaurants that performed better than the average presented in the first table of this Part 2.) These Perkins restaurants were owned and operated by PMC (the predecessor franchisor) during FY2019 and in FY2020 until October 3, 2019 (the Acquisition Date) when Perkins acquired them (these restaurants are referred to in this Item as “Company Owned Restaurants”). We selected restaurants that have been operated for a minimum of 24 months because a +24 month outlook helps to eliminate anomalies that may occur at a location operating less

than 2 years.

## **Part 2 – Operational Results for Company Owned Restaurants – Notes**

1. Methods - Part 2 provides selected costs of Company Owned Restaurants. Each category stands alone; meaning the store with the highest expense in one category may not be the same store with the highest expense in the next category. The weighted average costs are shown as a percent of Net Sales and is calculated by dividing the total cost of all 86 restaurants for each of the categories, by the total Net Sales of all 86 restaurants. Net Sales is Sales excluding promotions, discounts, employee meals, voids, and sales tax. Part 3 of this Item 19 includes information regarding the Net Sales of Company-owned Restaurants in FY2020. There is one Company-owned Restaurant that is included in Part 3, but which was not included in this Part 2 because it opened mid-year FY2019.

2. Description of Categories - The following terms are used in Part 2, and have the following meanings:

- a) “COGS” means the cost of food and beverage supplies used in the operation of the Perkins Restaurant. Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded (i.e., more favorable than) the average COGS (as a percentage of Net Sales) shown above for the applicable quarter.

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 38 / 44.2% | 43 / 50.0% | 43 / 50.0% | 42 / 48.8% | 45 / 52.3% | 44 / 51.2% | 47 / 54.7% | 35 / 40.7% |

- b) “Gross Profit” as used in this Item 19 means the Net Sales minus COGS. Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded the average Gross Profit (as a percentage of Net Sales) shown above for the applicable quarter.

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 38 / 44.2% | 43 / 50.0% | 43 / 50.0% | 42 / 48.8% | 45 / 52.3% | 44 / 51.2% | 47 / 54.7% | 35 / 40.7% |

- c) “Labor & Benefits” means the hourly labor cost of non-managerial staff working at the Perkins Restaurant, including overtime, and associated costs which include; payroll taxes, workers compensation, bonus, vacation pay, and hiring costs. Medical benefits and manager wages were excluded because these costs may be higher in Company Owned Restaurants than in franchised restaurants. The cost of managers varies significantly based on location and other factors. Often, Franchisees manage (at least in part) their own restaurants and may not provide medical benefits to employees. Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded (i.e., more favorable than) the average Labor & Benefits (as a percentage of Net Sales) shown above for the applicable quarter.

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 48 / 55.8% | 43 / 50.0% | 45 / 52.3% | 47 / 54.7% | 44 / 51.2% | 43 / 50.0% | 44 / 51.2% | 41 / 47.7% |

- d) “Rent” may include (as applicable under the lease arrangements for each unit) costs such as flat rent, percentage rent, common area maintenance, depreciation of leasehold improvements, depreciation of fixtures and equipment, real estate commissions, real estate taxes, real estate insurance, utilities, etc. Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded (i.e., more favorable than) the average Rent (as a percentage of Net Sales) shown above for the applicable quarter:

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 48 / 55.8% | 47 / 54.7% | 47 / 54.7% | 41 / 47.7% | 49 / 57.0% | 49 / 57.0% | 45 / 52.3% | 48 / 55.8% |

e) “Franchise Fees” – The adjustments to “Gross Profit” included in the table above under “Franchise Fees” are for Royalty Fees and contributions to the Fund. Company Owned Restaurants and new franchisees incur these fees as follows:

- Royalty fees payable to Perkins of 4.0% of Net Sales.
- Contributions to the Fund, which are currently 3.0% of Net Sales (but Perkins may increase the required contributions up to a maximum rate of 4% of Net Sales). Each Unit also incurs direct local marketing expenditures, but each operator’s actual costs will vary based on the activities for a particular Unit and local area. Franchisees are currently required to expend at least 1.0% of Net Sales on their local advertising expenditures.

Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded (i.e., more favorable than) the average Franchise Fees (as a percentage of Net Sales) shown above for the applicable quarter:

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 55 / 64.0% | 53 / 61.6% | 29 / 33.7% | 36 / 41.9% | 33 / 38.4% | 29 / 33.7% | 73 / 84.9% | 75 / 87.2% |

f) “EBITDA” means Earnings Before Interest, Taxes, Depreciation, and Amortizations. Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded the average EBITDA (as a percentage of Net Sales) shown above for the applicable quarter:

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 35 / 40.7% | 39 / 45.3% | 41 / 47.7% | 44 / 51.2% | 38 / 44.2% | 40 / 46.5% | 41 / 47.7% | 43 / 50.0% |

g) “EBITDAR” means Earnings Before Interest Tax Depreciation Amortization and Rent. Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded the average EBITDAR (as a percentage of Net Sales) shown above for the applicable quarter:

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 44 / 51.2% | 40 / 46.5% | 43 / 50.0% | 41 / 47.7% | 44 / 51.2% | 40 / 46.5% | 40 / 46.5% | 38 / 44.2% |

h) “Other” - There are additional types of expenses that operators are likely to incur, and which will be applied after determining the “Gross Profit.” The following are included as non-exhaustive examples from the Company Owned Restaurants operations.

- Controllable expenses – this includes utilities, operating supplies, contract services, office supplies, repairs and maintenance, credit card fees, uniforms, small equipment and miscellaneous expense.
- Other fixed costs – this includes equipment leases, business licenses, property taxes, property and casualty insurance, and professional services.

Of the 86 restaurants included above, the following are the number of units and % of units that met or exceeded (i.e., more favorable than) the average “Other” expenses (as a percentage of Net Sales) shown above for the applicable quarter:

| Q1-2019    | Q2-2019    | Q3-2019    | Q4-2019    | Q1-2020    | Q2-2020    | Q3-2020    | Q4-2020    |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 38 / 44.2% | 38 / 44.2% | 37 / 43.0% | 41 / 47.7% | 40 / 46.5% | 41 / 47.7% | 40 / 46.5% | 43 / 50.0% |

- i) Additional Factors and Costs - There will also be additional types of expenses, cost and deposits that you are likely to incur in operating a franchise, such as: equipment lease fees; franchisee compensation over and above that earned from the operations of the Franchise (such as a salary that you may draw); debt service; facilities and property maintenance (and reserves for future maintenance and replacement of equipment); business and regulatory fees and licenses; ongoing and supplemental training expenses; legal and accounting fees; bookkeeping and other professional services. Perkins recommends discussing all of these points with your accountant to be sure that you understand all of the costs that you will incur in running your business.
3. Company Owned Restaurants may have higher expenses in certain categories than similar franchised restaurant expenses due to franchised restaurants choosing to remove or reduce certain expenses, such as employee benefits, vacations, manager cost, overnight mail cost, employee screening, etc.
4. The date used in preparing the information above regarding FY2019 and FY2020 through October 3, 2019 was provided by PMC (which is the predecessor franchisor), and Perkins has not audited the data provided.

\* \* \* \*

### **Part 3 – FY2020 Daily Sales Averages for Restaurants open at least 50% of Quarter**

| <b><u>Franchised Restaurants</u></b> |                           |                       |                    |                      | <b><u>Company Owned Restaurants</u></b> |  |                           |                       |                    |                      |                   |
|--------------------------------------|---------------------------|-----------------------|--------------------|----------------------|---|--|---------------------------|-----------------------|--------------------|----------------------|-------------------|
|                                      | <b><u>Store Count</u></b> | <b><u>Average</u></b> | <b><u>High</u></b> | <b><u>Median</u></b> | <b><u>Low</u></b>                       |  | <b><u>Store Count</u></b> | <b><u>Average</u></b> | <b><u>High</u></b> | <b><u>Median</u></b> | <b><u>Low</u></b> |
| Q1                                   | 192                       | \$4,881               | \$9,945            | \$4,741              | \$1,188                                 |  | 87                        | \$5,626               | \$11,572           | \$5,367              | \$3,055           |
| Q2                                   | 193                       | \$4,686               | \$10,041           | \$4,531              | \$1,702                                 |  | 87                        | \$5,440               | \$11,729           | \$5,150              | \$2,908           |
| Q3                                   | 192                       | \$4,560               | \$9,906            | \$4,480              | \$1,386                                 |  | 87                        | \$5,767               | \$11,753           | \$5,409              | \$2,577           |
| Q4                                   | 193                       | \$2,867               | \$6,128            | \$2,886              | \$773                                   |  | 87                        | \$3,737               | \$7,215            | \$3,647              | \$1,549           |

This section is similar to Part 1, in that it shows the Daily Sales Averages, as defined in Part 1. The table in this Part 3 shows the average Daily Sales Average for all Perkins Restaurants that were open for more than half of the days in the quarter (which was at 42 days in each of Q1, Q2 and Q3, and at least 56 days in Q4), and were open on the last day of FY2020, April 28, 2020.

The above table is divided into 2 groups: Company Owned Restaurants and Franchised Restaurants.

#### **Franchised Restaurants**

- In Q1, of the 192 Franchised restaurants, 88 (45.8%) have Daily Sales Averages greater than the average of \$4,881.
- In Q2, of the 193 Franchised restaurants, 91 (47.2%) have Daily Sales Averages greater than the average of \$4,686.
- In Q3, of the 192 Franchised restaurants, 92 (47.9%) have Daily Sales Averages greater than the average of \$4,560.
- In Q4, of the 193 Franchised restaurants, 97 (50.3%) have Daily Sales Averages greater than the average of \$2,867.

### Company Owned Restaurants

- In Q1, of the 87 Company Owned Restaurants, 38 (43.7%) have Daily Sales Averages greater than the average of \$5,626.
- In Q2, of the 87 Company Owned Restaurants, 37 (42.5%) have Daily Sales Averages greater than the average of \$5,440.
- In Q3, of the 87 Company Owned Restaurants, 36 (41.4%) have Daily Sales Averages greater than the average of \$5,767.
- In Q4, of the 87 Company Owned Restaurants, 38 (43.7%) have Daily Sales Averages greater than the average of \$3,737.

### Units Not Included

There were more restaurants that reported Sales using direct import from the POS systems during the fiscal 2020 year (May 1, 2019 through April 28, 2020) than the number included in Part 1 and Part 3. This is due to restaurants closing during the year, and restaurants that were open fewer than the required number of days. These restaurants were excluded from the data presented. The units not included are described below. Additionally, there were approximately 22 franchised restaurants were in operation at the end of FY2020 that did not report sales directly from the POS systems used in the restaurants and which were not included in Part 1 or Part 2.

### Franchised Restaurants

- In Q1, 215 Franchised restaurants reported sales. Of these, 23 were not included, 22 closed before the end of the fiscal year and 1 was not open the required number of days, resulting in 192 restaurants included.
- In Q2, 213 Franchised restaurants reported sales. Of these, 20 were not included: 19 closed before the end of the fiscal year and 1 was not open the required number of days, resulting in 193 restaurants included.
- In Q3, 199 Franchised restaurants reported sales. Of these, 7 were not included: 5 closed before the end of the fiscal year and 2 were not open the required number of days, resulting in 192 restaurants included.
- In Q4, 195 Franchised restaurants reported sales. Of these, 2 were not included: 2 closed before the end of the fiscal year, resulting in 193 restaurants included.

### Company Owned Restaurants

- In Q1, 116 Company Owned restaurants reported sales. Of these, 29 were not included: 29 closed before the end of the fiscal year and 0 were not open the required number of days, resulting in 87 restaurants included.
- In Q2, 112 Company Owned restaurants reported sales. Of these, 25 were not included: 25 closed before the end of the fiscal year and 0 were not open the required number of days, resulting in 87 restaurants included.
- In Q3, 101 Company Owned restaurants reported sales. Of these, 14 were not included: 14 closed before the end of the fiscal year and 0 were not open the required number of days, resulting in 87 restaurants included.
- In Q4, 89 Company Owned restaurants reported sales. Of these, 2 were not included: 2 closed before the end of the fiscal year and 0 were not open the required number of days, resulting in 87 restaurants included.

\* \* \* \*

### Additional Notes to Item 19

Please note that this Item 19 includes financial performance information relevant to Perkins' standard Perkins Restaurants.

**Some Perkins Restaurants have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

Among other things, Perkins recommends that you make your own independent investigation and evaluation of the potential performance of your Perkins Restaurant, and consult with your attorney, accountant and other advisors before signing any franchise agreement. Perkins suggests that you develop and review with your professional advisors a pro forma cash flow statement, balance sheet and income statement, and that you make your own financial projections regarding sales, costs, customer base, and business development for your own Perkins Restaurant.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Perkins does not make any financial performance representations. Perkins also does not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing corporate-owned restaurant, however, Perkins may provide you with the actual records of that restaurant. 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 Melissa Rothring, 5901-B Peachtree Dunwoody Rd NE, Suite 450, Sandy Springs, GA 30328 (phone: 770.325.1372; fax: 770.325.1316; email: [mrothring@AscentHM.com](mailto:mrothring@AscentHM.com)), the Federal Trade Commission, and the appropriate state regulatory agencies.

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## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

*Table No. 1*

### Systemwide Outlet Summary For years 2017 to 2019

| Column 1<br><b>Outlet Type</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at the Start of the Year</b> | Column 4<br><b>Outlets at the End of the Year</b> | Column 5<br><b>Net Change</b> |
|--------------------------------|-------------------------|---|---|-------------------------------|
| Franchised                     |                         |   |   |                               |
|                                | 2017                    | 262   | 269   | 7                             |
|                                | 2018                    | 269   | 255   | -14                           |
|                                | 2019                    | 255   | 230   | -25                           |
|                                | FY2019                  | 230   | 224   | -6                            |
| Company-Owned                  |                         |   |   |                               |
|                                | 2017                    | 132   | 124   | -8                            |
|                                | 2018                    | 124   | 117   | 7                             |
|                                | 2019                    | 117   | 90  | -27                           |
|                                | FY2019                  | 90  | 89  | -1                            |
| <b>Total Outlets</b>           |                         |   |   |                               |
|                                | <b>2017</b>             | <b>394</b>  | <b>393</b>  | <b>-1</b>                     |
|                                | <b>2018</b>             | <b>393</b>  | <b>372</b>  | <b>-21</b>                    |
|                                | <b>2019</b>             | <b>372</b>  | <b>320</b>  | <b>-52</b>                    |
|                                | <b>FY2020</b>           | <b>320</b>  | <b>313</b>  | <b>-7</b>                     |

#### **Notes to Table 1**

- As described in Item 1, on October 22, 2019, Perkins acquired the rights to the Perkins System and became the franchisor of the Perkins network and operator of the company-owned Perkins restaurants. For each Table in this Item 20, the information relating to periods before October 22, 2019 are based on our predecessors (PMC). PMC used a calendar fiscal year. Perkins first fiscal year ended April 28, 2020.
- Based on the differing fiscal years of PMC and Perkins, these Tables use the following periods:
  - 2017 = January 1, 2017 to December 31, 2017
  - 2018 = January 1, 2018 to December 31, 2018
  - 2019 = January 1, 2019 to December 31, 2019
  - FY2019 = January 1, 2020 to April 28, 2020, which the last day of Perkins's first fiscal year
- The Franchised units listed in Table 1 include the following number of units in Canada as of the end these years: 18 for 2017; 16 for 2018; 12 for 2019; and 7 for FY2019.

**Table No. 2**

**Transfers of Outlets from Franchisees to  
New Owners (other than the Franchisor)  
For years 2017 to 2019**

| <b>State</b> | <b>Year</b> | <b>Number of Transfers</b> |
|--------------|-------------|----------------------------|
| Pennsylvania |             |                            |
|              | 2017        | 0                          |
|              | 2018        | 16                         |
|              | 2019        | 5                          |
|              | FY2019      | 0                          |
| New York     |             |                            |
|              | 2017        | 0                          |
|              | 2018        | 1                          |
|              | 2019        | 1                          |
|              | FY2019      | 0                          |
| Florida      |             |                            |
|              | 2017        | 0                          |
|              | 2018        | 1                          |
|              | 2019        | 1                          |
|              | FY2019      | 0                          |
| Ohio         |             |                            |
|              | 2017        | 1                          |
|              | 2018        | 11                         |
|              | 2019        | 6                          |
|              | FY2019      | 0                          |
| Minnesota    |             |                            |
|              |             |                            |
|              | 2018        | 6                          |
|              | 2019        | 0                          |
|              | FY2019      | 0                          |

| <b>State</b>  | <b>Year</b> | <b>Number of Transfers</b> |
|---------------|-------------|----------------------------|
| New Jersey    |             |                            |
|               | 2017        | 1                          |
|               | 2018        | 0                          |
|               | 2019        | 0                          |
|               | FY2019      |                            |
| South Dakota  |             |                            |
|               | 2017        | 0                          |
|               | 2018        | 0                          |
|               | 2019        | 2                          |
|               | FY2019      | 0                          |
| Washington    |             |                            |
|               |             |                            |
|               | 2018        | 0                          |
|               | 2019        | 1                          |
|               | FY2019      | 0                          |
| West Virginia |             |                            |
|               | 2017        | 2                          |
|               | 2018        | 0                          |
|               | 2019        | 0                          |
|               | FY2019      |                            |
| Wisconsin     |             |                            |
|               | 2017        | 0                          |
|               | 2018        | 9                          |
|               | 2019        | 1                          |
|               | FY2019      | 0                          |
| Alberta       |             |                            |
|               | 2017        | 0                          |
|               | 2018        | 1                          |
|               | 2019        | 0                          |
|               | FY2019      | 0                          |

| <b>State</b>     | <b>Year</b> | <b>Number of Transfers</b> |
|------------------|-------------|----------------------------|
| Toronto, Ontario |             |                            |
|                  | 2017        | 0                          |
|                  | 2018        | 1                          |
|                  | 2019        | 0                          |
|                  | FY2019      | 0                          |
| <b>Total</b>     |             |                            |
|                  | 2017        | 4                          |
|                  | 2018        | 46                         |
|                  | 2019        | 17                         |
|                  | FY2019      | 0                          |

#### **Notes to Table 2**

4. Based on the differing fiscal years of PMC and Perkins, these Tables use the following periods:

- 2017 = January 1, 2017 to December 31, 2017
- 2018 = January 1, 2018 to December 31, 2018
- 2019 = January 1, 2019 to December 31, 2019
- FY2019 = January 1, 2020 to April 28, 2020, which the last day of Perkins's first fiscal year

5. States not listed above had no transfers during 2017, 2018, or 2019

**Table No. 3**

**Status of Franchised Outlets**  
**For years 2017 to 2019**

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| Arizona                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| Arkansas                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Colorado                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 4   | 0                                 | 1                               | 0                               | 0   | 0  | 3   |
|                          | 2018                    | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
|                          | 2019                    | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
|                          | FY2019                  | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
| Delaware                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Florida                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 10  | 0                                 | 0                               | 0                               | 0   | 0  | 10  |
|                          | 2018                    | 10  | 2                                 | 0                               | 0                               | 0   | 0  | 12  |
|                          | 2019                    | 12  | 0                                 | 0                               | 0                               | 0   | 0  | 12  |
|                          | FY2019                  | 12  | 0                                 | 0                               | 0                               | 0   | 0  | 12  |
| Georgia                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Idaho                    |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 4   | 0                                 | 0                               | 0                               | 0   | 0  | 4   |
|                          | 2018                    | 4   | 0                                 | 0                               | 0                               | 0   | 0  | 4   |
|                          | 2019                    | 4   | 0                                 | 0                               | 0                               | 0   | 0  | 4   |
|                          | FY2019                  | 4   | 0                                 | 0                               | 0                               | 0   | 0  | 4   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| Indiana                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | 2018                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | 2019                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | FY2019                  | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
| Iowa                     |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 7   | 1                                 | 0                               | 0                               | 0   | 0  | 8   |
|                          | 2018                    | 8   | 0                                 | 0                               | 0                               | 0   | 0  | 8   |
|                          | 2019                    | 8   | 0                                 | 1                               | 0                               | 0   | 0  | 7   |
|                          | FY2019                  | 7   | 0                                 | 0                               | 0                               | 0   | 0  | 7   |
| Kansas                   |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | 2018                    | 5   | 1                                 | 0                               | 0                               | 0   | 1  | 5   |
|                          | 2019                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | FY2019                  | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
| Maryland                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Michigan                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Minnesota                |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 29  | 1                                 | 0                               | 0                               | 0   | 0  | 30  |
|                          | 2018                    | 30  | 2                                 | 0                               | 0                               | 0   | 4  | 28  |
|                          | 2019                    | 28  | 1                                 | 1                               | 0                               | 0   | 0  | 28  |
|                          | FY2019                  | 28  | 0                                 | 0                               | 0                               | 0   | 0  | 28  |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| Missouri                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Montana                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 8   | 0                                 | 0                               | 0                               | 0   | 0  | 8   |
|                          | 2018                    | 8   | 0                                 | 0                               | 0                               | 0   | 0  | 8   |
|                          | 2019                    | 8   | 0                                 | 2                               | 0                               | 0   | 0  | 6   |
|                          | FY2019                  | 6   | 0                                 | 0                               | 0                               | 0   | 0  | 6   |
| Nebraska                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 9   | 0                                 | 0                               | 0                               | 0   | 0  | 9   |
|                          | 2018                    | 9   | 1                                 | 0                               | 0                               | 0   | 2  | 8   |
|                          | 2019                    | 8   | 1                                 | 0                               | 0                               | 0   | 0  | 9   |
|                          | FY2019                  | 9   | 0                                 | 0                               | 0                               | 0   | 0  | 9   |
| New Jersey               |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 14  | 0                                 | 0                               | 0                               | 0   | 1  | 13  |
|                          | 2018                    | 13  | 0                                 | 0                               | 0                               | 0   | 3  | 10  |
|                          | 2019                    | 10  | 0                                 | 0                               | 1                               | 0   | 0  | 9   |
|                          | FY2019                  | 9   | 0                                 | 0                               | 0                               | 0   | 0  | 9   |
| New York                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 9   | 1                                 | 0                               | 0                               | 0   | 1  | 9   |
|                          | 2018                    | 9   | 0                                 | 0                               | 0                               | 0   | 2  | 7   |
|                          | 2019                    | 7   | 0                                 | 0                               | 0                               | 0   | 0  | 7   |
|                          | FY2019                  | 7   | 0                                 | 0                               | 0                               | 0   | 0  | 7   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| North Carolina           |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 0   | 0                                 | 0                               | 0                               | 0   | 0  | 0   |
|                          | 2018                    | 0   | 0                                 | 0                               | 0                               | 0   | 0  | 0   |
|                          | 2019                    | 0   | 0                                 | 0                               | 0                               | 0   | 0  | 0   |
|                          | FY2019                  | 0   | 0                                 | 0                               | 0                               | 0   | 0  | 0   |
| North Dakota             |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
|                          | 2018                    | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
|                          | 2019                    | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
|                          | FY2019                  | 3   | 0                                 | 0                               | 0                               | 0   | 0  | 3   |
| Ohio                     |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 27  | 0                                 | 0                               | 0                               | 0   | 0  | 27  |
|                          | 2018                    | 27  | 0                                 | 0                               | 0                               | 0   | 0  | 27  |
|                          | 2019                    | 27  | 0                                 | 2                               | 0                               | 0   | 5  | 20  |
|                          | FY2019                  | 20  | 0                                 | 0                               | 0                               | 0   | 0  | 20  |
| Pennsylvania             |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 46  | 6                                 | 0                               | 0                               | 0   | 0  | 52  |
|                          | 2018                    | 52  | 0                                 | 0                               | 1                               | 0   | 3  | 48  |
|                          | 2019                    | 48  | 0                                 | 0                               | 0                               | 0   | 10   | 38  |
|                          | FY2019                  | 38  | 0                                 | 0                               | 0                               | 0   | 0  | 38  |
| South Carolina           |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| South Dakota             |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 12  | 1                                 | 0                               | 0                               | 0   | 0  | 13  |
|                          | 2018                    | 13  | 1                                 | 0                               | 1                               | 0   | 0  | 13  |
|                          | 2019                    | 13  | 0                                 | 0                               | 0                               | 0   | 0  | 13  |
|                          | FY2019                  | 13  | 0                                 | 0                               | 0                               | 0   | 0  | 13  |
| Tennessee                |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 7   | 0                                 | 0                               | 0                               | 0   | 0  | 7   |
|                          | 2018                    | 7   | 1                                 | 0                               | 0                               | 0   | 0  | 8   |
|                          | 2019                    | 8   | 0                                 | 0                               | 0                               | 0   | 0  | 8   |
|                          | FY2019                  | 8   | 0                                 | 0                               | 0                               | 0   | 1  | 7   |
| Utah                     |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                          | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| Virginia                 |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2018                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2019                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | FY2019                  | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
| Washington               |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2018                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2019                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | FY2019                  | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| West Virginia            |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2018                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2019                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | FY2019                  | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
| Wisconsin                |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 26  | 0                                 | 1                               | 0                               | 0   | 0  | 25  |
|                          | 2018                    | 25  | 0                                 | 0                               | 1                               | 0   | 2  | 22  |
|                          | 2019                    | 22  | 0                                 | 1                               | 0                               | 0   | 0  | 21  |
|                          | FY2019                  | 21  | 0                                 | 0                               | 0                               | 0   | 0  | 21  |
| Wyoming                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | 2018                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | 2019                    | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
|                          | FY2019                  | 5   | 0                                 | 0                               | 0                               | 0   | 0  | 5   |
| <b>Totals US</b>         |                         |   |                                   |                                 |                                 |   |  |   |
|                          | <b>2017</b>             | <b>245</b>                                  | <b>10</b>                         | <b>2</b>                        | <b>0</b>                        | <b>0</b>                                    | <b>2</b>   | <b>251</b>                                    |
|                          | <b>2018</b>             | <b>251</b>                                  | <b>8</b>                          | <b>0</b>                        | <b>3</b>                        | <b>0</b>                                    | <b>17</b>  | <b>239</b>                                    |
|                          | <b>2019</b>             | <b>239</b>                                  | <b>2</b>                          | <b>7</b>                        | <b>1</b>                        | <b>0</b>                                    | <b>15</b>  | <b>218</b>                                    |
|                          | <b>FY2019</b>           | <b>218</b>                                  | <b>0</b>                          | <b>0</b>                        | <b>0</b>                        | <b>0</b>                                    | <b>1</b>   | <b>217</b>                                    |
| <b>CANADA</b>            |                         |   |                                   |                                 |                                 |   |  |   |
| Alberta                  |                         |   |                                   |                                 |                                 |   |  |   |
|                          | 2017                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2018                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | 2019                    | 2   | 0                                 | 0                               | 0                               | 0   | 0  | 2   |
|                          | FY2019                  | 2   | 0                                 | 1                               | 0                               | 0   | 1  | 0   |

| Column 1<br><b>State</b>      | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Terminations</b> | Column 6<br><b>Non-Renewals</b> | Column 7<br><b>Reacquired by Franchisor</b> | Column 8<br><b>Ceased Operations Other Reasons</b> | Column 9<br><b>Outlets at End of the Year</b> |
|-------------------------------|-------------------------|---|-----------------------------------|---------------------------------|---------------------------------|---|--|---|
| British Columbia              |                         |   |                                   |                                 |                                 |   |  |   |
|                               | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                               | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                               | 2019                    | 1   | 0                                 | 1                               | 0                               | 0   | 0  | 0   |
|                               | FY2019                  | 0   | 0                                 | 0                               | 0                               | 0   | 0  | 0   |
| Manitoba                      |                         |   |                                   |                                 |                                 |   |  |   |
|                               | 2017                    | 7   | 0                                 | 0                               | 0                               | 0   | 0  | 7   |
|                               | 2018                    | 7   | 0                                 | 0                               | 0                               | 0   | 1  | 6   |
|                               | 2019                    | 6   | 0                                 | 3                               | 0                               | 0   | 0  | 3   |
|                               | FY2019                  | 3   | 0                                 | 3                               | 0                               | 0   | 0  | 0   |
| Ontario                       |                         |   |                                   |                                 |                                 |   |  |   |
|                               | 2017                    | 6   | 1                                 | 0                               | 0                               | 0   | 0  | 7   |
|                               | 2018                    | 7   | 0                                 | 0                               | 0                               | 0   | 1  | 6   |
|                               | 2019                    | 6   | 0                                 | 0                               | 0                               | 0   | 0  | 6   |
|                               | FY2019                  | 6   | 0                                 | 0                               | 0                               | 0   | 0  | 6   |
| Saskatche-wan                 |                         |   |                                   |                                 |                                 |   |  |   |
|                               | 2017                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                               | 2018                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                               | 2019                    | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
|                               | FY2019                  | 1   | 0                                 | 0                               | 0                               | 0   | 0  | 1   |
| <b>Totals US &amp; Canada</b> |                         |   |                                   |                                 |                                 |   |  |   |
|                               | <b>2017</b>             | <b>262</b>                                  | <b>11</b>                         | <b>2</b>                        | <b>0</b>                        | <b>0</b>                                    | <b>2</b>   | <b>269</b>                                    |
|                               | <b>2018</b>             | <b>269</b>                                  | <b>8</b>                          | <b>0</b>                        | <b>3</b>                        | <b>0</b>                                    | <b>19</b>  | <b>255</b>                                    |
|                               | <b>2019</b>             | <b>255</b>                                  | <b>2</b>                          | <b>11</b>                       | <b>1</b>                        | <b>0</b>                                    | <b>15</b>  | <b>230</b>                                    |
|                               | <b>FY2019</b>           | <b>230</b>                                  | <b>0</b>                          | <b>4</b>                        | <b>0</b>                        | <b>0</b>                                    | <b>2</b>   | <b>224</b>                                    |

### **Notes to Table 3**

1. Based on the differing fiscal years of PMC and Perkins, these Tables use the following periods:
  - 2017 = January 1, 2017 to December 31, 2017
  - 2018 = January 1, 2018 to December 31, 2018
  - 2019 = January 1, 2019 to December 31, 2019
  - FY2019 = January 1, 2020 to April 28, 2020, which is the last day of Perkins's first fiscal year
2. There are no franchised outlets located in any state not listed above.
3. The totals of the franchised units listed in Table 3 include the following number of units in Canada as of the end these years: 18 for 2017; 16 for 2018; 12 for 2019; and 7 for FY2019.

**Table No. 4**

**Status of Company-Owned Outlets  
For years 2017 to 2019**

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets<br/>at Start<br/>of the<br/>Year</b> | Column 4<br><b>Outlets<br/>Opened</b> | Column 5<br><b>Outlets<br/>Reacquired<br/>From<br/>Franchisee</b> | Column 6<br><b>Outlets<br/>Closed</b> | Column 7<br><b>Outlets<br/>Sold to<br/>Franchisee</b> | Column 8<br><b>Outlets at<br/>End of<br/>the Year</b> |
|--------------------------|-------------------------|---|---------------------------------------|---|---------------------------------------|---|---|
| Colorado                 |                         |   |                                       |   |                                       |   |   |
|                          | 2017                    | 4   | 0                                     | 0   | 0                                     | 0   | 4   |
|                          | 2018                    | 4   | 0                                     | 0   | 0                                     | 0   | 4   |
|                          | 2019                    | 4   | 0                                     | 0   | 3                                     | 0   | 1   |
|                          | FY2019                  | 1   | 0                                     | 0   | 0                                     | 0   | 1   |
| Florida                  |                         |   |                                       |   |                                       |   |   |
|                          | 2017                    | 31  | 0                                     | 0   | 0                                     | 0   | 31  |
|                          | 2018                    | 31  | 0                                     | 0   | 1                                     | 2   | 28  |
|                          | 2019                    | 28  | 0                                     | 0   | 7                                     | 0   | 21  |
|                          | FY2019                  | 21  | 0                                     | 0   | 0                                     | 0   | 21  |
| Illinois                 |                         |   |                                       |   |                                       |   |   |
|                          | 2017                    | 5   | 0                                     | 0   | 0                                     | 0   | 5   |
|                          | 2018                    | 5   | 0                                     | 0   | 0                                     | 0   | 5   |
|                          | 2019                    | 5   | 0                                     | 0   | 1                                     | 0   | 4   |
|                          | FY2019                  | 4   | 0                                     | 0   | 0                                     | 0   | 4   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of the Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Outlets Reacquired From Franchisee</b> | Column 6<br><b>Outlets Closed</b> | Column 7<br><b>Outlets Sold to Franchisee</b> | Column 8<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---|-----------------------------------|---|---|
| Iowa                     |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 16  | 1                                 | 0   | 1                                 | 0   | 16  |
|                          | 2018                    | 16  | 0                                 | 0   | 0                                 | 0   | 16  |
|                          | 2019                    | 16  | 0                                 | 0   | 0                                 | 0   | 16  |
|                          | FY2019                  | 16  | 0                                 | 0   | 1                                 | 0   | 15  |
| Kansas                   |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 2   | 0                                 | 0   | 0                                 | 0   | 2   |
|                          | 2018                    | 2   | 0                                 | 0   | 0                                 | 0   | 2   |
|                          | 2019                    | 2   | 0                                 | 0   | 2                                 | 0   | 0   |
|                          | FY2019                  | 0   | 0                                 | 0   | 0                                 | 0   | 0   |
| Minnesota                |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 40  | 0                                 | 0   | 1                                 | 0   | 39  |
|                          | 2018                    | 39  | 0                                 | 0   | 2                                 | 2   | 35  |
|                          | 2019                    | 35  | 1                                 | 0   | 7                                 | 1   | 28  |
|                          | FY2019                  | 28  | 0                                 | 0   | 0                                 | 0   | 28  |
| Missouri                 |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 7   | 0                                 | 0   | 1                                 | 0   | 6   |
|                          | 2018                    | 6   | 0                                 | 0   | 0                                 | 0   | 6   |
|                          | 2019                    | 6   | 0                                 | 0   | 1                                 | 0   | 5   |
|                          | FY2019                  | 5   | 0                                 | 0   | 0                                 | 0   | 5   |
| North Dakota             |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 4   | 0                                 | 0   | 0                                 | 0   | 4   |
|                          | 2018                    | 4   | 0                                 | 0   | 0                                 | 0   | 4   |
|                          | 2019                    | 4   | 0                                 | 0   | 1                                 | 0   | 3   |
|                          | FY2019                  | 3   | 0                                 | 0   | 0                                 | 0   | 3   |

| Column 1<br><b>State</b> | Column 2<br><b>Year</b> | Column 3<br><b>Outlets at Start of the Year</b> | Column 4<br><b>Outlets Opened</b> | Column 5<br><b>Outlets Reacquired From Franchisee</b> | Column 6<br><b>Outlets Closed</b> | Column 7<br><b>Outlets Sold to Franchisee</b> | Column 8<br><b>Outlets at End of the Year</b> |
|--------------------------|-------------------------|---|-----------------------------------|---|-----------------------------------|---|---|
| Oklahoma                 |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 1   | 0                                 | 0   | 0                                 | 0   | 1   |
|                          | 2018                    | 1   | 0                                 | 0   | 0                                 | 0   | 1   |
|                          | 2019                    | 1   | 0                                 | 0   | 0                                 | 0   | 1   |
|                          | FY2019                  | 1   | 0                                 | 0   | 0                                 | 0   | 1   |
| Pennsylvania             |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 5   | 0                                 | 0   | 0                                 | 5   | 0   |
|                          | 2018                    | 0   | 0                                 | 0   | 0                                 | 0   | 0   |
|                          | 2019                    | 0   | 0                                 | 0   | 0                                 | 0   | 0   |
|                          | FY2019                  | 0   | 0                                 | 0   | 0                                 | 0   | 0   |
| Tennessee                |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 2   | 0                                 | 0   | 0                                 | 0   | 2   |
|                          | 2018                    | 2   | 0                                 | 0   | 0                                 | 0   | 2   |
|                          | 2019                    | 2   | 0                                 | 0   | 0                                 | 0   | 2   |
|                          | FY2019                  | 2   | 0                                 | 0   | 0                                 | 0   | 2   |
| Wisconsin                |                         |   |                                   |   |                                   |   |   |
|                          | 2017                    | 15  | 0                                 | 0   | 1                                 | 0   | 14  |
|                          | 2018                    | 14  | 0                                 | 0   | 0                                 | 0   | 14  |
|                          | 2019                    | 14  | 0                                 | 0   | 5                                 | 0   | 9   |
|                          | FY2019                  | 9   | 0                                 | 0   | 0                                 | 0   | 9   |
| <b>Totals</b>            |                         |   |                                   |   |                                   |   |   |
|                          | <b>2017</b>             | <b>132</b>                                      | <b>1</b>                          | <b>0</b>  | <b>4</b>                          | <b>5</b>                                      | <b>124</b>                                    |
|                          | <b>2018</b>             | <b>124</b>                                      | <b>0</b>                          | <b>0</b>  | <b>3</b>                          | <b>4</b>                                      | <b>117</b>                                    |
|                          | <b>2019</b>             | <b>117</b>                                      | <b>1</b>                          | <b>0</b>  | <b>27</b>                         | <b>1</b>                                      | <b>90</b>                                     |
|                          | <b>FY2019</b>           | <b>90</b>                                       | <b>0</b>                          | <b>0</b>  | <b>1</b>                          | <b>0</b>                                      | <b>89</b>                                     |

#### **Notes to Table 4**

1. Based on the differing fiscal years of PMC and Perkins, these Tables use the following periods:
  - 2017 = January 1, 2017 to December 31, 2017
  - 2018 = January 1, 2018 to December 31, 2018
  - 2019 = January 1, 2019 to December 31, 2019
  - FY2019 = January 1, 2020 to April 28, 2020, which is the last day of Perkins's first fiscal year
2. There are no company owned outlets located in any state not listed above.

**Table No. 5**

**Projected Openings as of April 28, 2020**

| State         | Franchise Agreements Signed by Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year* | Projected New Company-Owned Outlet in the Next Fiscal Year |
|---------------|--|--|--|
| Arizona       | 1  | 0  | 0  |
| Delaware      | 1  | 0  |  |
| Florida       | 0  | 3  | 0  |
| Iowa          | 0  | 1  | 0  |
| Maryland      | 0  | 2  | 0  |
| Nebraska      | 0  | 1  | 0  |
| New York      | 0  | 2  | 0  |
| North Dakota  | 0  | 1  | 0  |
| Ohio          | 0  | 1  | 0  |
| Pennsylvania  | 0  | 3  | 0  |
| South Dakota  | 0  | 1  | 0  |
| Tennessee     | 0  | 1  | 0  |
| <b>Totals</b> | <b>2</b>   | <b>16</b>  | <b>0</b>   |

#### **Notes to Table 5**

1. The projections above are for Perkins' current fiscal year, which began on April 29, 2020 and ends April 27, 2021.
2. There are no projected openings or pending outlets to be located in any state not listed above.
3. \*In addition to the signed Franchise Agreements noted in Table 5 above, there are an additional 10 Units that are required to be developed by developers under signed Development Agreements.

No franchisees or developers have signed a confidentiality clause in a franchise agreement, settlement or other contract during the last three years that would restrict their ability to speak openly about their experience with us.

The names, addresses and telephone numbers for each of Perkins' current Standard Unit franchisees are listed in **Exhibit D** of this Disclosure Document. The name, city and state, and current business telephone number (or last known home telephone number) for each of the Standard Unit franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with Perkins during the most recently completed fiscal year and/or has not communicated with Perkins within the past 10 weeks are also listed in **Exhibit D** of this Disclosure Document. As of April 28, 2020, approximately 80% of the franchised restaurants (180 out of 224) in the Perkins System have been remodeled and 93% of the corporate restaurants (83 out of 89) have been remodeled.

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

Perkins does not sponsor or endorse trademark-specific franchisee organizations and, as of the date of this Disclosure Document, no independent franchisee association has requested to be included in this Item 20.

Perkins' current policy is to provide a referral bonus to our franchisees in connection with the sale of franchises to new franchisees entering our System. Under Perkins' current policy, the referral bonus is \$7,500 and will apply when a franchisee submits to Perkins the name and contact information of a new franchisee candidate ("new" means that Perkins has not received the candidate's name from another lead generation source during the prior six month), Perkins determines that the candidate is qualified, and candidate purchases one or more franchise from Perkins (by signing a franchise agreement and paying the franchise fee) within six months after the franchisee made the referral to Perkins. If more than one franchisee refers the same candidate to us, the referral bonus will be split between the referring franchisees.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached as **Exhibit E** are the audited consolidated financial statements for Perkins LLC as of April 28, 2020. **Exhibit E** also contains the Independent Auditors' Report.

Also attached as **Exhibit E** are the unaudited financial statements for Perkins LLC for the period ended August 18, 2020.

As described in Item 1, Perkins LLC was formed on September 26, 2019, in anticipation of purchasing the Perkins Business from bankruptcy action commence by the predecessor franchisor. Perkins LLC became the franchisor of the existing Perkins franchisees after completing the purchase of the Perkins Business in October 2019, and began offering and selling franchises as of the date of this Disclosure Document, and Perkins LLC had not previously prepared audited financial statements. Therefore, Perkins LLC has no audited statements to provide other than those noted above.

## **ITEM 22. CONTRACTS**

Attached as **Exhibit A** are Perkins' standard contracts, and certain acknowledgments and receipts, including:

- A-1 Franchise Agreement
- A-2 Market Development Agreement
- A-3 Acknowledgements
- A-4A Corporate Resolution
- A-4B Certificate of Members (LLC)
- A-5 Guaranty (Individual)

- A-6A Shareholders Guaranty and Agreement
- A-6B Members Guaranty and Agreement
- A-7 Guaranty (Entity)
- A-8 Training Agreement
- A-9 Lease Agreement Perkins Lessor
- A-10 Collateral Assignment Of Lease
- A-11 Promissory Note
- A-12 Non-Disturbance, Subordination and Attornment Agreement

### **ITEM 23. RECEIPTS**

**Exhibit K** of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us.

## **EXHIBIT A**

### **PERKINS STANDARD CONTRACTS**

- A-1 Franchise Agreement
- A-2 Market Development Agreement
- A-3 Acknowledgements
- A-4A Corporate Resolution
- A-4B Certificate of Members (LLC)
- A-5 Guaranty (Individual)
- A-6A Shareholders Guaranty and Agreement
- A-6B Members Guaranty and Agreement
- A-7 Guaranty (Entity)
- A-8 Training Agreement
- A-9 Lease Agreement Perkins Lessor
- A-10 Collateral Assignment of Lease
- A-11 Promissory Note
- A-12 Non-Disturbance, Subordination and Attornment Agreement

PERKINS

FRANCHISE AGREEMENT

COPYRIGHT 2020  
PERKINS LLC

**Franchisee:**

FRANCHISEE NAME  
a STATE ENTITY TYPE

**Principal business  
address:**

FRANCHISEE STREET ADDRESS FOR NOTICES  
FRANCHISEE CITY, STATE 00000

**Perkins Unit Number:** \_\_\_\_\_

**Unit City, State:** \_\_\_\_\_, \_\_\_\_\_

**Effective Date of this Franchise Agreement:** \_\_\_\_\_

## FRANCHISE AGREEMENT

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## FRANCHISE AGREEMENT

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## FRANCHISE AGREEMENT

### 1. PARTIES AND RECITALS

This Franchise Agreement (“**Agreement**”) is entered into as of the effective date shown on the cover page of this Agreement (the “**Effective Date**”) by and between PERKINS LLC, a Delaware limited liability company, with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Fulton County, Georgia 30328 (“**Company**”), and the individual or legal entity identified as the franchisee on the cover page of this Agreement (“**Operator**” or “**Franchise Owner**”), whose principal place of business is set forth on the cover page.

(a) Licensed Marks. Company owns or has the sole and exclusive right to license certain trade names, trademarks, service marks, logos, symbols and other indicia of origin (the “**Licensed Marks**”), including but not limited to, “Perkins Restaurant & Bakery”, “Perkins” and such other trade names, trademarks, service marks, associated logos and symbols as are now designated by Company (and as may hereafter be designated by Company in writing).

(b) The Perkins System. Company has developed and owns a distinctive system relating to retail food sales and restaurant operations, which system as it presently exists is identified by the Licensed Marks and includes methods, standards and specifications that Company specifies from time to time, including regarding site evaluation and selection, equipment selection and layouts, accounting methods, merchandising, advertising, sales and promotional techniques, personnel training, and other matters relating to the operation and promotion of the restaurants that operate in buildings that display Company’s exterior and interior trade dress and the Licensed Marks (hereinafter collectively referred to as the “**Perkins System**” or “**System**”). Each restaurant operating under the “Perkins System” or “System” is referred to as a “**Perkins Unit**”.

(c) Acceptance of License. Operator desires, upon the terms and conditions set forth herein, to obtain a license to operate a business which will utilize the Perkins System (the “**Franchised Business**”). Operator understands and acknowledges the importance of Company’s high standards of quality, cleanliness, appearance, and service and the necessity of operating the Franchised Business in conformity with Company’s standards and specifications.

### 2. GRANT OF FRANCHISE

(a) Right to Utilize Perkins System. Subject to all of the terms and conditions herein, Company hereby licenses to Operator the non-exclusive right, and Operator agrees to undertake the obligation, to operate one Franchised Business at one facility Company finds acceptable (hereinafter “**Unit**”) which is either owned or leased by Operator, solely at the address set forth in Exhibit B hereto (the “**Premises**”) and upon the real property more particularly described in Exhibit A hereto. If, as of the date on which the parties enter into this Agreement, the address of the Premises is not agreed-upon and specified in Exhibit B, then instead, Operator agrees to identify and secure a site to be the Premises under the terms of Section 7(a)(i) below and the Site Selection Addendum attached to this Agreement as Exhibit E (the “**Site Selection Addendum**”).

(b) Franchised Business Limited to Premises. Operator acknowledges and agrees that:

(i) The rights granted herein relate solely to the Premises and the Unit thereon, and afford Operator no right to construct or operate any additional, expanded or modified facilities on the Premises, nor any right to construct or operate the Franchised Business at any location other than the Premises. Operator further acknowledges and agrees that this Agreement shall not give Operator the right to enter into subfranchise, contract manager or similar agreements regarding the operation of any unit utilizing the Perkins System.

(ii) Operator shall only sell to retail customers from the Unit for consumption on the Premises or for personal carry-out consumption by the customer and for catering services provided at off-Premises locations (“**Catering**”), and/or delivery service in the Territory (as defined below) or other pre-approved geographic areas, but only in accordance with the terms and conditions stated in this Agreement and in Company’s Confidential Operations Manual, which are more fully described in Section 9 hereof, or otherwise in writing by the Company. All Catering and delivery activities shall be subject to the terms of Sections 16 and 18 below. Operator shall not sell any products (e.g., food items, novelty items, sauces, etc.) by or through any other means or channels, including, without limitation, catalogs, direct mail, toll-free numbers or by use of the Internet.

(iii) Operator may advertise and market the services of the Franchised Business and directly solicit customers only within the Territory. Operator is not permitted to: (a) advertise or market the services of the Franchised Business outside of the Territory; or (b) directly solicit customers outside of the Territory. “**Direct solicitation**” includes solicitation in person, by telephone, by mail, by email or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials. Company may periodically establish rules and policies regarding solicitations that may reach areas with multiple franchisees. Company does not have any obligation to enforce such rules or policies, nor does Company represent or guarantee to Operator that other Perkins Units will always abide by advertising rules, and Company will have no liability to Operator if that occurs.

(c) Territorial Protection. While this Agreement is in effect, unless stated otherwise in an addendum to this Agreement and except as otherwise provided in Sections 2(d) and 2(e) below, Company shall not establish or operate, or franchise others to establish or operate, a Perkins Unit at any location within the “Territory.” The “**Territory**” is specified in Exhibit B.

(d) Company’s Retained Rights and Exclusions from Territorial Protection. Except as expressly provided in Section 2(c) above, Company and its affiliates (including parents, subsidiaries and related companies) have the right to conduct any business activities, under any name, in any geographic area, and at any location, on any terms and conditions Company deems advisable without compensation or granting any rights to Operator. Among other things (and without limiting Company’s rights under the previous sentence), this means that Company and its affiliates have the right to do any or all of the following:

(i) To own, acquire, establish, and/or operate and license others to establish and operate, Perkins Units under the Perkins System at any location (a) outside of the Territory, or (b) inside the Territory on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes, military bases, government buildings, office complexes, high-rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for

immediate consumption (“**Non-Traditional Restaurants**”), notwithstanding such Perkins Unit’s proximity to, or impact on, the Franchised Business;

(ii) To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether such businesses are similar to or different from the Franchised Business, at any location within or outside of the Territory, notwithstanding such business’ proximity to, or impact on, the Franchised Business;

(iii) To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Territory, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Licensed Marks and System;

(iv) To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary mark(s), including the Licensed Marks: from any location notwithstanding such location’s proximity to, or impact on, the Franchised Business; at and/or to accounts other than Perkins Units (other than as Non-Traditional Restaurants) operated inside the Territory (including without limitation educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national or group accounts); to retail food outlets (including without limitation supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including without limitation warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the Internet and mobile applications), phone sales, or other distributions means or methods that may be developed following the date of this Agreement to any customer regardless of their location; and

(v) To create, place, and/or distribute or authorize others to create, place, and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Territory.

(e) **Loss of Territorial Protection.** If Operator receives three (3) or more written notices from Company for violations of this Agreement during any twelve (12) month period, whether or not Operator cured the defaults after notice from Company, Company shall have the right to eliminate or reduce the Territory granted under Section 2(c) above by providing Operator with written notice of such action. Nothing in this Section 2(e) shall limit or otherwise modify Company’s rights with respect to enforcement against Operator for any of Operator’s defaults, including Company’s rights to terminate this Agreement under Section 14.

### 3. TERM

(a) **Initial Term.** Except as provided herein, the initial term of this Agreement (“**Initial Term**”) shall commence on the Effective Date, and unless sooner terminated in accordance with the provisions hereof, shall expire twenty (20) years from the Effective Date or as otherwise set forth on Exhibit B hereof if a predetermined date.

(b) **Renewal Terms.** Provided Operator is not in default under this Agreement or any other agreements with Company, both at the time of notice and prior to renewal, and has complied with all of their provisions during the Initial Term, including without limitation the timely payment of all fees, Operator may renew the rights to operate the Franchised Business for an additional term of ten (10) years (the “**Renewal Term**”). Prior to the first day of the Renewal Term, Operator shall pay to Company a

renewal fee equal to twenty-five percent (25%) of the then current initial franchise fee charged by Company and comply with Company's then current terms and conditions for granting renewal franchises, which may include: (i) execution of Company's then current form of franchise agreement which will supersede this Agreement in all respects (except that any renewal provisions in such agreement shall not create options for any renewal periods beyond those provided in this Agreement), and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and marketing contribution or other changes in the fee structure; and (ii) a requirement that Operator perform such remodeling, repairs, replacements and redecoration in and upon the Premises, and upon the equipment and furnishings of the Unit to conform to then current standards. Company will not be obligated to offer or grant Operator an additional renewal agreement upon the expiration (or termination) of any renewal agreement with Company following the renewal terms specified above.

(c) Election to Renew. Operator must exercise its option to seek renewal by giving Company written notice of Operator's election to renew not less than six (6) nor more than twelve (12) months prior to the expiration of the Initial Term, if Operator is exercising its renewal option. In the event that Operator does not elect to exercise its option to renew, Company may elect to exercise its options, if the Premises are owned by or leased by Operator, under the terms and conditions of Section 15 below.

#### 4. OPERATING ASSISTANCE

(a) Assistance Prior to Commencement of Business. Prior to Operator's commencement of business, Company will provide Operator with the following:

(i) Up to thirty five (35) days of training (or such other amount of time as Company may deem appropriate, in its sole right and discretion) in the operation of the Franchised Business prior to its opening for Operator and/or its designated managerial personnel selected by Operator and approved by Company. Such training shall be conducted exclusively by Company or its designee at a site to be designated by Company; provided, however, Operator shall: (1) pay Company's then current initial training fee or tuition, which is due in full to Company before Operator begins construction of the Unit at the Premises; and (2) be responsible for and pay all costs and living expenses during and in connection with such training;

(ii) Such on-Premises pre-opening or opening assistance by Company or its representative(s) in the initial operation of the Franchised Business as Company may, in its discretion, deem appropriate, but in any event not to exceed twenty one (21) days;

(iii) Company may at reasonable times, and subject to the availability of Company personnel, upon the request of, and at no charge to Operator (except as otherwise expressly provided in this Agreement), furnish certain counseling and advisory services to Operator with respect to the site selection, construction, and pre-opening activities related to the operation of Perkins Restaurants; and

(iv) One (1) set of the Confidential Operations Manual (as hereinafter defined).

(b) Assistance During Term. During the term hereof, Company shall continue its efforts to maintain standards of quality, appearance and service at all Perkins Units, thereby maintaining the public image and reputation of the Perkins System and the demand for the products and services provided thereunder, and to that end Company may in its sole right and discretion, provide Operator with such of the following as Company shall deem appropriate:

(i) Information concerning operating problems, new techniques or operating methods disclosed by reports submitted to or evaluations made by Company;

(ii) Information with respect to new and improved methods of operation or business procedures, use of the Confidential Operations Manual, management materials, promotional materials, and the Licensed Marks;

(iii) So long as Operator is not in default under this Agreement, or any other agreement with Company, the opportunity to participate in group purchasing programs for inventory, supplies, insurance and equipment that Company may use, develop, sponsor or provide and upon such terms and conditions as may be determined solely by Company; and

(iv) Periodic evaluations of the Premises and other Perkins Units and of the products and services they offer.

(c) Reservation of Rights to Vary Assistance. Company specifically reserves the right, in its sole right and discretion, to vary:

(i) the standards throughout the Perkins System as set forth in Section 7 of this Agreement; and

(ii) the services and assistance that Company provides to some franchisees based upon the peculiarities of a particular site or circumstance, business potential, existing business practices, or any other factor that Company deems to be important to the successful operation of any Perkins Unit or the Perkins System. Operator shall have no recourse against Company on account of any variation to any franchisee and shall not be entitled to require Company to provide Operator with a like or similar variation hereunder.

## 5. FEES

(a) Initial Franchise Fee. The initial franchise fee shall be the amount set forth on Exhibit B hereof, which is paid in consideration of the franchise granted herein. The initial franchise fee, payment of which is hereby acknowledged, is fully-earned and non-refundable upon Operator executing this Agreement in consideration of administrative and other expenses incurred by Company in entering into this Agreement, for the lost or deferred opportunity of Company to enter into this Agreement with others, and Operator's immediate access to Company's confidential trade secrets, Licensed Marks, and the Perkins System. Operator may receive a partial refund of the initial franchise fee pursuant to Section 7(i) of this Agreement in the event Operator or its designated managerial personnel shall fail to complete initial training to the reasonable satisfaction of Company.

(b) Continuing Fee-Royalty. In return for the rights and licenses granted under this Agreement and the continuing services of Company, at all times after the commencement of operation by Operator, Operator shall pay to Company a weekly royalty fee equal to four percent (4.0%) of the Net Sales (as hereinafter defined). Operator acknowledges and agrees that the foregoing continuing royalty is fully earned by Company upon payment, and is actual and necessary for Operator's use of the Perkins System and Licensed Marks.

(c) Manner of Payment. Unless otherwise provided, all fees and other amounts due to Company hereunder shall be paid in the manner designated by Company in the Confidential Operations Manual, and such payments shall be accompanied by the statement required under Section 11 of this Agreement. In no way limiting the foregoing, Company requires Operator to establish an arrangement for

electronic funds transfer or deposit of any payments required hereunder, and shall execute such authorization form as Company may prescribe.

(d) Interest and Service Charges on Overdue Amounts and Rejected Payments. All monies to be paid to Company are due according to the terms stated by Company, which may change from time to time. Entitlement to such interest or service charges, as described below, shall be in addition to any other remedies Company may have. If any fee, royalty, rent, or any other amount due under this Agreement or any other Agreements with Company is not paid within five (5) days after such payment is due, or if any attempted payment is rejected, the following terms and conditions shall apply:

(i) For any overdue royalty, fee, or any other amount due except for rent payment, Operator shall pay Company immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less;

(ii) For any overdue rent payable to Company, Company shall have the right to charge a monthly service charge of five (5%) percent of such overdue amount(s), and this five (5%) percent service charge shall be added to the amount due to Company for each subsequent month that payment, including any compounded service charges, is late; and

(iii) If any payment due from Operator to Company is rejected (for insufficient funds or the payment otherwise fails for any other reason), then for each such rejected payment Operator shall, immediately upon demand, pay to Company the Company's then current rejected payment fee, which may include, without limitation, amounts to reimburse Company for all of Company's costs associated with such rejected payment (as of the Effective Date, Company's rejected payment fee is \$100 per occurrence).

(e) Net Sales. The term “**Net Sales**”, as used in this Agreement, shall mean the entire amount of the actual sales price, less any cash discounts or coupon discounts, whether wholly or partly for cash, of all merchandise and services sold and all other receipts by sale, barter or otherwise of all business conducted in and from the Premises, including, without limitation, all deposits not refunded to purchasers, all sales to employees or agents of the Operator and all orders taken in and from the Premises, including Catering and delivery activities, and all monies from any vending, electronic, or coin operated vending, game, or music machines (except for cigarette machines, for which Company does not collect royalties or other payments) located on the Premises. There shall be excluded from “**Net Sales**” any sums collected and paid out for any sales tax or excise tax based upon the sale or sales of merchandise and required by law, whether now or hereafter in force, to be paid by the Operator or collected from its customers to the extent that such taxes have been included in the actual sales price. The term “**Net Sales**” shall not include the amount of any cash refund made upon any sale where the merchandise sold, or some part thereof, is returned by the purchaser to and accepted by the Operator.

(f) Application of Payments. All payments by Operator pursuant to this Section 5 shall be applied in such order as Company may designate from time to time. Operator acknowledges and agrees that Operator may not designate an order for application of any fees different from that designated by Company and expressly acknowledges and agrees that Company may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed.

(g) Extraordinary Expenses. Operator shall pay all expenses incurred in the preparation of franchise documents, other legal documents and all other matters which are incurred due to the use of attorneys or others, who are not employees of Company and are utilized by Company, in its sole right and

discretion, for the preparation of documents and other matters done specifically for Operator's franchise, such documents or other matters being peculiar to Operator's franchise.

(h) Advertising Fund-Marketing Contribution. Company has established an advertising fund, as defined in Section 8(b). Operator shall be required to make a continuing weekly contribution to the Fund, which contribution shall be made as and when the weekly royalty fee required under Section 5(b) is paid, in an amount equal to three percent (3.0%) of the Net Sales. The amount of such contribution under Section 8(b) may increase, at Company's discretion, to an amount not to exceed four percent (4.0%) of the Net Sales; provided, however, that the amount shall not increase by more than one percent (1%) during a consecutive twelve (12) month period.

(i) Assistance with Computer System. In the event that Operator obtains from Company monthly services for the maintenance of, and assistance in operating, the Computer System, as described in Section 7(u), Operator shall pay to Company a monthly maintenance fee and/or help desk fee for such services.

(j) Reinstatement Fee for Purchases from Company. In the event that Operator purchases items from Company as described in Section 7(k), but fails to satisfy all payment requirements for such purchases, Company may discontinue further sales to Operator without liability to Company for discontinuing sales due to Operator's non-compliance. Additionally, if Operator thereafter requests to make new purchases from Company, Company may require Operator pay Company's then current reinstatement fee for ongoing purchases as a condition to Company resuming any sales to Operator. In no way limiting the foregoing, Company may establish such purchase and payment terms for Operator's purchases of products and services from Company, as Company deems appropriate. The purchase and payment terms may include, without limitation, the right to require that Operator pre-pay in full any or all purchases from Company before such purchase will be delivered to Operator in the event that Operator is not in full compliance with any of its obligations, financial or otherwise, under this Agreement or any other agreements with Company. Company's rights under this Section 5(j) shall be in addition to all other rights and remedies of Company set forth in this Agreement.

(k) Non-Participation and Non-Reporting Fees. Company may, and as of the Effective Date does, require that Operator participate in various programs and activities and comply with the operating and reporting standards that Company designates in the Confidential Operations Manual as generally required for Perkins Units. Such programs and standards will vary from time to time and may include without limitation: sources of products and services and purchasing arrangements; advertising, marketing and promotions under Sections 7(gg) and 8 below; menu pricing guidelines; operational standards and training (including any Quality Evaluation Program under Section 7(p) below); computer systems and technology as further described in Section 7(u) below; financial and related reporting obligations. In the event that Operator does not participate in and/or comply with a Perkins System program or standard, then upon notice from Company, Company may require Operator pay to Company a fee equal to: (i) One Hundred Dollars (\$100) for the first month in which Operator is not in compliance under this Agreement for the Unit; (ii) Two Hundred Dollars (\$200) for the second month during which Operator is not in compliance under this Agreement; and (iii) Three Hundred Dollars (\$300) for the third month and any subsequent months during which Operator is not in compliance under this Agreement. Operator must make the payment to Company of such fees immediately upon demand by Company. Payment of fees under this Section 5(k) is an independent obligation under this Agreement and will be assessed, in part, in consideration of the potential effects of the inconsistency to the System, lack of reported information available to Company, and additional efforts for Company's administration of its standards. Payment of fees under this paragraph will not constitute a cure of the underlying default or a penalty to Operator, and Operator shall remain obligated to cure the default according to the terms of this Agreement. Company's right to demand payment of fees under this paragraph shall be in addition to all other remedies of

Company set forth in this Agreement; except that with respect to a delinquent or missing report, Company shall have the right to assess either a monthly fee under this Section 5(k) or a per document fee under Section 11(f) below.

(l) Central Billing Fees. In connection with any program and service that Company designates in the Confidential Operations Manual as generally required for Perkins Units, Company shall have the right, but not obligation, to collect from Operator the fees or other amounts that are charged by the supplier(s) in connection with Operator's participation in the program and/or purchases from the service provider. If Company elects to do so, Company shall have the right to charge a reasonable fee, which will not exceed ten percent (10%) of the amounts due to the supplier, for the central billing and payment management functions provided by Company.

## 6. LICENSED MARKS

(a) Ownership of Licensed Marks. Operator expressly acknowledges that Company is the sole and exclusive licensor of the Licensed Marks and agrees not to represent in any manner that Operator has acquired any ownership rights in the Licensed Marks. Operator agrees not to use any of the Licensed Marks or any marks, names or indicia which are or may be confusingly similar in its own corporate or business name and specifically agrees that at no time shall Operator incorporate the names "Perkins Restaurant and Bakery", "Perkins", or any part thereof (including the abbreviation "PLLC"), in its own corporate name or business name, or as part of any email address, domain name, or other identification of Operator in any medium. Operator further acknowledges and agrees that any and all goodwill associated with the Perkins System and identified by the Licensed Marks shall inure directly and exclusively to the benefit of Company and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Operator's use of the Licensed Marks.

(b) Right to Use Licensed Marks. Operator understands and agrees that any use of the Licensed Marks other than as expressly authorized by this Agreement, without Company's prior written consent, is an infringement of Company's rights therein and that the right to use the Licensed Marks granted herein does not extend beyond the termination or expiration of this Agreement. Operator expressly covenants that, during the term of this Agreement and thereafter, Operator shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Company's right to use the Licensed Marks or take any other action in derogation thereof.

(c) Obligation to Police the Use of Licensed Marks. Operator acknowledges an obligation to police the use of the Licensed Marks and all printed materials, building designs, color combinations, design specifications and other characteristic physical embodiments of the Perkins System ("trade dress") and agrees to do so. Operator shall promptly notify Company of any claim, demand or cause of action that Company may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks or trade dress of the Perkins System, any colorable variation thereof, or any other mark, name or indicia in which Company has or claims a proprietary interest. Operator shall assist Company, upon request and at Company's expense, in taking such action, if any, as Company may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Company's behalf without Company's prior written approval. If Company undertakes the defense or prosecution of any litigation relating to the Licensed Marks or trade dress of the Perkins System, Operator agrees to execute any and all documents and to do such acts and things as may, in the opinion of Company's legal counsel, be reasonably necessary to carry out such defense or prosecution.

(d) Limitations on Use of Licensed Marks. Operator further agrees and covenants to operate and advertise only under the names or marks from time to time designated by Company; to adopt and use

the Licensed Marks solely in the manner prescribed by Company; to refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Company to liability therefore; to observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that Operator's use of the Licensed Marks is limited by the terms of this Agreement, and to provide Company with a copy of any such application and other registration document(s); to observe such requirements with respect to trademark and service mark registrations and copyright notices as Company may, from time to time, require, including, without limitation, affixing "SM", "TM", or "®" adjacent to all such Licensed Marks in any and all uses thereof; and, to utilize such other appropriate notice of ownership, registration and copyright as Company may require.

(e) New, Modified or Replacement Licensed Marks. Company reserves the right, in its sole right and discretion, to designate one or more new, modified or replacement Licensed Marks (including, without limitation, as part of re-branding activities) for use by franchise owners and to require the use by Operator of any such new, modified or replacement Licensed Marks in addition to or in lieu of any previously designated Licensed Marks. Any expenses or costs associated with the use of Operator of any such new, modified or replacement Licensed Marks shall be the sole responsibility of Operator.

## 7. STANDARDS OF OPERATION

For the purpose of enhancing the public image and reputation of businesses operating under the Perkins System and for the purpose of increasing the demand for services and products provided by franchise owners and Company, the parties agree as follows:

(a) Documents to be Submitted and Requirements Prior to Leasing, Purchase, or Construction. Before commencing leasing, purchase, or construction, if any, of the Franchised Business whether as owner or lessee, Operator shall, at its expense, comply with the requirements described in the following paragraphs of this Section 7(a).

(i) Operator is responsible, at its own expense, for finding and then acquiring a suitable site to be the Premises. As set forth in Section 2(a) above, if the parties have not agreed upon the Premises and noted that location in Exhibit B when this Agreement is signed, then Operator must sign the Site Selection Addendum (see Exhibit E to this Agreement). Operator must then, at its own expense and according to the terms of the Site Selection Addendum, identify and obtain the right to use a site as the Premises for the Unit. In no way limiting the terms of the Site Selection Addendum, Operator acknowledges and agrees that a proposed site for the operation of the Unit must comply with such site selection criteria as Company may prescribe from time to time which may include, but is not limited to, the requirement that an environmental audit be performed on such site. If Company determines that such site requires an environmental audit, Operator warrants to Company that such site shall have been examined and certified to be environmentally clean. Operator acknowledges and agrees that Company shall incur no liability by reason of its denial or acceptance of any site and that the acceptance of a site by Company shall not be deemed to be a guarantee of success or a recommendation of such site by Company. Company is under no obligation to accept any proposed site and has no liability to Operator for any site denial.

(ii) Operator shall, at its sole expense, have prepared all preliminary plans and final plans and specifications to be used for site improvement and for renovating, constructing, and equipping the Unit (together, "Unit Plans"). Based on the build-out, design and other elements that Company considers important to the development and functioning of Restaurants, Operator agrees that it shall contract with one of the licensed architects designated in writing by Company (in the Confidential Operations Manual or otherwise designated in writing) to prepare for Operator all Unit Plans. Operator

must submit all Unit Plans (including all changes and modifications) to Company, for Company's review and written approval prior to their use. In renovating, constructing, and equipping the Unit, Operator shall comply with all of the applicable provisions of the Americans with Disabilities Act (the "ADA") and shall not discriminate against anyone on the basis of disability. Operator understands and acknowledges that any standard plans and specifications provided by Company shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the ADA or similar rules governing public accommodations for persons with disabilities. Additionally, Company's review and approval of Unit Plans shall be limited to evaluating the compliance of the Unit Plans with the Perkins System standards for Units, including such items as trade dress, presentation of Licensed Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Units. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Operator. There shall be no liability on the part of Company to Operator or to any present or future owner of the Franchised Business or to any party in interest because Company has accepted any Unit Plans in connection with assessing compliance with System standards. Two sets of final plans with respect to each proposed Unit must be sent to Company, one of which will be returned to Operator stamped "ACCEPTED" if such plans have been accepted. An identical set must be retained at the job site for the proposed Unit.

(iii) If the Premises will be leased by Operator from a third-party, including Operator itself and any entities that are under common control with or affiliated with Operator or its Interest Holders (as defined in Section 11(g) of this Agreement), prior to Operator's execution, a copy of the actual lease agreement or sublease to be executed for the Premises must be accepted in writing by Company. If requested by Company, before entering into any lease, Operator shall pay an amount up to Two Thousand Five Hundred Dollars (\$2,500) to Company, or a third party designated by Company, for review of the proposed lease or sublease by an attorney with experience in commercial lease transactions. Such review may include a review of the general business and financial terms of the proposed lease and for inclusion of terms required by Company. Any lease agreement for the Premises must include: (a) terms that provide Company the right to enter the Premises to make any modifications necessary to protect the Licensed Marks; and (b) a "**Collateral Assignment of Lease**" in the form acceptable to Company, executed by Operator and the lessor of the Premises. The Collateral Assignment of Lease must provide: that Company will be provided notice of Operator's default of the lease; a right (but not an obligation) to cure such default; and the right to assume the lease with the right to sublease to a Perkins Unit franchise owner; and contain other provisions required by Company including the right to assume the lease upon: (1) a default under this Agreement or under any document or instrument securing this Agreement or financing for the Franchised Business, and/or (2) in the event this Agreement is not renewed, expires or is terminated for any reason. In lieu of the Collateral Assignment of Lease, such lease may provide Company, at Company's option, with the right to act as prime lessee under the lease and to sublease such site to Operator. Any lease or sublease of the Premises shall be for a term which, with renewal options exercisable by Operator, are coterminous with the Initial Term and any Renewal Terms under Section 3(b) of this Agreement. Company's acceptance of the lease agreement or sublease is an indication only that the agreement meets Company's criteria for leases. Company's acceptance of a lease or sublease does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the lease for Operator's success or for any other purpose.

(iv) In addition to the terms of Section 7(a)(iii) above, if the Premises will be leased by an entity that is under common control with or affiliated with Operator or its Interest Holders (an "**Affiliated Lessor**"), the Collateral Assignment of Lease must specify that, if Company exercises its rights to take over the Premises, the rent payable by Company to the Affiliated Lessor for the Premises will be fair market rent value, provided that in no event will the rent exceed eight percent (8%) of Net Sales per month based on the average monthly Net Sales of the Unit during the previous twelve (12) months (and to the extent the rent otherwise to be charged exceeds the fair market value, then

Operator shall be responsible for payment of the amount in excess of the fair market value). If Company and Affiliated Lessor have not agreed upon a fair market value within seven (7) days of Company's notice of its intent to exercise its rights to take over the Premises, then by mutual agreement of Company and Affiliated Lessor within seven (7) days of the expiration of such period, Company may appoint an appraiser to determine fair market rent. If Company and Affiliated Lessor cannot mutually agree upon one appraiser, Company, within seven (7) days thereafter, shall notify Operator of the names of two appraisers or firms having the capacity to perform or engage others to appraise the fair market rent for the Premises. Affiliated Lessor shall select, within seven (7) days after such notification by Company, one of such appraisers or firms to be responsible for determining fair market rent value; otherwise, Company shall select one such appraiser or firm to be responsible for determining fair market value and such appraiser's or firm's decision shall be binding. Company and Affiliated Lessor shall divide equally the cost of any appraiser or firm. Within ten (10) days after Company has been notified of the fair market rent value, Company may exercise its option to rent the Premises by notice to Operator.

(v) Operator must obtain the written acceptance of Company for its General Contractor before construction or renovation may begin on the Unit; and if, prior to Operator engaging a General Contractor, Company has implemented a requirement to use only general contractors designated by Company, Operator must engage one of the General Contractors designated by Company. Further, Operator must obtain the written acceptance of Company for its final Unit Plans, as described in Section 7(a)(iv) above, before construction may begin on the Unit. If the Operator begins construction or renovation of the Unit prior to obtaining the above required written acceptances then the Operator will be in default under the terms of Section 14 of this Agreement at the sole right and discretion and exclusive option of Company.

(vi) Operator shall submit, as soon as possible, to Company bona fide and complete copies of all contracts with contractors and suppliers pertaining to the construction and equipping of the Premises and Unit for use as a Perkins System restaurant.

(vii) Any reviews that Company conducts under this Section 7(a) and Sections 7(b) through 7(d) are only for Company's benefit. Operator acknowledges that Company's review and acceptance of a site, lease, sublease, Unit Plans, permits, and/or certifications for a Franchised Business do not constitute a recommendation, endorsement, or guarantee of the suitability of that location or the terms of the lease, or sublease, or purchase agreement, or that such are all required permits and certifications for the Franchised Business. Operator is solely responsible for compliance with all such laws and regulations; and Company's acceptance is not, and will not be deemed to be, an assessment as to whether or not Operator has complied with those laws and regulations. Additionally, and notwithstanding any other term of this Agreement, Operator acknowledges that Company may provide templates, generic design plans, or specifications for branding and imaging compliance purposes, but Operator shall not rely on these for compliance with any ordinance, best practice, or regulation.

(b) Permits and Certifications. At least ten (10) days prior to the commencement of business to the public, Operator shall submit to Company all permits and certifications as may be required for the lawful operation of the Franchised Business, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Premises and the Franchised Business that all necessary permits have been obtained and that all requirements for construction and operation have been met.

(c) Fixtures, Equipment, Supplies and Signs. All fixtures, equipment and supplies for the Franchised Business selected by Operator must meet the quality System standards set forth in Company's Confidential Operations Manual or otherwise in writing, subject to compliance with applicable laws and regulations. Subject to any applicable local zoning or regulatory requirements, Operator shall acquire by

lease or purchase all signs as required by Company at any time and from time to time for use at or in connection with the Franchised Business including signs containing or displaying the Licensed Marks including new, modified or replacement Licensed Marks.

(d) Completion of Construction and Commencement of Operations. Operator, whether as owner or lessee, shall complete construction of the Unit at the Premises in accordance with the then approved site and building plans and shall make no changes to such plans without the written consent of Company. Operator shall open the Franchised Business to the public not later than the earlier to occur of the following events: (i) the date on which Operator's lease of the Premises requires Operator to commence its business; (ii) three hundred (300) days after (a) execution of the lease by all parties thereto if the lease for the Premises was not signed prior to the Effective Date, or (b) the Effective Date hereof if the lease for the Premises was signed prior to the Effective Date (the applicable deadline for opening the Franchised Business is the "**Opening Deadline**"). Operator shall secure to Company and its agents the right to inspect the construction at any reasonable time although Company has no obligation to do so; shall correct, upon request and at Operator's expense, any deviation from the accepted site layout and plan; and shall furnish to Company a copy of the certificate of completion and obtain Company's acceptance of the completed construction prior to opening all or any part of the Franchised Business for operation. Additionally, prior to opening the Unit and prior to renovating the Unit after the initial opening of the Unit, Operator shall execute an ADA Certification in the form attached to this Agreement as Exhibit D that certifies in writing to Company that the Unit and any proposed renovations comply with the ADA. In the event Operator receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Operator shall provide Company with a copy of such notice within five (5) days after receipt thereof. As provided in Section 18(a) below, Operator shall indemnify Company and the officers, directors, and employees of Company in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Operator's compliance with the ADA, as well as the costs, including attorneys' fees, related to the same.

(i) Operator acknowledges that Company has the right to terminate this Agreement if either: (i) construction on the Unit has not commenced within sixty (60) days of the earlier to occur of (a) execution of the lease for the Premises by all parties thereto if the lease for the Premises was not signed prior to the Effective Date, or (b) the Effective Date if the lease for the Premises was signed before the parties entered into this Agreement; or (ii) the Franchised Business is not open to the public by the Opening Deadline, unless Operator has been granted an extension in accordance with Section 7(d)(ii) below.

(ii) Company reserves the right to grant extensions of the Opening Deadline at Company's sole right and discretion in the event that Operator has complied (in Company's opinion) with all of the terms and conditions herein and has, in good faith, diligently pursued the construction of the Unit according to the terms of this Agreement. Additionally, Operator may apply to Company, in writing, for an extension of the Opening Deadline. Operator's written application for an extension must be submitted not fewer than thirty (30) days in advance of the Opening Deadline and specify the reasons for the requested extension and specify a proposed revised opening date for the Unit, which shall not exceed six (6) months. Operator has no rights to receive an extension of the Opening Deadline, and Company will have the right to determine whether to grant an extension. No extension will be effective unless and until Company provides its written approval, and Operator has paid to Company an extension fee in an amount equal to Seven Thousand Dollars Five Hundred (\$7,500) per month of the extension period granted by Company. Company's decision to extend the Opening Deadline shall not, absent a written agreement, renew or extend any deadline with respect to any other Perkins Restaurant that Operator (or any affiliate) may develop under other agreements with us.

(e) **Security Deposit.** Prior to beginning construction of the Unit at the Premises, Operator shall deposit with Company as a security deposit the sum set forth on Exhibit B hereto plus such other sums as required by this Section 7(e) (“**Security Deposit**”) as security for the full and faithful performance by Operator of all the terms and conditions of this Agreement required to be performed by Operator. Company may, but shall not be required to, use, apply or retain the whole or any part of the Security Deposit to the extent required for the payment of any sums which Operator may owe to Company, whether due pursuant to the terms of this Agreement or otherwise, or for any sum which Company may expend or may be required to expend by reason of Operator’s default in respect to the terms of this Agreement or any other agreement. Whenever the amount of the Security Deposit is reduced below the sum designated on Exhibit B as the Security Deposit by reason of Company’s use, application or retention thereof, Operator shall deliver to Company additional cash sufficient to restore the sum on deposit to the amount set forth on Exhibit B hereto, and failure to do so within five (5) days of demand from Company shall have the same consequences as failure to pay any other sums required to be paid by this Agreement.

In the event that Operator fails to pay any financial obligation due Company and receives written notice from Company that any such obligations are delinquent on one or more occasions during the term of this Agreement including renewals, if any, Operator shall upon written notice by Company within five (5) days deliver to Company an additional Five Thousand Dollars (\$5,000) to Fifteen Thousand Dollars (\$15,000) as specified by Company, to become a part of the Security Deposit and thereafter the amount required to be maintained as the Security Deposit shall be the sum set forth on Exhibit B hereto plus such additional amount as Company requires pursuant to this Section 7(e). Company’s right to demand that the Security Deposit be increased as described in the preceding sentence shall be in addition to all other remedies of Company set forth in this Agreement. Company while holding the Security Deposit shall be entitled to commingle such deposit with its own funds and to use such sums for such purposes as Company may determine. Operator shall not be entitled to any interest on the Security Deposit. In the event that Operator shall comply with all of the terms of this Agreement, and of all other agreements with Company, the balance of the Security Deposit shall be returned to Operator after expiration of this Agreement and the return to Company of all property in Operator’s possession belonging to Company. In the event of an assignment of this Agreement by Company, Company shall have the right to transfer the Security Deposit to the assignee and Company shall thereupon be released from all liability for the return of all or any part of the Security Deposit. Operator shall not assign or encumber the Security Deposit, neither shall Company nor its successors or assigns be bound by any such assignment or encumbrance. Failure to deliver the initial Security Deposit or additional amounts as described above to Company shall have the same consequences as failure to pay any other sums required to be paid by this Agreement.

(f) **Authorization to Open Unit Required.** The Franchised Business shall not be opened to the public until authorized in writing by Company acting in good faith. The date on which the Franchised Business first opens for business to the public as a Perkins® restaurant is the “**Opening Date**”.

(g) **Management of Unit.** Operator agrees that at all times during this Agreement the Franchised Business shall only be operated directly by Operator, if Operator is an individual, or by at least one Owner or employee of Operator (the “**designated manager**”) who meets all of the following criteria:

(i) The individual must be principally responsible for the operation of the Franchised Business on a full-time, in-person basis at the Perkins Unit. During any period that an individual will serve as the designated manager for the Franchised Business, his or her activities must be dedicated to the Franchised Business and not shared with any other business activity; and

(ii) The individual must have attended and satisfactorily completed such training, retraining or refresher training program as Company may require, in its sole right and discretion, at such times and places prior to the expiration of this Agreement as Company may reasonably designate.

(iii) In addition to the above requirements that will apply through the Term, during the first two (2) months the Franchised Business is open to the public, Operator (if the Operator is an individual) or (if the Operator is an entity) one Owner with at least ten percent (10%) equity in Operator must serve as an on-Premises designated manager for a minimum of thirty (30) peak operating hours per week. The parties agree that this Section 7(g)(iii) is a condition of the grant of this Agreement in order to facilitate Operator's restaurant experience, and not as a labor or employment requirement. The in-store experience is material to the grant of this Agreement to ensure that Operator has the operational familiarity, business management and compliance with all of Company's standards. The individual serving as the designated manager under this Section 7(g)(iii) must meet all qualifications and training requirements of this Agreement relating to designated managers, including subsections 7(g)(i) and 7(g)(ii) above and Sections 7(h), and 7(i) below.

(h) Designation of Managers. Prior to opening the Franchised Business to the public, if Operator is an entity, Operator will advise Company if any Owner (as defined in Section 12(k) of this Agreement) will serve as a designated manager. Prior to opening the Franchised Business to the public, three (3) designated managers (one of which may be Operator if Operator is an individual) shall have been certified by Company as meeting Company's qualifications for management of the Unit. Also, at any time during this Agreement within sixty (60) days after Operator designates an employee as manager of the Unit, such employee shall satisfactorily complete Company's training program(s) required for managers. It shall be the responsibility of the Operator to initiate requests for training of its designated managers and to make such managers available to receive all training required.

(i) Training Program.

(i) Prior to the commencement of business to the public, three (3) managerial personnel (one of whom may be Operator if Operator is an individual) who are acceptable to Company shall complete, to Company's reasonable satisfaction, any and all training programs as Company may reasonably require. Additionally, if either (a) Operator is an individual but will not become trained and certified as a designated manager, or (b) Operator is an entity and none of its Owners will become trained and certified as a designated manager as described above, then at least one (1) Owner must attend the initial training program designated by Company for non-manager operators, which as of the Effective Date consists of approximately four (4) days of training at or in a Perkins Unit designated by Company and three (3) days of classroom training at Company's headquarters.

(ii) If any trainee fails to complete the required initial training program to Company's satisfaction, Company shall notify Operator of such failure and Operator shall designate a substitute trainee. If Operator fails to designate a substitute trainee, or if the substitute trainee fails to complete the training to Company's satisfaction, Company may, at its sole right and discretion, elect to terminate this Agreement, in which event Operator shall be entitled to receive a refund of the initial franchise fee less an amount equal to (i) fifty percent (50%) of the initial franchise fee paid by Operator and received by Company, plus (ii) any costs and expenses incurred by Company in training Operator and its managerial personnel or any expenses incurred by Company in connection with its review, acceptance and supervision of the development of such Unit, which in no event shall be less than Two Thousand Five Hundred Dollars (\$2,500.00). Any such refund shall be in full and complete satisfaction of Company's obligations to Operator. Furthermore, Operator acknowledges and agrees that the refund to Operator, as described above, is conditioned upon Operator's execution of a general release in a form prescribed by

Company, of any claims or causes of action that Operator may have against Company under or pursuant to this Agreement or otherwise.

(iii) At any time during the term of this Agreement, Company may at its option require others of Operator's initial and subsequent management employees to attend and satisfactorily complete all or any part of such training programs and any other courses, seminars, refresher and/or additional training that Company may develop or designate. All expenses incurred in training, including, without limitation, costs of travel, room, board and wages of the person(s) receiving such training shall be borne by Operator. Operator shall also bear the cost of any additional training which may be required by Company, which may include, without limitation, tuition or other fees for such training.

(iv) In addition to the initial training described above, Company has the right to conduct an orientation program for new franchisees and/or existing franchisees as Company determines appropriate ("Franchisee Orientation Program"). During any periods that Company does so, Company has the right to require that Operator, and such of its managerial personnel as designated or accepted by Company, attend and successfully complete the Franchisee Orientation Program within such time period as Company designates, which may be before Operator is authorized to begin operating the Franchised Business if Operator has not yet commenced operations. Company may conduct the Franchisee Orientation Program at Company's headquarters or such other location(s) as Company may designate. Company has the right to charge Operator a fee for the Franchisee Orientation Program, and Operator will bear all expenses associated with participation, including, without limitation, costs of travel, room, board and wages of the person(s) attending the program. As of the date of this Agreement, Company required that, after the time Operator has secured a site that Company has accepted to be the Premises and before Operator begins any site design, Operator will travel to Company's headquarters (or such other support center as Company may specify) and participate in a one day meeting to review Company's new restaurant opening guidelines and complete initial project timelines and checklists, as Company may then require, with Company's construction and design and operations personnel. Company does not charge a fee for this session, but Operator will be responsible for and pay all travel and related costs and expenses that Operator incurs in connection with such session.

(j) Use of Premises. Operator agrees to use the Premises solely for the operation of the Franchised Business in the manner and pursuant to the System standards prescribed herein, in the Confidential Operations Manual or otherwise in writing, and to refrain from using or permitting the use of the Premises for any other purpose or activity at any time. Without limiting the generality of the foregoing, Operator agrees that no alcoholic beverages shall be sold, consumed or possessed on the Premises. Additionally, as described in Section 2(b) herein, Operator may engage in Catering and delivery, but only in accordance with the terms and conditions stated in this Agreement and in the Confidential Operations Manual, or as otherwise in writing by the Company.

(k) Purchases From Approved Sources. Operator shall purchase or lease all fixtures, furnishings, signs, equipment (including without limitation the Computer System described in Section 7(u)), inventory, uniforms, advertising materials, operational and support services and other supplies, products and materials required for the operation of the Franchised Business solely from suppliers (which term, as used in this Agreement, refers to manufacturers, vendors, distributors, and other sources of supply) who demonstrate, to the continuing satisfaction of Company, the ability to meet Company's standards and specifications for such items (including services); who possess adequate quality controls and capacity to supply Operator's needs promptly and reliably; and who have been approved for such items in writing by Company and not thereafter disapproved. If Operator desires to purchase or lease any items from an unapproved supplier, Operator shall submit to Company a written request for such approval in accordance with procedures which may be prescribed from time to time by Company in the Confidential Operations Manual, the Order Guide, or otherwise in writing. As a condition of its

approval, Company may require that Company be allowed access to inspect the facilities of the proposed supplier and that samples of the proposed products and/or services be delivered, or otherwise provided, to Company or Company's designee for testing. Operator shall pay a fee to Company for such testing. Such fee shall be equal to, but shall not exceed, an amount equal to all of Company's costs incurred for such testing. If thirty (30) days should pass without Company having given written approval for such purchase or lease, it shall be deemed to have been disapproved. Notwithstanding anything above to the contrary, Company reserves the right to disapprove proposed or existing suppliers based on its desire to achieve purchasing efficiencies for the Perkins System and/or to consolidate Perkins System purchases through a single supplier (which could be Company) or fewer suppliers. Company has the right to designate itself as an approved supplier of various items (and in some instances, it may be the sole approved supplier) and, if it does so, Company may earn a profit from the sale or lease of such items to Operator; however, Company is not required to be an approved supplier to the Perkins System and, if it becomes a supplier, it may thereafter discontinue being an approved supplier at any time. Operator acknowledges and agrees that Company has the right, without restriction, to collect and retain, and in connection therewith Operator assigns to Company (or its designee) any interests that Operator may have in, all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits offered by suppliers to Operator or to Company (or its affiliates) based upon Operator's purchases from approved sources under this Agreement. Company reserves the right, at its option, to reinspect the facilities and products and services of any such approved supplier from time to time and to revoke approval for any product, service, or supplier upon the failure of the product, service, or supplier to continue to meet any of Company's then current criteria, or to change suppliers for any other reason. Operator shall discontinue purchasing any product or service for which, or from any supplier for whom, Company has revoked its approval. Nothing in the foregoing provisions shall be construed to require Company to approve any particular product, service, or supplier, or to require Company to make available to prospective suppliers, standards and specifications for formulas that Company, in its sole right and discretion, deems confidential.

(l) Operation of Unit. Operator agrees to operate the Franchised Business in an ethical and professional manner at all times, including providing prompt and courteous service to all customers and treating all of its employees, invitees, and Company representatives with respect and professionalism. In particular, Operator shall use, adopt, maintain, and comply with the System standards of quality, appearance and operation for the Franchised Business as Company has or may establish and modify from time to time. Operator shall at all times staff the Franchised Business with such number of employees and otherwise operate the Franchised Business diligently so as to maximize the revenues and profits therefrom. Operator shall at all times sell food products designated on the standard Company menu prepared from time to time by Company and shall not, without the prior written consent of Company, at any time sell any product (food or non-food) which does not appear on such menu. Operator shall, at all times, conform strictly to the method of preparation designated by Company, including, without limitation, food preparation, cooking and serving, maintenance and cleaning procedures, bookkeeping methods and similar items. All paper goods and pre-packaged good items unique to the Perkins System and used by Operator which can be seen by the public shall bear an approved Licensed Mark as required by Company in its sole right and discretion. No part of the Premises shall be leased by the Operator to any other party without Company's prior written consent.

Operator shall keep the Unit open and in normal operation for such hours and days as Company may from time to time specify in the Confidential Operations Manuals or as Company may otherwise designate or approve in writing which may be all hours of each day, during all days of the week. Operator further agrees that: (a) failure to keep the Unit open and in normal operation during all times (other than permitted closure hours as approved for Operator on case by case basis, which may be modified or eliminated by Company at any time) is a default under this Agreement; and (b) if Operator commits such default, Company may, in addition to any other remedies Company may have, require that Operator pay

Company the amount equal to One Thousand Dollars (\$1,000) for each day during which Operator did not operate the Unit during all required times.

(m) Approval of Advertising and Other Materials. In no way limiting the terms of Section 8, Operator shall use only business stationery, business cards, marketing materials, advertising materials, printed materials or forms that have been approved in advance by Company. Operator shall not employ any person to act as a representative of Operator in connection with local promotion of the Franchised Business in any public media without the prior written approval of Company. Any and all supplies or materials purchased, leased or licensed by Operator shall always meet those standards specified by Company.

(n) Identification as Franchised Unit. In all advertising displays and materials and at the Premises, Operator shall, in such form and manner as may be specified by Company in the Confidential Operations Manual or otherwise in writing, notify the public that Operator is operating the business licensed hereunder as a franchise owner and independent operator of Company and shall identify its business location in the manner specified by Company in the Confidential Operations Manual, or otherwise in writing by Company.

(o) Response to Customer Complaints. Operator shall promptly respond to customer complaints and shall take such other steps as may be required to ensure positive customer relations.

(p) Evaluation of Unit. Operator acknowledges each of the terms below in this Section 7(p).

(i) Operator hereby grants to Company and its agents the right to enter upon the Premises, without notice, at any time for the purpose of conducting evaluations of the Premises, Operator's books, records and register tapes to ensure compliance with this Agreement, the Confidential Operations Manual and any other written materials, and for the purpose of inspecting and examining the operations and facilities (including, but not limited to, testing, sampling and inspecting ingredients and products used by Operator and the products sold by Operator, as well as the storage and preparation of such ingredients and products), and Operator agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an evaluation upon the request of Company or its agents. In conducting such evaluations and inspections, Company may take such actions as it deems appropriate to memorialize the conditions, including without limitation to take pictures and make video recordings.

(ii) Operator shall permit Company's agents or representatives to remove from the Premises samples of any ingredients, products, materials, supplies, and expendables without payment therefor in amounts reasonably necessary for testing, review and evaluation by Company or an independent certified laboratory to determine whether such samples meet Company's then current standards and specifications, with no liability to Operator for any damage to such samples as a result of such testing, review and evaluation. In addition to other remedies that Company may have under this Agreement, Company may require Operator to bear the cost of such testing, review and evaluation if the supplier from which such ingredients and products were acquired has not been approved by Company or if the sample fails to conform to Company's specifications. Upon notice from Company or its agents, Operator shall take such steps as may be necessary immediately to correct any deficiencies detected during any inspection or by such testing, review and evaluation, without limitation, immediately ceasing to use any methods, ingredients, products or advertising materials which do not conform to Company's then current specifications, standards or requirements.

(iii) Company and/or its agents have the right to develop and maintain a quality assurance program that Company may use to monitor customer satisfaction and the operations, facilities

and services at Perkins Units (a “**Quality Evaluation Program**”). As part of a Quality Evaluation Program, Company may, among other things: (a) establish minimum operational standards and standards for quality service, customer satisfaction; performance benchmarks relating to ratings, surveys and customer feedback, and standards and guidelines for addressing customer complaints; (b) require Operator to present to customers such evaluation forms as are periodically prescribed by Company and to participate and/or request its customers to participate in any surveys performed by or on behalf of Company; (c) interview existing and/or prospective customers of the Franchised Business at any time and at any location, including at the Unit, without prior notice to Operator; and (d) require Operator to use and permit the use by Company of “mystery shopper” services to evaluate its compliance with customer service requirements and other Company standards. For any mystery shopper program, the cost of which shall be borne by Operator, the service provider will be authorized to provide reports of the results of the mystery shopper programs to Company. Operator’s mystery shopper programs shall be conducted in accordance with any mystery shopper methods or protocols set forth in the Confidential Operations Manual. Operator acknowledges and agrees that, during any periods that a Quality Evaluation Program is in effect, Operator will fully participate in the Quality Evaluation Program in the manner specified in the Confidential Operations Manual and that a failure to satisfy minimum standards that may be established under the Quality Evaluation Program will be a default under this Agreement and subject to Section 14(c)(xi).

(iv) If Operator fails two or more consecutive inspections or reviews under the Quality Evaluation Program, then beginning with the second consecutive failed inspection or report, Operator must pay Company a re-evaluation fee in the amount of Three Hundred Fifty Dollars (\$350) for each failure until such time as Operator achieves a satisfactory score during Company’s re-evaluation(s). Nothing in this paragraph shall limit or otherwise modify Company’s rights with respect to enforcement against Operator for any of Operator’s defaults upon the first failed inspection or report, including Company’s rights to terminate this Agreement under Section 14. Company shall have the right to conduct re-evaluations, but is not required to do so, independent from any other actions permitted under this Agreement.

(q) Conformity to System Standards and Specifications. Operator understands and acknowledges that every detail of the System and the Perkins Units is essential to Operator, Company, and other System franchisees in order to (i) develop and maintain quality and Company’s operating standards, (ii) increase the demand for the products and services sold by all franchisees operating under the System, and (iii) protect Company’s reputation and goodwill. Operator shall maintain Company’s high standards with respect to facilities, services, products, and operations. As such, Operator agrees that in operating the Franchised Business, Operator shall use, adopt, participate in and comply with the System standards, including System rules, methods, standards and specifications as Company may from time to time prescribe in its Confidential Operations Manual, the Order Guide, or otherwise in writing to ensure that Company’s required degree of quality, service and image is maintained; and to refrain from deviating therefrom and from otherwise operating in any manner which adversely reflects on Company’s name and goodwill, or on the Licensed Marks. Without limiting the generality of the foregoing, Operator specifically agrees:

(i) To purchase and install, at Operator’s expense, all such fixtures, furnishings, signs and equipment as may be required by Company, and meet the specifications of the accepted site layout and plan, Company’s parking lot lighting specifications, and all other such items as Company may prescribe from time to time; and to refrain from installing, or permitting to be installed, on or about or in connection with the Premises or the Franchised Business, any such item not meeting Company’s standards and specifications;

(ii) To maintain in sufficient supply, and use at all times, only operating products, materials, supplies and expendables, including paper goods, as conform with Company's then current standards and specifications, and to refrain from using non-conforming items without Company's prior written consent;

(iii) To sell and to offer for sale all such products, goods and services as Company may, from time to time require, and only those which Company may, from time to time approve, and which are not subsequently disapproved, as meeting its quality standards and specifications. In addition to any remodeling, repairs, replacement and redecoration required by Section 7(s) hereof, in order to introduce new products or services, Operator may be required to expend additional amounts on new, different or modified equipment or fixtures necessary to offer such new services or products. In such event, Operator shall immediately complete any modifications necessitated by the introduction of such new products and services if the additional amount expended to introduce such new products and services is less than Five Thousand Dollars (\$5,000), and if such amount is greater than Five Thousand Dollars (\$5,000), Operator shall have up to three (3) months to complete any modifications necessitated by the introduction of such new products and services;

(iv) With respect to any products, menu items or services that Company designates as mandatory offerings to customers, or with respect to any equipment, supplies, or materials that Company designates for use in providing or promoting and advertising mandatory product offerings to customers (any such product, menu item, service, equipment, supply and/or material designated as mandatory, whether on a temporary or permanent basis, is a "**Mandatory Item**"), Company shall have the right to: (a) require that Operator purchase such Mandatory Items from designated vendors pursuant to Section 7(k) above); and (b) place purchase and/or shipment orders on behalf of Operator with the designated suppliers for such Mandatory Items, according to the terms negotiated with, or specified by, the designated supplier for each such Mandatory Item. To the extent that Company places purchase and/or shipment orders of Mandatory Items for Operator, Company or the designated supplier will provide Operator with an invoice for the purchase and shipment costs of the Mandatory Items. Operator agrees to accept such orders and deliveries and to make timely payment for the invoiced amounts. Company may designate suppliers for Mandatory Items in accordance with Section 7(k) above; and

(v) Any requirements or specifications that Company conducts under this Section 7(q) are for purposes of complying with Company's standard for brand image and Perkins System standards, and are not specified for purposes of compliance with applicable laws and regulations.

(r) Maintenance and Appearance of Premises. Operator agrees to maintain the Unit and the Premises, including but not limited to site improvements, the parking lot, landscaping, all fixtures, furnishings, signs and equipment thereon, in conformity with Company's then current standards at all times during the term of this Agreement, and to make such additions, updates, repairs and replacements thereto as Company may reasonably require. Without limiting the generality of the foregoing, Operator specifically agrees:

(i) To keep the Franchised Business at all times in a high degree of sanitation, repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the Unit, such maintenance and repairs to all fixtures, furnishings, uniforms, signs and equipment as Company may from time to time reasonably direct;

(ii) To meet and maintain at all times all Perkins System rules, methods, standards and specifications as Company may from time to time prescribe in its Confidential Operations Manual or otherwise in writing for the operation of the Franchised Business; and

(iii) To cause its employees to wear apparel which conforms strictly to the specifications, design, color and style approved by Company from time to time.

In the event that Operator fails to perform its obligations under this Section 7(r), such failure shall constitute a default under the terms of this Agreement. In addition to its other remedies hereunder, in such event Company shall have the right at its election (without being obligated to do so) to correct the deficiency or cause the deficiency to be corrected at the cost and expense of Operator, and Operator shall promptly pay to Company all costs and expenses advanced on its behalf together with interest at the rate of twelve percent (12%) per annum. In the event that Company determines, in its sole right and discretion, that Operator's default under this Section 7(r) involves conditions which are unsafe, unhealthy, or hazardous to its customers, employees, or to the public, Company shall have the right to require that Operator, upon notice from Company, immediately suspend operations of the Franchised Business until such time as Company determines that said conditions have been cured. Company is specifically permitted to force shutdown in this case. The foregoing shall not affect Company's ability to terminate this Agreement as set forth in Section 14(c)(x).

(s) Remodeling. Operator agrees that, in order to maintain a modern, progressive, sanitary and uniform image, Company shall have the right, at any time and from time to time or at any time upon the transfer or renewal of the Franchise, to require Operator to perform such remodeling, repairs, replacements and redecoration in and upon the Premises, and upon the equipment and furnishings used by Operator as Company shall reasonably deem necessary and practical to bring the Premises, including equipment and fixtures, up to the then current standards of newly developed Perkins Units. Notwithstanding new equipment may be required earlier for products and services in accordance with Section 7(q)(iii).

(t) Replacement of Equipment. In no way limiting Company's rights under any other provision of this Agreement, upon Company's request, Operator agrees to install, update or replace any equipment (including without limitation the Computer System described below), and to utilize equipment of the kind and in such manner as is specified by Company from time to time.

(u) Technology, POS, and Communication and Information Systems. Company has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among Perkins Units, and in accordance with Company's standards, including without limitation: (1) back office and management systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Perkins Units, between or among Perkins Units, and between and among the Operator and Company or its designee; (2) computer based point of sale systems, including cash registers or other computer components with locked totaling device (a "**POS System**"), which may include, or be supplemented by, related technology, equipment, and services for customer online and mobile ordering systems and services, customer loyalty programs, and third-party delivery services; (3) physical, electronic, and other security systems; (4) printers and other peripheral devices; (5) archival back-up systems; and (6) internet access mode (*e.g.*, form of telecommunications connection) and speed (collectively including with the POS System, the "**Computer System**"). Additionally, the terms provided below in this Section 7(u) apply with respect to the Computer System.

(i) Operator shall purchase or lease from Company, or from a supplier approved by Company in the Confidential Operations Manual or otherwise in writing, before commencing operation of the Franchised Business, the Computer System and shall thereafter comply with Company's requirements, specifications and policies concerning the use of technology, as they may be specified in this Agreement, or specified or modified in the Confidential Operations Manual or otherwise in writing.

(ii) Company shall have the right, but not the obligation, to develop or have developed for Company, or to designate: (a) computer software programs and accounting system software that Operator must use in connection with the Computer System (“**Required Software**”), which Operator must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Operator must install; (c) the tangible media upon which Operator must record data; and (d) the database file structure of Operator’s Computer System. If Company requires Operator to use any or all of the above items, then Operator agrees that it will do so.

(iii) In connection with the Computer System and Required Software, Operator shall execute any license, sublicense, or maintenance agreement required by Company or any other approved licensor of such software programs and comply with their terms, including making payments to those suppliers according to the terms of those arrangements.

(iv) Operator shall obtain and maintain throughout the term of this Agreement, a contract with one or more suppliers, approved by Company in the Confidential Operations Manual or otherwise in writing, for services, as may be specified by Company from time to time, for the maintenance of, and assistance (including a help desk) in operating the Computer System and/or designated components and functions of the Computer System. Additionally, Company may be an approved supplier of such services, and if Operator obtains these services from Company, then Operator shall pay to Company each month the maintenance fee and help desk fee specified by Company for such services. Additionally, Company may from time to time develop proprietary software programs for use in the Perkins System, which Operator may be required to purchase and use in connection with the Franchised Business.

(v) Operator shall maintain, at its own expense, all aspects of the Computer System. Operator also shall upgrade and update its computer hardware and software within thirty (30) days of any notice from Company requiring such upgrade or update, and any such upgrade or update shall be at Operator’s cost and expense.

(vi) Operator shall promptly enter into its Computer System and maintain all information required to be entered and maintained by this Agreement and the Confidential Operations Manual, or otherwise in writing by Company, and shall permit Company to access Operator’s Computer System at all times via modem or other means specified by Company from time to time. Operator shall cooperate with Company and shall execute all documents required by Company to permit access to Operator’s Computer System and data contained therein. All data provided by Operator, downloaded from Operator’s Computer System, and otherwise collected from Operator’s Computer System by Company (excluding consumers’ credit card and/or other payment information), and/or provided to Company is and will be owned exclusively by Company, and Company shall have the right to use such data in any manner that Company deems appropriate without compensation to Operator. In no way limiting the above, with respect to the POS System, Company shall have right, but not the obligation to exercise, full access to, and authority to use and take actions regarding, any data, including terminal key information, that is entered into or otherwise maintained on or for the POS System, including software, hardware, applications, physical connections or any other device or technology, in connection with configurations, updates, modifications, monitoring, verifications of compliance, an emergency, investigation of possible breach, and/or possible remediation activities. In connection with the foregoing, Company may take actions, without liability to Operator, as it deems appropriate, which may include installing, disabling or removing software, hardware, applications, physical connections or any other device or technology.

(vii) Company shall have the right, but not the obligation, to establish a website or other electronic system providing private and secure communications (e.g., an extranet) between

Company, Operator, other franchisees, and other persons and entities as determined by Company, in its sole right and discretion. If required by Company, Operator shall establish and maintain access to the extranet in the manner specified by Company, including frequency of use, and shall from time to time execute such agreements and/or acknowledge and agree to comply with, such policies concerning the use of the extranet as Company may require.

(viii) In no way limiting any other requirement of Operator pursuant to Section 7(u)(vi), Operator must maintain an Internet service that allows Operator an unlimited Internet connection, email and online communication abilities as Company requires. Operator must dedicate a high-speed broadband or frame relay connection for the sole purpose of supporting Operator's computer system. Company must approve any other technology options, such as satellite or cellular, before Operator orders service with a provider. Company may require Operator to use an Internet Service Provider Company approves. Company may require Operator to purchase services that meet certain performance criteria (Example: upload/download speeds, security, etc.). Operator must maintain a valid email address to receive communications from Company. Operator must immediately notify Company of Operator's email address and of any changes Operator later makes to Operator's email address. Operator must access and review all emails received at Operator's email address in accordance with the standards that Company specifies from time to time, including requirements as to frequency in reviewing emails and other communications (which will be no less frequent than once per day).

(ix) Operator acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Operator agrees that Company will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Operator agrees to abide by those reasonable new standards Company establishes as if this Section 7(u) were periodically revised by Company for that purpose.

(x) In no way limiting Section 17(a) below, Operator must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("Privacy Laws"). Operator must comply with such standards and policies pertaining to the privacy of consumer, employee, and transactional information that Company may establish. If there is a conflict between Company's standards and policies and Privacy Laws, Operator must: (a) comply with the requirements of Privacy Laws; (b) immediately give Company written notice of such conflict; and (c) promptly and fully cooperate with Company and its counsel in determining the most effective way, if any, to meet Company's standards and policies pertaining to privacy within the bounds of Privacy Laws. Operator must not publish, disseminate, implement, revise, or rescind a data privacy policy without Company's prior written consent as to such policy.

(v) Reservation of Right to Vary Standards. Because complete and detailed uniformity under many varying conditions may not be possible, practical, or desirable, Company specifically reserves the right and privilege, in its sole right and discretion and as Company may determine, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Company deems to be of importance. Operator shall have no recourse against Company on account of any variation from standard specifications and practices granted to any franchise owner and shall not be entitled to require Company to grant Operator a like or similar variation hereunder. Additionally and notwithstanding any other provision contained in this Agreement, Company may: (i) use in its right and discretion one or more Perkins Units, including that of the Operator, to test market new or different products or services, (ii) authorize or require the use of new, modified or replacement Licensed Marks in its discretion at one or more Perkins Units without incurring any obligation to authorize or require the use of such new, modified or replacement Licensed Marks on a system-wide basis (including,

without limitation, as part of re-branding and/or re-imaging activities), and (iii) engage in any type of business activity apart from the Perkins System, including, without limitation, the creation of or participation in any other franchise system without incurring any obligation to allow Operator to utilize all or any part of such system.

(w) **Changes to System.** Operator acknowledges that the Perkins System must continue to change in order to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the Perkins System may be required from time to time in order to preserve and enhance the public image of the Perkins System and to ensure the continuing operational efficiency of Perkins Units generally. Accordingly, Operator agrees that Company may from time to time hereafter, upon reasonable notice, and acting reasonably, add to, subtract from or otherwise change the Perkins System, including, without limitation, the adoption and use of new or modified Licensed Marks, products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of food products and services. Operator agrees to promptly accept, implement, use and display in the operation of the Franchised Business all such additions, modifications and changes at its sole cost and expense.

(x) **Death or Incapacity of Operator or Managing Interest Holder.** Upon the death, physical incapacity, or mental incompetency (as reasonably determined by an independent third party such as a medical doctor) of an individual Operator or of any Interest Holder (as defined in Section 11(g)), who is managing the Unit on behalf of Operator, a replacement for such person must be approved by Company in accordance with Section 13(f)(ii).

(y) **Management of Unit by Company.** Operator hereby grants to Company the right, but not the obligation, to immediately take such steps as are necessary to manage the Franchised Business for the account of Operator in the event of the death of, or reasonable determination by an independent third party (such as a medical doctor) as to the physical incapacity or mental incompetency of the Operator or the Interest Holder who is managing the Unit on behalf of Operator, until such time as Operator has satisfied the conditions set forth in Sections 7(x) and 13(g) of this Agreement. Operator agrees to hold Company and its respective directors, officers, agents, employees, attorneys and shareholders harmless from all claims or damages arising out of or connected with Company's management of the Franchised Business. Operator shall pay Company in addition to all other amounts due pursuant to the terms of this Agreement a fee of eight percent (8%) of the Net Sales, plus costs during the period in which the Franchised Business is so managed by Company.

(z) **Equipment.** Operator hereby agrees that only new or high quality refurbished equipment will go into the Unit to be covered by this Agreement. Operator agrees that all equipment that goes into the Unit shall be mechanically and cosmetically in excellent condition so as to meet the standards and specifications of Company. If the equipment is not new or is not up to the standards and specifications of Company then the Unit covered by this Agreement cannot open or continue operations until the equipment is brought into compliance with Company's standards and specifications.

(aa) **Signage and Creation of Sign Lien.** Operator agrees that in the construction of signage for the Unit covered by this Agreement Operator will use only new signage and will not use signage that has already been in use at other locations. If the signage is not new and does not meet the standards and specifications of Company, then the Unit covered by this Agreement cannot open until the signage is brought into compliance with Company's standards and specifications. Operator agrees that this Agreement shall constitute a lien upon all exterior signage bearing any Licensed Marks which are to be displayed on the exterior of the Premises, and in the event of any termination or expiration of this Agreement, Operator agrees to remove immediately such signage bearing any of the Licensed Marks from the Premises. Furthermore, if requested by Company, Operator must, even if Operator is the owner,

turn over all signage immediately to Company upon the occurrence of either the termination of this Agreement or natural expiration of this Agreement. At Company's sole election, Company may compensate Operator for the reasonable depreciated value of the signage upon receipt of such signage from the Operator. If Operator fails to make such alterations within fifteen (15) days after termination or expiration of this Agreement, Operator agrees that Company or its designated agents may enter upon the Premises at any time to make such alterations, at Operator's sole risk and expense, without liability for trespass or otherwise. Operator's obligations under this paragraph for signage installed and maintained at the Unit are separate from, and in addition to, any requirements that Company may impose on Operator for purchasing DOT road signs and billboard advertising under Section 8(a)(vii) below.

(bb) Sale of Company Goods by Operator. Operator may not under any circumstances, without prior written consent from Company, sell, give, loan, etc., for the purpose of operating or promoting a restaurant or food service establishment, any "Perkins" labeled goods or items designed specifically for use in the Perkins System, to include such items as signs, food, equipment, uniforms, menus, paper goods, or any other supplies or goods of any kind or nature purchased from Company or any other vendor, to anyone other than to an Operator currently licensed by Company, who is operating under a Franchise Agreement with Company, which has not been terminated and is not then in default under the terms of the Franchise Agreement or any other agreements with Company.

(cc) Managers Used by Operator. Operator will not allow any manager, or other person with management authority in the operation of the Franchised Business, employed in the Unit to either establish and/or participate in the operation of, or own an interest in, another restaurant which serves breakfast at times other than the hours of 6:00 a.m. - 11:00 a.m. while employed in any capacity with the Franchised Business. Operator shall obtain, and upon request of Company shall furnish to Company, covenants executed by all such persons setting forth such restrictions. Every covenant required by this Section 7(cc) shall be in a form approved by Company, including specific identification of Company as a third-party beneficiary of such covenants with the independent right to enforce them. When Operator becomes aware of such, by whatever means, Operator will give the manager and/or employee written notice that they must separate themselves completely from the other restaurant(s) within thirty (30) days or else Operator must refrain from using that individual in a managerial role. In the event the manager and/or employee has failed to comply with this separation at the end of this thirty (30) day period, then in that event, Operator agrees to immediately refrain from using such person in a managerial role. Operator's failure to comply with such requirements shall be an event of default in accordance with Section 14 of this Agreement.

(dd) Staffing of the Unit. Operator acknowledges that it is of significant importance to the future sales capability of the Franchised Business to have an adequate staff of employees with which to open and continue to operate the Franchised Business. Operator hereby agrees that prior to the opening of the Franchised Business and throughout the term of this Agreement to hire and retain such number of restaurant employees as needed to diligently operate the Franchised Business so as to maximize the revenues and profits therefrom and to provide service according to the standards or specifications for customer service, brand standards and business generation as Company may specify in the Confidential Operations Manual or otherwise in writing. Operator acknowledges that failure to employ an adequate number of employees will be both sufficient cause for withholding approval to open the Franchised Business to the public and will be considered an event of default. However, Company reserves the sole and exclusive right to waive Operators' compliance with this Section 7(dd) if, in Company's sole and reasonable determination, the unique conditions in any individual labor market prevent compliance with this covenant. Operator shall be solely responsible for all employment decisions and functions, including, without limitation, those related to recruitment, hiring, firing, establishing remuneration, personnel policies, benefits, disciplining, supervising, scheduling, record keeping, employee relations and labor matters, regardless of whether Operator has consulted with Company on these subjects. Under no

circumstances shall Operator's managerial personnel or other employees be deemed to be employees of Company.

(ee) Change in Ownership. Operator agrees to advise Company of any change in ownership of assets used in conjunction with the Franchised Business that are owned or controlled by Operator. An asset includes, without limitation, the Equipment, Signs, Building, Land or Easement regardless of ownership. Failure of Operator to perform the above shall result in an event of default in accordance with Section 14 of this Agreement.

(ff) Notification of Actions. Operator will notify Company in writing within ten (10) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree, of or by any court, agency or other governmental instrumentality, which may adversely affect Operator's financial condition or ability to meet its obligations hereunder.

(gg) Gift Cards and Loyalty Programs. Company has the right to implement gift card (the term "card" includes any physical card or certificate and any electronic "cards" or similar technology that may replace or supplement physical cards and certificates), customer incentive, convenience programs, and/or other loyalty programs (together "**Gift Cards and Incentives**"), and if Company does so, Company has the right to require that Operator participate in these programs. For any programs that Company designates as mandatory, Operator agrees to offer for sale, and to honor for purchase by customers, all Gift Cards and Incentives (including programs that Company or a third-party vendor operates); and Operator agrees to do all things in compliance with Company's standards and procedures for such Gift Card and Incentives programs. In order to participate, Operator may be required, among other things, to: purchase software, hardware, and other items needed to sell and process gift cards, and to contract with the gift card supplier or processing services; and pay monthly or per transaction fees as may be required by the vendors of the gift card system or by us, including additional fees. Operator agrees not to sell, issue, or redeem coupons, gift cards other than gift cards Company designates and/or approves in writing. Operator shall conduct all activities relating to Gift Cards and Incentives in compliance with all applicable laws.

(hh) PCI Compliance and Credit Cards. With respect to Operator's acceptance and processing of customer payments by credit and debit cards, Operator agrees to do all of the following:

(i) Operator agrees to maintain, at all times, credit-card relationships with the credit-and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that Company may periodically designate as mandatory;

(ii) Operator agrees not to use any Credit Card Vendor for which Company has not given prior written approval or for which Company has revoked Company's earlier approval. Company has the right to modify Company's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Company's approval of any service provider;

(iii) Operator agrees to comply with all of Company's policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (Company may set these requirements in the Confidential Operations Manual); and

(iv) Operator agrees to comply with Company's requirements concerning data collection and protection, which may include requirements for Operator to install and maintain security

measures and devices to protect data from unauthorized access, disclosure or loss, according to industry-standards or such other standards and specifications that Company may designate in the Confidential Operations Manual. Without limiting the foregoing, Operator agrees to comply with the then current Payment Card Industry Data Security Standards (“**PCI Standards**”) as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that Company may reasonably specify. Among other things, Operator agrees to implement the enhancements, security requirements, and other changes to the PCI Standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. Operator acknowledges that compliance with PCI Standards is a minimum requirement, and that compliance does not guarantee that no security breach will occur. In the event of a security breach (including a suspected security breach), Operator agrees to: promptly notify the Company; promptly comply with applicable laws and any instructions that Company may issue regarding data security and data breaches, including regarding responses to customers or the general public to a security breach (which guidance and instructions may be provided in the Confidential Operations Manual or directly to Operator in the event of a breach); and to fully cooperate with, and respond to, any investigations by Company relating to the breach. Without limiting the foregoing, Operator acknowledges and agrees that Company shall have the right, but not the obligation, to directly, or through a designated service provider, conduct any investigations regarding the security breach. Operator acknowledges and agrees that any claims, losses or expenses incurred by Company arising from or related to a security breach will be subject to Company’s indemnification obligations under Section 18(a) of this Agreement.

(ii) **Prices.** Company may provide guidance on the pricing of the products and services sold by Operator. Additionally, to the extent permitted by applicable law, Company has the right to establish maximum and/or minimum pricing guidelines that Operator must follow for products and services. Except for any such maximum or minimum prices specified by Company, Operator will not be required to follow suggested prices. However, if Operator elects to establish pricing different than Company’s suggested prices, Operator will be responsible for any additional costs incurred by Company or Operator to produce marketing and promotional materials for Operator containing the prices established by Operator.

(jj) **Conferences.** Company may conduct an annual conference or periodic system wide or regional conferences, seminars, or meetings (collectively “**Conference(s)**”) at such place as Company designates for operators of Perkins Units. Operator, an Owner or an individual designated by Operator and approved by Company must, at Operator’s expense attend any Conference Company may specify as mandatory. If Operator, an Owner, or other approved individual fails to attend a mandatory Conference and Operator does not obtain Company’s prior written waiver of attendance at such Conference, Operator agrees to pay to Company a fee of Two Thousand Five Hundred Dollars (\$2,500) for non-attendance at such Conference. The fee will be due and payable at the same time as Operator’s weekly royalty fee under Section 5(b) for the week immediately following the missed Conference. The required fee is in addition to any remedy that Company has for Operator’s default under this Agreement for failing to attend the mandatory Conference.

## 8. ADVERTISING AND MARKETING

### (a) Advertising Program.

(i) Operator may develop an advertising program, so long as it is in conformance with Company’s standards and approval requirements as described further in Section 8(a)(iii) below. Upon request from Company, Operator will change or cease to use any of its advertising programs, copy, and materials.

(ii) Company and/or its agents have the right at any time without prior notice to Operator to conduct interviews of existing and/or prospective customers as described in Section 7(p)(iii) above, and to conduct market research at the Units and elsewhere, including surveys and focus groups involving customers and prospective customers of the Units, and any other market research and customer satisfaction evaluation deemed appropriate by Company.

(iii) All advertising and marketing by Operator must be in such media, and of such type and format as Company may approve; must be conducted in a dignified manner; and must be in strict accordance and conformity with the standards, formats and specimens contained in the Confidential Operations Manual or as otherwise provided by Company. In the event the Operator wishes to depart from the materials and/or type and format approved in the Confidential Operations Manual, the Operator must submit, in each instance, the proposed marketing, advertising or promotional plans and advertising copy and materials to Company for its prior written approval, which may be granted in its sole right and discretion. Company's approval will expire after six (6) months. Therefore, Operator must submit for reapproval prior to the end of the six (6) months if Operator plans on continuing to use the same materials beyond the six (6) month approval limit. In no event shall the Operator's advertising contain any statement or material which may be considered: (a) in bad taste or offensive to the public or to any group of persons; or (b) defamatory of any person or an attack on any competitor. All advertising submitted to Company for approval shall become the property of Company and may be used by Company and other authorized franchisees of Company, without any payment to Operator. Company's review of any proposed marketing and promotional plans, materials, and/or medium for dissemination of such advertising and marketing will be limited to reviewing the trademarks and the content of the proposed advertising from a branding, promotional, and trademark protection perspective, and Company will not evaluate proposed materials or plans for compliance with applicable legal requirements.

(iv) Operator shall spend on a quarterly basis (or such other time period as Company may reasonably specify) at least one percent (1%) of the Net Sales on local advertising and promotional activities (the "**Local Advertising Requirement**"), except during any periods that Company requires Operator contribute these monies to the Fund as described in Sections 8(a)(v) and 8(a)(vi) below. Operator shall account for such expenditures on a routine basis and shall prepare and maintain, in accordance with the schedules and procedures specified by Company from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such period. Operator shall submit, on or before the tenth (10th) day of the following quarter, all such statements, reports and records as Company may specify to evidence Operator's compliance with the Local Advertising Requirement. The term "local advertising and promotional activity" shall refer to advertising and promotion related directly to the Franchised Business, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), approved DOT road signs and billboard advertising, and such other activities and expenses as Company may specify. Company may provide to Operator, in the Confidential Operations Manual or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotional activities," including the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations which do not qualify.

(v) Company has the right, at any time(s) during the Term of this Agreement, to require that, in lieu of Operator directly spending monies on local advertising to satisfy the Local Advertising Requirement, Operator will instead contribute such amounts to the Fund for use under the terms of Section 8(b) below. If Company makes such an election, Company will notify Operator in

writing at least thirty (30) days in advance of such change. Company and Operator agree that: (a) Company has the right to make an election under this Section 8(a)(v) on a temporary or permanent basis; (b) amounts that Operator must contribute to the Fund under this Section 8(a)(v) are in addition to contributions that Operator must make to the Fund under Sections 5(h) and 8(b) for the same period(s); and (c) during any periods that Operator makes contributions under this section as required by Company, Operator will not be required to make expenditure under the Local Advertising Requirement for the same period(s), except as described in Section 8(a)(vi) below. If Operator was in default of its Local Advertising Requirement at the time that Company elects to require contributions to the Fund under this section, Operator shall also contribute to the Fund the monies Operator had failed to spend to satisfy the Local Advertising Requirement, which amounts will permanently become part of the Fund.

(vi) Operator acknowledges and agrees that Company may exercise its rights under Section 8(a)(v) above with respect to Operator alone, without any similar requirement being imposed on other franchises, in the event that Operator fails to fully comply with all of its Local Advertising Requirement (including any requirements relating to approval of advertising and allocation of the required amounts among approved advertising). If Company exercises its right to have Operator contribute its Local Advertising Requirements monies to the Fund due to Operator's non-compliance, Company shall have the right (in addition to the terms of Section 8(a)(v) above) to either: (A) spend the contributed Local Advertising Requirement monies on Operator's behalf; or (B) hold the contributed Local Advertising Requirement and require that Operator spend amounts equal to the contributed Local Advertising Requirement on approved advertising, and then, upon receiving from Operator proof of Operator's compliance, return the contributed Local Advertising Requirement to Operator. Upon Company's request, Operator must pay the amount of the Local Advertising Requirement as required under this Section 8(a)(vi) to a special bank account that Company establishes and maintains and from which Operator may apply to withdraw funds for the purpose of paying (or reimbursing Operator) for mutually-agreeable local marketing as specified in this Section 8(a)(vi).

(vii) Operator must, at its sole expense, purchase and maintain a "DOT" road sign at all times if one is available that meets Company's standards, in Company's sole right and discretion. If DOT signage is not immediately available at the Opening Date, Operator must register on the wait list (if applicable) and purchase the signage at the earliest time it becomes available to Operator. Company may also require that Operator, at its sole expense, purchase advertising on other billboard signage, and Operator agrees to purchase such billboard advertising upon Company's request. All road signage and billboard advertising must comply with Company's then current standards and specifications. Operator's expenditures on approved DOT road signage and billboard advertising will count towards Operator's Local Advertising Requirements for the periods that Operator maintains such signage and billboard advertising.

(b) Advertising Fund. Company has established an advertising fund (the "**Fund**") to meet the costs of conducting advertising, marketing, and promotional activities designed to promote the Perkins System. The Fund is maintained and administered as described below in this Section 8(b).

(i) Company shall choose and determine, in its sole right and discretion, the type, quantity, timing, placement and choice of media, areas of coverage, and the agencies and services that may be used to conduct advertising or promotional activities. Operator acknowledges and agrees that the Fund will be administered by Company to promote general public recognition and awareness of the Perkins System, and that Company has no obligation to administer the Fund to ensure that any particular franchisee, including Operator, benefits directly or pro rata from amounts contributed to the Fund by Operator. In no way limiting the above, Company may elect for the Fund to include Perkins Units located within and outside of the United States, or Company may establish other advertising funds for Perkins Units located outside of the United States, and in any circumstance Company may comingle the

funds and/or make collective or coordinated use of the Fund and the advertising funds for international Perkins Units, and Company may from time to time revise its policies to merge or segregate the Fund and any other funds.

(ii) The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities that Company believes will promote and enhance the image of the Perkins System and general public awareness of and favorable support for the Perkins System. This includes, among other things, the costs of preparing and conducting marketing campaigns through media advertising (such as television, radio, magazine, newspaper, outdoor, digital, social, email, direct mail); market surveys; developing and maintaining our website and affiliated websites; employing advertising personnel (in-house) or retaining third-party agencies to support marketing, advertising and public relations; consumer and product research and development; marketing technology; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; providing promotional and other marketing related materials and services to Perkins Restaurants; sponsorship of organizations and events, including meetings for the Perkins System; developing and maintaining Online Sites (as defined in Section 8(c) below) (except for the portion, if any, specifically relating to soliciting franchisees); purchasing promotional items; conducting and administering in-store promotions; product research and other surveys; providing promotional and other marketing materials and services; and providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements as approved by Company. The Fund shall be responsible for the administrative costs incurred in relation to the management of the Fund. The coverage of any advertising or promotion paid for by the Fund is determined by Company in its sole right and discretion, and Company chooses and determines, in its sole right and discretion, the concepts, materials and media used in any advertising or promotional activities paid for by the Fund.

(iii) Operator shall contribute to the Fund by separate payment to Company, or to its designee as directed by Company, which shall be made by electronic funds transfer unless otherwise specified in writing by Company. All sums paid by Operator to the Fund shall be accounted for separately and shall not be used to defray any of the expenses of Company, except for such reasonable costs and overhead, if any, as Company may incur in activities reasonably related to the direction and implementation of the Fund and marketing programs for Company's franchisees and the Perkins System, including costs of personnel and pro-rata office expenses for creating and implementing marketing, advertising, and promotional programs. The Fund and any earnings from it shall not otherwise inure to the benefit of Company. Company shall maintain separate bookkeeping accounts for the Fund. If any amounts contributed to the Fund are not spent in the year in which they are contributed, they will be spent in the following year.

(iv) Upon written request from Operator, Company shall provide to Operator an unaudited statement within one hundred twenty (120) days from Company's fiscal year end of how the amounts contributed to the Fund were used in Company's most recent fiscal year.

(c) **Grand Opening Promotion.** In addition to and not instead of Operator's marketing contributions to the Fund or Local Advertising Requirements, Operator agrees to spend at least the amount specified on Exhibit B as the "Minimum Grand Opening Expenditure" on local promotion and a grand opening event conducted in conjunction with the unit's initial opening (the "**Grand Opening Program**"), in accordance with Company's specifications. The Grand Opening Program will generally be conducted during the first sixty (60) days from the date on which the Unit first opens for business, provided however that exact beginning and end dates of the Grand Opening Program will be determined as part of the marketing plan that Operator must submit to, and have approved by, Company. All

materials used in the Grand Opening Program will be subject to Company's standards and prior written approval under Sections 8(a) above. Operator must submit to Company receipts and such other proof as Company may request documenting the amounts Operator spent on the Grand Opening Program. Upon Company's request, Operator must pay the Minimum Grand Opening Expenditure to a special bank account that Company establishes and maintains and from which Operator may apply to withdraw funds for the purpose of paying (or reimbursing itself) for mutually agreeable local marketing as specified in this Section 8(c). In the event Operator should fail to conduct the Grand Opening Program as required, Company shall have the right, at its election, without being obligated to do so, to conduct the Grand Opening Program on Operator's behalf. If Company elects to conduct the Grand Opening Program, Operator shall, upon demand from Company, pay to Company all amounts that Company expended on the Grand Opening Program.

(d) **Online Sites and Electronic Communications.** Unless Company has otherwise approved in writing, Operator agrees to not establish, use, maintain, sponsor, or permit any other party to establish or maintain an Online Site (as defined below) that relates in any manner whatsoever to the Franchised Business or that in any way refers to the Licensed Marks, Company, and/or the Perkins System. Operator specifically acknowledges and agrees that any Online Site shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Company's approval under the provisions of Section 8(a) above. As used in this Agreement, the term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social or business networking sites (*e.g.*, Facebook, Twitter, Instagram, LinkedIn, You Tube, Google Plus, Google My Business, Pinterest, Foursquare, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools, etc.), blogs, vlogs, applications to be installed on mobile devices (*e.g.*, iOS or Android apps), business listings, search tools and other applications, etc. Additionally, the terms provided below in this Section 8(d) apply to any Online Site.

(i) Company shall have the right, but not the obligation, to establish and maintain one or more Online Sites, which may, without limitation, promote the Licensed Marks, any or all of the Products, Perkins Units, the franchising of Perkins Units, and/or the Perkins System. Company shall have the sole right to control all aspects of any Online Sites, including without limitation its design, content, functionality, links to the Websites of third parties, legal notices, and policies and terms of usage; Company shall also have the right to discontinue operation of Online Sites.

(ii) Unless approved in writing by Company, Operator shall not establish or use a separate Online Site. Company shall have the right, but not the obligation, to designate one or more webpage(s) to describe Operator and/or the Unit, with such webpage(s) to be located within Company's Online Site or any other Online Site that Company approves.

(iii) If Company approves, in writing, a separate Online Site for Operator, then each of the following provisions shall apply:

(a) before establishing any Online Site, Operator shall submit to Company, for Company's prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, but not limited to, proposed screen shots), and non-visible content (including, but not limited to, meta tags), or such other information about the proposed Online Site in the form and manner Company may reasonably require; and Operator shall not use or modify such Website without Company's prior written approval as to such proposed use or modification;

(b) in addition to any other applicable requirements, Operator shall comply with Company's standards and specifications for Online Sites as prescribed by Company from time to time in the Confidential Operations Manual or otherwise in writing;

(c) if required by Company, Operator shall establish such hyperlinks to Company's Online Site(s) and others as Company may request in writing;

(d) Company may revoke its approval at any time, in writing, and require that Operator discontinue use of, take down, disable connectivity to, and remove content from, any separate Online Site; and

(e) Company may require Operator to make Company the sole administrator (or co-administrator or other designee with rights to control the site) of any social networking pages that Operator maintains or that are maintained on Operator's behalf, and Company will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator (or co-administrator or other designee with rights to control the site) may exercise, and may require that Operator relinquish passwords relating to any Online Site promoting the Franchise Business or otherwise relating to or using the Licensed Marks.

(iv) In no way limiting the foregoing, Operator further agrees not to transmit or cause any other party to transmit advertisements or solicitations by telephone, email, text message, instant message, social networking website, VoIP, streaming media, or other electronic media without first obtaining Company's written consent as to: (a) the content of such advertisements or solicitations; (b) the type of media intended to be used; and (c) vendor to be used. All telephone answering messages, email auto-signatures, and other identifiers of the Franchised Business must be in the form prescribed by Company. If Company approves the use of an electronic medium (which Company is not obligated to approve), Company may later revoke its approval and Operator shall immediately discontinue any further use.

(v) Company shall have the right to modify the provisions of this Section 8 relating to Online Sites as Company shall solely determine is necessary or appropriate for the best interests of the Perkins System.

(e) Participation in System-wide Programs, Marketing and Advertising. In no way limiting any other obligation of Operator under this Section 8, Operator must participate in all Perkins marketing initiatives that Company offers to, or designates for, franchisees and the consuming public. These initiatives may include: advertising through all media channels including, but not limited to, on-line social media, electronic media, print, outdoor, digital media and public relations; promotional activity including, but not limited to, in-store programs and community programs; programs and services for frequent customers, loyalty programs, which may include providing discounts or complimentary products or menu items; discounts or other offers communicated to customers via any distribution method; online ordering and delivery activities; use and promotion of Gift Cards and Incentives (as provided in Section 7.3(gg) above), coupons and other promotional programs; and charitable fundraising and donation programs and related activities. In no way limiting the foregoing, Operator will follow Company's requirements and guidelines concerning the use, acceptance and reimbursement of Gift Cards and Incentives, coupons and other promotional programs as Company sets forth from time to time in the Confidential Operations Manual or otherwise communicates. Company may use, or require Operator to use, designated third-party service providers to carry out such programs (which may include, without limitation, required payment of fees and purchase and use of additional equipment and services). Company may periodically formulate, develop, produce, and conduct, in its sole right and discretion, marketing or promotional

programs in such form and media as Company determines to be most effective and Operator is required to participate.

## 9. CONFIDENTIAL OPERATIONS MANUAL AND ORDER GUIDE

(a) Operation in Accordance With Manuals. In order to protect the reputation and goodwill of the businesses operating under the Perkins System and to maintain standards of operation under the Licensed Marks, Operator shall conduct the Franchised Business operated under the Perkins System in accordance with various written instructions and confidential manuals, each of which may be set forth in several volumes, including such amendments thereto, as Company may publish from time to time (hereinafter and previously referred to as the “**Confidential Operations Manual**” and the “**Order Guide**”), all of which Operator acknowledges belong solely to Company and shall be on loan from Company during the term of this Agreement. Additionally, Operator acknowledges and agrees that Company may provide a portion or all (including updates and amendments) of the Confidential Operations Manual, Order Guide, and other instructional information and materials in, or via, electronic media, including without limitation, through the use of computer disks, the Internet or an Extranet. Operator shall at all times use reasonable safeguards to ensure that these materials, both in electronic and other formats, are kept confidential and secure. When any provision in this Agreement requires that Operator comply with any standard, specification or requirement of Company, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Company in the Confidential Operations Manual and the Order Guide, or otherwise in writing by the Company. As used in this Section 9(a), the phrase “otherwise in writing by the Company” is deemed to include all written or recorded communications made by the Company through any means including, but not limited to, letters, pamphlets, forms, memoranda, flyers, handouts, promotional materials, and the like, whether presented in hard-copy printed materials or via electronic formats; and all such items will become part of the Confidential Operations Manual and/or order guide, as applicable, upon issuance by Company.

(b) Revision of Manual. Operator understands and acknowledges that Company may, from time to time, revise and/or supplement the contents of the Confidential Operations Manual and/or the order guide to implement new or different requirements and/or standards for the operation of the Franchised Business, and Operator expressly agrees to comply with all such changed requirements which are by their terms mandatory. The implementation of such requirements may require the expenditure of money by Operator.

(c) Dispute as to Contents. Operator shall at all times ensure that its copy of the Confidential Operations Manual and the Order Guide are kept current and up to date and, in the event of any dispute as to the contents thereof, the terms of the master copy thereof maintained by Company at its principal place of business shall be controlling.

## 10. CONFIDENTIAL INFORMATION

(a) Designation of Confidential Information. Operator shall at all times during the term of this Agreement and thereafter keep the Confidential Operations Manual, the Order Guide, the Computer System, and any other “**Confidential Information**” as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. For purposes of this Agreement, “Confidential Information” shall mean any and all information, knowledge and know-how about the Perkins System and Company’s products, services, standards, procedures, techniques communicated to Operator (whether communicated in writing, orally, electronically, by inspection, by sample, exhibit, training, demonstration, or otherwise), any and all manuals, materials, goods and information created or used by Company and designated by Company for confidential use within the Perkins System, and such other

information or material as Company reasonably considers to be material that is not generally known by the public.

(b) Nondisclosure. Operator shall not communicate directly or indirectly, divulge to or use for its benefit or the benefit of any other person or legal entity (except as is necessary in the operation of the Franchised Business), any Confidential Information, and shall limit access to employees of Operator on a need-to-know basis. Operator acknowledges that the unauthorized use or disclosure of Company's Confidential Information will cause irreparable injury to Company and that damages are not an adequate remedy. Operator accordingly covenants that Operator shall not during the term of this Agreement, without Company's prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or authorized by this Agreement), copy, duplicate, record, transfer, transmit or otherwise reproduce such information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source.

## 11. STATEMENTS AND RECORDS

(a) Maintenance of Records. Operator shall maintain for Company's inspection and copying at any reasonable time original, full and complete register tapes, other records, accounts, books, data, licenses, contracts and product supplier invoices which shall accurately reflect all particulars relating to Operator's business and such statistical and other information or records as Company may require and shall keep all such information for not less than three (3) years. Also, Operator acknowledges that:

(i) Upon Company's request, from time to time, Operator shall furnish Company with copies of any or all product supply invoices reflecting purchases by the Franchised Business. In addition, upon the request of Company, Operator shall compile and provide to Company any statistical or financial information regarding the operation of the Franchised Business, the products sold by it, or data of a similar nature as Company may reasonably request for purposes of evaluating or promoting the Franchised Business or the Perkins System in general;

(ii) Company and its designated agents shall have the right to examine and audit such records, accounts, books and data at all reasonable times to ensure that Operator is complying with the terms of this Agreement. If such inspection discloses that the Net Sales during any month actually exceeded the amount reported by Operator as its Net Sales by an amount equal to one and one-half percent (1.5%) or more of the Net Sales originally reported to Company, Operator shall bear the cost of such inspection and audit. In any event, Operator shall pay any such deficiency discovered by the audit with interest from the date due at the lesser of twelve percent (12%) per annum of such overdue amount or the highest rate permitted by applicable law, immediately upon the request of Company. This interest payment shall be in lieu of the service charge specified in Section 5(d) hereof. Otherwise, entitlement to such interest shall be in addition to any other remedies Company may have; and

(iii) Operator shall notify Company of any investigation or audit initiated by any agency or other governmental instrumentality concerning the financial operation or reporting of sales or taxes paid pursuant to the operation of the Franchised Business and will allow Company access to the results of any such investigation or audit. In the event such investigation or audit should indicate that Operator shall have under-reported its Net Sales to Company in an amount greater than one and one-half percent (1.5%) then, and in that event, Company shall be entitled to all remedies available under the terms of this Agreement or applicable Law for such under-reporting.

(b) Weekly Reports. No later than the designated day of each week, Company shall have received from Operator by the method and on forms prescribed by Company, statements stating the fees due to Company during the preceding week itemized by revenue producing activity as specified from

time to time by Company, the Net Sales at the Premises for the prior week, the gross amount of items sold including the amount of sales generated by each and all such items sold in or from the Franchised Business and such other information as Company may require, all signed and certified as true and correct by an authorized agent of Operator. In addition, Company may require additional reports pertaining to the Franchised Business by telephone or other means of communication.

(c) Tax Returns. Upon Company's request, Operator shall furnish Company with a copy of each of its reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Business including, without limitation, Form 941-Employers Quarterly Federal Tax Returns or other tax returns or forms from which it may be possible to determine the amount of income reported, and insurance premiums and other expenses incurred, all of which Operator shall certify as true and correct.

(d) Profit and Loss Statements. Operator shall prepare and deliver to Company on a monthly basis, no later than the twentieth day of each month, an unaudited profit and loss statement in a form satisfactory to Company acting in its sole and subjective discretion covering Operator's business for the prior month and such additional reports as Company may require, all of which shall be certified by Operator as true and correct. In the event that Operator operates additional businesses utilizing the Perkins System and the Licensed Marks pursuant to other franchise or license agreements between Operator and Company, Operator shall also prepare and deliver to Company a consolidated Profit and Loss Statement in a form satisfactory to Company covering all of such franchised or licensed businesses. Operator shall also submit to Company by March 1 and September 1 of each year during the term of this Agreement, an unaudited balance sheet reflecting the financial position of the Franchised Business as of the preceding December 31 and June 30, respectively. In addition, Operator, as well as any individual or entity guaranteeing Operator's obligations under this Agreement or in connection with the Franchised Business (each a "**Guarantor**"), shall, within sixty (60) days after request from Company, deliver to Company a financial statement, certified as correct and current, in a form which is satisfactory to Company and which fairly represents the total assets and liabilities of Operator and any such Guarantor(s).

(e) Annual Financial Statements. In addition to the foregoing statements, within sixty (60) days after the close of each calendar year, Operator shall furnish to Company, at Operator's expense, a statement of income and retained earnings of Operator for such calendar year and a balance sheet of Operator as of the end of such calendar year, all prepared in accordance with generally accepted accounting principles.

(f) Delinquent Reports. Operator does hereby acknowledge that failure to deliver to Company any report required hereunder promptly when due (or any report hereafter required by Company), or failure to forward to Company when requested any documents or forms as described herein shall result in delay and confusion in Company's books and records systems, a decrease in the efficiency of preparing Company's books and records and additional expense and damage to Company. In as much as the amount of expense and damage to pay to Company is difficult to compute, it is hereby agreed that Operator shall pay to Company the sum of Ten Dollars (\$10) per report, document or other form as above said for each day that such report, document or other form remains unfiled.

(g) Ownership Interest in Operator and Assets. Operator shall provide Company with a report in such form as Company may reasonably require listing all holders of direct or indirect equity and voting interest of record in Operator, the Franchised Business, the Unit, or this Agreement ("**Interest Holders**") and their respective present direct or indirect interests, and listing the spouses of any individuals who are Interest Holders. Additionally, Operator shall provide Company additional reports as needed to advise Company of any change. Operator shall also provide Company with copies of any

security agreements, liens, or other forms of encumbrances relating to the assets of the Franchised Business (including, but not limited to, fixtures, furnishings, signs, equipment, POS System, Computer System, and inventory of the Franchised Business), whether existing as of the Effective Date or subsequently arising in connection with the Franchised Business.

## 12. COVENANTS

(a) **Full Time Efforts.** Operator covenants that during the term of this Agreement, except as Company has otherwise approved in writing, Operator (or one of Operator's designated management employees who will assume primary responsibility for the franchise operations and who Company has previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the business franchised hereunder.

(b) **Understandings.** Operator acknowledges and agrees that: (a) pursuant to this Agreement, Operator will have access to valuable trade secrets, specialized training and Confidential Information from Company and Company's affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the Perkins System; (b) the Perkins System and the opportunities, associations and experience Company has established and that Operator will have access to under this Agreement are of substantial and material value; (c) in developing the Perkins System, Company and Company's affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) Company would be unable to adequately protect the Perkins System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in the Perkins System if franchisees were permitted to hold interests in any Competitive Business (as defined below); and (e) restrictions on Operator's right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder Operator's activities. "**Competitive Business**" is defined as any family style restaurant, pancake house, buffet serving breakfast, or diner, or any other table-service food service operation that sells pancakes or waffles or derives more than twenty five percent (25%) of its total sales from sit down breakfast items.

(c) **Covenant Not to Compete or Engage in Injurious Conduct.** In recognition of the points that are described above in this Section 12, Operator covenants and agrees that during the term of this Agreement, including any extension or renewal thereof, and for a continuous period of two (2) years after the later to occur of (1) the expiration including nonrenewal or termination of this Agreement, (2) a transfer as contemplated in Section 13 below, or (3) the date on which Operator actually ceases its operations of the Unit and its use of the Licensed Marks (the "**Post-Term Period**"), Operator will not directly, indirectly, for itself, or through, on behalf of, or in conjunction or participation with any party, in any manner whatsoever, do any of the following:

(i) Divert or attempt to divert any actual or potential business or customer of any Perkins Unit to any Competitive Business or otherwise take any action injurious or prejudicial to the goodwill associated with the Licensed Marks and the Perkins System;

(ii) Solicit any person who is (or has been within the prior year) a customer or a prospective customer of the Franchised Business (or a customer or prospective customer of any other Perkins Unit) with respect to (or on behalf of) a Competitive Business;

(iii) With respect to any person who is then employed by Company at Company's headquarters or distribution center as an executive, manager, field supervisor, or other position receiving Perkins specialty training, solicit such person to leave his or her employment with Company for employment by Operator without Operator first obtaining the consent of Company. In addition to any

other rights and remedies available to Company under this Agreement, in the event of a violation of this Section, Company will have the right to require Operator to pay to Company an amount equal to Forty Thousand Dollars (\$40,000) as liquidated damages and not as a penalty and to compensate for damages caused by such violation. Operator and Company agree that it would be impracticable to determine precisely the actual damages to Company due to a violation of this Section 12(c)(iii), as such damages could arise from various factors including: increased workloads for Company Employees; reduced efficiency of Company's operation and management; and increased expenditures to locate, hire and train personnel to replace the Company's employee hired by Operator in violation of this Section 12(c)(iii). The liquidated damages amount set forth hereinabove is a reasonable best estimate made by the parties hereto of such damages and is for the purpose of compensating for all such damages; and

(iv) Own, control, maintain, develop, operate, engage in, franchise or license, have financial interest in, make loans to, lease real or personal property to, and/or have any other interest whatsoever in, or render services or give advice to, any Competitive Business.

(d) Where Restrictions Apply. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 12(c) above. During the Post-Term Period, these restrictions will apply only within a five (5) mile radius of the Premises of the Franchised Business and also within a five (5) mile radius of any Perkins Unit then-existing or to be developed under franchise agreements or development agreements executed by such time (provided, that if required by applicable law in the state where Operator is located, the five (5) mile radius restriction will apply only to the Premises and as to any other Perkins Units operating or to be developed under franchise agreements and development agreements that are in existence as of the date this Agreement is executed by Operator and Company), except as Company may otherwise approve in writing. These restrictions will not apply to any Perkins Unit that Company (or Company's affiliates) have franchised to Operator (or affiliates of Operator) pursuant to a valid franchise agreement.

(e) Application to Transfers. Operator further covenants and agrees that during the Post-Term Period, Operator will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction or participation with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Premises to any person, firm, partnership, corporation, or other entity that Operator knows, or has reason to know, intends to operate a Competitive Business at the Premises. Operator, by the terms of any conveyance selling, assigning, leasing or transferring Operator's interest in the Premises, must include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section 12 is not operated at the Premises for this two-year period, and Operator must take all steps necessary to ensure that these restrictive covenants become a matter of public record.

(f) Periods of Non-Compliance. If, at any time during the Post-Term Period, Operator fails to comply with Operator's obligations under this Section 12, then the Post-Term Period will be tolled during any period of noncompliance and will not be credited toward Operator's satisfaction of the Post-Term Period obligation as specified above.

(g) Publicly Held Entities. Section 12(c) above will not apply to ownership by Operator of less than one percent (1%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" will be deemed to refer to a corporation which has securities that have been registered under the Federal Securities Exchange Act of 1934.

(h) Personal Covenants. At Company's request, Operator must require and obtain execution of covenants similar to those set forth in Sections 6(a), 10, 13, 15, and this Section 12 (as modified to apply to an individual) from any or all of the following persons: (1) the designated manager and any

other managerial personnel that attend the Company's training course; (2) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Operator, and of any corporation directly or indirectly controlling Operator, if Operator is a corporation; and (3) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Operator is a partnership. Every covenant required by this Section 12(h) must be in a form satisfactory to Company, including, without limitation, specific identification of Company as a third party beneficiary of such covenants with the independent right to enforce them. Operator's failure to obtain execution of a covenant required by this Section 12(h) will constitute a default under Section 14(c) below.

(i) Construction. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Operator expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

(j) Claims Not a Defense. Operator expressly agrees that the existence of any claims Operator may have against Company, whether or not arising from this Agreement, will not constitute a defense to Company's enforcement of the covenants in this Section 12. Operator agrees to pay all damages, costs, and expenses (including, but not limited to, reasonable attorneys' fees) Company incurs in connection with the enforcement of this Section 12.

(k) Covenant as to Anti-Terrorism Laws. Operator and the owners of Operator's business ("Owners") agree to comply with and/or to assist Company to the fullest extent possible in Company's efforts to comply with Anti-Terrorism Laws (as defined below), and further agree to require that any Operator Related Party (as defined below) also complies with and/or assist Company in Company efforts to comply with Anti-Terrorism Law. In connection with such compliance, Operator and the Owners certify, represent, and warrant that none of their, or any Operator Related Parties' respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Operator nor any of the Owners or Operator Related Parties are in violation of any of the Anti-Terrorism Laws. Operator also agrees not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war. The term "**Operator Related Party**" as used in this Section 12(k) means any spouse of an Owner, any Guarantor, and any other person or entity under common control with or affiliated with Operator or any Owner.

(l) Defaults. Operator acknowledges that Operator's violation of the terms of this Section 12 would result in irreparable injury to Company for which no adequate remedy at law may be available, and Operator accordingly consents to the issuance of a temporary, preliminary or permanent injunction and/or other specific performance without Company proving actual damages or posting of bond, or seeking other security, prohibiting any conduct in violation of the terms of this Section 12.

### 13. TRANSFER AND ASSIGNMENT

(a) Assignment of Agreement by Company. This Agreement and all rights and duties hereunder and all related agreements and all rights and duties thereunder may be freely assigned or transferred by Company and shall be binding upon and inure to the benefit of Company's successors and assigns.

(b) Restrictions on Transfers. Operator understands and acknowledges that the rights and duties created by this Agreement are personal to Operator, and that Company has granted this franchise in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Operator and Operator's principals. Accordingly, neither Operator nor any individual, partnership, corporation, limited liability company, or any other legal entity owning any direct or indirect interest therein, shall, without Company's prior written consent given prior to the proposed transfer, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber (collectively, "**transfer**") any interest in this Agreement or any portion or aspect thereof, the Premises, the Unit, the Franchised Business, any equity or voting interest in Operator, or the assets of the Franchised Business (collectively, "**Interest**").

(c) Consent by Company to Proposed Transfer. Operator understands and acknowledges the vital importance of the performance of Operator to the market position and overall image of Company. Operator also recognizes the many subjective factors that comprise the process by which Company selects a suitable franchise owner. The consent of Company to a transfer by Operator of any Interest shall remain a subjective determination of Company, and shall not be unreasonably withheld; provided, however, that prior to any proposed transfer, Company may in its sole right and discretion require, without limitation, that any of the following conditions be met:

(i) The proposed transferee is a person or entity which meets Company's standards of qualification then applicable with respect to all new applicants for similar Perkins System franchises and possesses a good moral character, business reputation, solid financial position, and satisfactory credit rating;

(ii) The proposed transfer is at the price and upon such terms and conditions as Company, in its sole judgment, shall deem reasonable;

(iii) The proposed transferee and Operator shall execute and deliver to Company all documents that Company shall require (e.g., tax returns, financial statements, lender approval, etc.), including all documents Company then requires new franchisee applicants to provide to Company. Company shall have the right to communicate with the proposed buyer (and its counsel) and to: truthfully answer their questions about the System, Company, and Operator's operations; exchange information; and seek information from the buyer about their qualifications and characteristics. The proposed transferor(s) and the proposed buyer(s) must cooperate with Company in this regard for the purpose of evaluating and providing approval of the transfer;

(iv) As of the effective date of the proposed transfer, all obligations of Operator hereunder and under any other agreements between Operator and Company are fully satisfied;

(v) As of the effective date of the proposed transfer, all obligations of the proposed transferee to Company under all other agreements, franchise agreements, and leases between the proposed transferee and Company must be fully satisfied;

(vi) That any transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company, its parent, subsidiaries, affiliates and their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement; or related agreements to the Franchised Business;

(vii) That any transferor must acknowledge and agree that the transferor shall remain bound by any covenants that survive the termination or expiration of this Agreement (including those applicable to Operator under Section 12 and to other transferors under covenants executed pursuant to Section 12(h) of this Agreement), and must execute and deliver to Company any and all instruments Company may reasonably request to evidence such liability;

(viii) If required by Company, those requirements found in Section 13(d);

(ix) Prior to the effective date of the proposed transfer, Operator acknowledges and agrees to take whatever actions as may be necessary immediately to correct any and all deficiencies in the standards of operation and to assure compliance with the operating standards as defined in Section 7 of this Agreement, including, but not limited to, the maintenance of or quantity of equipment and signs or to any remodeling of the Premises as Company may require;

(x) As of the date of the proposed transfer, the Unit must be open and in operation, unless Operator is making an assignment pursuant to Section 13(h) of this Agreement; and

(xi) Operator shall submit to Company prior to any proposed transfer a list of all Interest Holders, as defined in Section 11(g), reflecting their respective present and proposed interests.

(d) Transfer of Majority Interest. Company may require, as a condition of its approval of any proposed transfer, satisfaction of the additional requirements set forth in this Section 13(d) in the event Operator is a partnership, privately-held corporation, limited liability company, or other legal entity, and the proposed transfer, alone or together with all other previous, simultaneous and/or proposed transfers, would have the effect of reducing to less than fifty-one percent (51%) the percentage of equity and voting interest owned in Operator by the initial equity and voting owners, or in the event Operator is a natural person and the proposed transfer, alone or together with other simultaneous or proposed transfers, would have the effect of reducing Operator's equity or voting interest in the transferee to less than fifty-one percent (51%). The additional requirements for all such transfers are as described below in the following provisions of this Section 13(d):

(i) Operator must provide Company with information sufficient to enable Company to cause the prospective transferee to be provided in a timely manner with Company's current form of disclosure document required by the Federal Trade Commission's Trade Regulation Rule on Franchising and/or other applicable state franchise registration/disclosure laws, and receipt for same shall be delivered to Company. Operator acknowledges that Company shall not be liable for any representations other than those contained in such disclosure document;

(ii) There shall have been paid to Company, together with the application for consent to the transfer, a transfer fee in an amount equal to twenty-five percent (25%) of the initial franchise fee being charged to new Perkins franchise owners at the time of the Transfer;

(iii) The Operator shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company, its parent, subsidiaries, affiliates and

their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement;

(iv) Any covenants that survive the termination or expiration of this Agreement (including those applicable to Operator under Section 12 and to other transferors under covenants executed pursuant to Section 12(h) of this Agreement), and Operator and any other transferors must execute and deliver to Company any and all instruments that Company may reasonably request to evidence such liability;

(v) That Operator and any other transferor must acknowledge and agree that the Operator, and if applicable any other transferor, shall remain bound by any covenants that survive the termination or expiration (and non-renewal) of this Agreement (including those applicable to Operator under Section 12 and to other transferors under covenants executed pursuant to Section 12(h) of this Agreement) and that Operator will comply with the post-termination obligations in Section 15(a) of this Agreement;

(vi) That any Operator shall remain liable for all of the obligations to Company in connection with the Franchised Business that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Company to evidence such liability;

(vii) The transferee shall at Company's request execute the then current standard form of Perkins Franchise Agreement and all related agreements, provided that an initial franchise fee shall not be required to be paid by such transferee and that the term of such agreement(s) shall be for the balance of the term of this Agreement, or at Company's request shall enter into a written assignment, under seal, and in a form satisfactory to Company, assuming and agreeing to discharge all of Operator's obligations under this Agreement. Additionally, if the transferee is other than a sole proprietor, the owners of a beneficial interest in the transferee shall, at the request of Company, execute guaranty(s) of the performance of all such obligations in writing in a form satisfactory to Company;

(viii) The transferee shall demonstrate to Company's sole satisfaction that it meets all of Company's requirements for becoming a franchise owner, including, without limitation, that it meets Company's managerial and business standards then in effect for similarly situated franchise owners; meets all other then-effective requirements of Company relative to the issuance of a franchise; and has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise);

(ix) The transferee and/or its designated managerial personnel shall have completed, or will complete in the time frame specified by Company, all of Company's then current instruction and training requirements, to Company's satisfaction;

(x) The transferee commits to develop and open an additional new Perkins Unit within two (2) years from the date of transfer of the existing Franchised Business, and for this purpose the transferee shall, as part of the transfer process, execute a second Perkins Franchise Agreement and all related agreements (using the then current forms) and pay to Company the initial franchise fee for such additional Perkins Unit; and

(xi) Without limiting the above, in order to carry out a transfer under this Section 13(d), and regardless of whether Company requires the transferee to sign a new form of franchise agreement or permits the transferee to assume this Agreement under Section 13(d)(vii) above, Operator

and the proposed transferee shall execute, at Company's election, an assignment agreement and/or any other documents as Company may deem necessary or desirable to reflect the terms and conditions of the transfer and the manner in which Operator and/or the proposed transferee will satisfy all conditions required for Company's approval of the transfer under this Section 13. Operator further acknowledges and agrees that if, notwithstanding Company's right to withhold approval of a transfer unless and until the transferee has completed all training and management staffing requirements of Sections 13(d)(viii) and (ix) to Company's full satisfaction, Company, in its sole determination, agrees to permit the transfer to proceed prior to the transferee's satisfaction of all training and/or management staffing requirements, the conditions that Company may impose on its approval will include such terms as Company deems appropriate to ensure the proper operations of the Unit until such time as transferee completes all such requirements to Company's satisfaction. Such additional terms may include, without limitation: Operator remaining obligated for proper operation of the Unit until the transferee satisfactorily completes all such training and management staffing requirements; the transferee entering into a management agreement with Operator (or such Owners of Operator as who are fully trained and approved as managers by Company) with terms relating to the Unit's operation as are reasonably acceptable to Company; and/or Operator and transferee entering into escrow arrangements relating to the transfer until such time as Company provides written notice that such training and management requirements have been completed to Company satisfaction. If an escrow arrangement is required pending the completion of the transfer conditions, Company may require the use of an escrow agreement and/or agent that Company designates or approves in writing.

(e) Bankruptcy or Transfer by Operation of Law. If Operator, or any person holding any interest (direct or indirect) in Operator, as provided by Section 11(g) or otherwise, or this Agreement, or the Franchised Business becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, or is subject to receivership, it is the parties' understanding and agreement that any such transfer of Interest, as defined in Section 13(b), shall be subject to all of the terms of this Section 13 of this Agreement. Operator acknowledges and agrees that Company holds the exclusive right to license the Licensed Marks, and, as such, Company may restrict any voluntary or involuntary assignment or transfer of this Agreement and the use of the Licensed Marks thereunder as Company so elects in any bankruptcy proceeding or otherwise.

(i) Public Offerings. All materials for an offering of stock or partnership interests in Operator or any affiliate of Operator which are required by federal or state law shall be submitted to Company for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use. No offering by Operator or any affiliate of Operator shall imply (by use of the Licensed Marks or otherwise) that Company is providing legal or accounting advice; that Company is participating in an underwriting, issuance, or offering of the securities of Operator or Operator's affiliates; that Company has undertaken due diligence to verify the accuracy of the statements in the materials, except that Company has reviewed the materials solely with respect to the relationship between Company and Operator and any subsidiaries and affiliates, if applicable; that Company has determined that the securities are a suitable investment for the potential investors to which the securities are offered. Any review of the offering materials and approval by Company to conduct the offering, shall be for Company's sole benefit, and are not intended for the benefit of any other party, including, but not limited to, the offeror and any prospective investor. At its option, Company may require the offering materials to contain written statements or disclaimers prescribed by Company including, but, not limited to, any limitations stated above in this section. Operator (and the offeror if not Operator), the Interest Holders, and all other participants in the offering must fully indemnify Company, its affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, Operator shall pay Company a non-refundable fee of Ten Thousand Dollars (\$10,000) or such greater amount as is necessary to reimburse Company for

its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Operator shall give Company written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 13(e) commences. Any such offering shall be subject to all of the other provisions of this Section 13; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Company's approval as to the structure and voting control of the offeror (and Operator, if Operator is not the offeror) after the financing is completed.

(f) Transfers Upon Death or Incapacity of Operator.

(i) Upon the death, physical incapacity or mental incompetency (as reasonably determined by an independent third party such as a medical doctor) of any person with any direct or indirect interest in Operator the ("Deceased/Incapacitated Interest Holder"), the executor, administrator, or personal representative of the Deceased/Incapacitated Interest Holder shall appoint a third party approved by Company within one hundred twenty (120) days after the death, incapacity or incompetency of the Deceased/Incapacitated Interest Holder, to administer the ownership rights of the Deceased/Incapacitated Interest Holder until a final disposition of his ownership interest can be transferred subject to the terms of this Agreement, or this Agreement and all related agreements shall at the option of Company be terminated. Such transfers shall be subject to the same conditions as any inter vivos transfer and shall be subject to the terms and conditions of Section 13 of this Agreement. If the executor, administrator, or personal representative of any such person is unable to fulfill the obligations of Operator, and/or the proposed transferee(s) does not meet the conditions, set forth in Sections 13 (c) and 13(d) hereof, Company may terminate this Agreement.

(ii) If the Deceased/Incapacitated Interest Holder was involved in management of the Unit, Operator must obtain Company's approval for a replacement for such person. If such Deceased/Incapacitated Interest Holder was part of a corporation, partnership, limited liability company, or other legal entity, then Operator must obtain Company's approval of the shareholder or partner who will actively manage the Unit. The replacement individual approved by Company must, within sixty (60) days after the death or incapacitation of the Deceased/Incapacitated Interest Holder, successfully complete the Training Program, as set forth by Company at the time of the training, before permanently taking over management of the Unit. In the event the replacement individual has previously completed the Training Program, such person shall only be required to complete such portions of the Training Program deemed by Company necessary to train that person to then current standards. Non-compliance with this section by the replacement individual will be considered an event of default hereunder. Until such time as the requirements of this Section 13(f)(ii) have been satisfied, Company may, but is not obligated to, exercise its rights under Section 7(y) to manage the Unit for the account of Operator.

(g) Right of Offer and Right of First Refusal. If Operator or any person or entity holding any direct or indirect interest in Operator, this Agreement, the Franchised Business, the Unit or the Premises ("seller") is preparing to sell or transfer for value, any such interest, Operator shall first notify Company in writing of such offer to sell or transfer such interest to Company upon the terms and conditions set forth in such notice, net of any applicable real estate and/or business brokerage commissions, or the cash equivalent thereof, at Company's option. Company shall have the irrevocable right and option, exercisable within thirty (30) days after receipt of the written transfer request, to send written notice to the seller that Company intends to purchase the seller's interest on the same terms and conditions offered by seller or the cash equivalent thereof. In the event the parties cannot agree within a reasonable time on the cash equivalent, the cash equivalent for such interest shall be as established by an appraiser selected by both parties. In the event the parties cannot agree on an appraiser, each party shall choose its own appraiser, and the two appraisers shall together determine the cash equivalent of such interest. Each party shall pay one half (1/2) of all cost associated with the appraiser(s). If Company elects to purchase the seller's interest, closing on such purchase shall occur within thirty (30) days from the date of notice to the

seller of the election to purchase by Company, or, if longer, on the same timetable as contained in the offer. If Company elects not to purchase the seller's interest, seller may sell or transfer such interest to a bona fide third party; provided that:

(i) such sale or transfer is made within one hundred eighty (180) days after the expiration of any offer to Company;

(ii) such sale or transfer is made at a net price and on terms no more favorable than those offered in writing to Company. Any material change in the terms of the offer, including any negotiated terms, between seller and a third party shall constitute a new offer and Company shall have a right of first refusal with respect to the new offer to the third party, subject to the same conditions as apply in the case of Company's right of offer (including, but not limited to, Company's right to request and receive information and the time period during which Company may exercise its right of first refusal); and

(iii) all applicable requirements of Section 13 hereof are met, and in connection with such sale or transfer, that the Premises shall continue to be operated pursuant to the Perkins System.

Failure of Company to exercise the right of offer or right of first refusal afforded by this Section 13(g) shall not constitute a waiver of any other provision of this Agreement, including all requirements of this Section 13, with respect to a proposed transfer. However, if the sale to the third party does not take place, then Company's right of offer and right of first refusal will apply to each and every such situation as outlined hereinabove in the future.

In the event Company seeks to enforce its purchase rights, as set forth herein, in a bankruptcy, receivership or other insolvency-related proceeding, Operator agrees and consents to forever waive any objection to any sale, including a sale conducted under Section 363 of the Bankruptcy Code.

(h) Limited Assignment Right. Notwithstanding the foregoing, for a period up to one (1) year after the Effective Date, it is understood that Operator (if an individual) may, subject to the conditions of this Section 13, assign and delegate this Agreement and Operator's rights and obligations hereunder on one occasion to a legal entity (*e.g.*, a privately-held corporation, limited liability company, partnership or other legal entity) provided that (i) the entity is organized by Operator for that purpose only, (ii) at least fifty-one percent (51%) of all the issued and outstanding shares of voting stock and/or membership interests of the entity shall be owned and voted continuously by Operator, and (iii) if the proposed transfer is to a legal entity in which Operator will not own one hundred percent (100%) of all of the issued and outstanding shares of voting stock and/or membership interests, Company, prior to such transfer, shall have the right to approve any other shareholders and/or members, and such approval shall be subject to the terms and conditions of Section 13. Company shall be given prior written notice of such proposed assignments, and upon such notification and approval of any minority Interest Holders, if any, all parties involved will execute such documents as Company may require, and in the form approved by Company, to effectuate the assignment, including without limitation any amendments to this Agreement and personal guarantees by Operator's owners, and Operator shall pay the transfer fee, if any, due under this Section 13(h). If the transfer under this Section 13(h) is to an entity that is one hundred percent (100%) owned by Operator, there will be no fee due for this transfer. If the transfer under this Section 13(h) is to an entity in which Operator owns less than one hundred percent (100%) but at least fifty-one percent (51%) of the ownership interests, then Operator shall pay to Company a Fee of Two Thousand Dollars (\$2,000) for the additional expense Company has expended for this Assignment. Upon completion of the transfer conditions required by Company, such entity shall have all of said rights and obligations, and the term "**Operator**" as used herein shall refer to said entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated

“Operator,” who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such corporation. Such entity shall at no time engage in any business or activities other than the exercise of the rights herein granted to the Operator and the performance of its obligations as Operator hereunder.

(i) Consent to Transfer Not Constituting Waiver. Company’s consent to a transfer of any interest in the Operator granted herein shall not constitute a waiver of any claims Company may have against the transferring party, nor shall it be deemed a waiver of Company’s right to demand exact compliance with any of the terms of this Agreement by the transferee.

(j) Legend on Stock or Membership Certificate. If Operator is a corporation or limited liability company, all shares or membership certificates of Operator, whether already or hereafter issued by Operator, shall from and after the date hereof bear a legend sufficient under applicable law to constitute notice of the restrictions on such stock or membership certificates contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form:

“The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to Section 13 of a Franchise Agreement dated MONTH \_\_\_\_, YEAR, between Perkins LLC, its successors and assigns, and the issuer of these shares.”

(k) Corporate or Partnership Resolution. If Operator is a corporation, partnership, limited liability company, or other legal entity, Operator agrees to deliver to Company a certified copy of resolutions adopted by Operator’s board of directors or controlling partners in a form acceptable to Company. The certified copy of the resolutions shall be delivered to Company no later than thirty (30) days after: (i) the Effective Date of this Agreement, or (ii) the date of Operator’s incorporation, whichever is later.

(l) Guaranty. If Operator is a corporation, partnership, limited liability company, or other legal entity, each present and future shareholder, partner, or member holding at least five percent (5%) ownership interest, and each of their spouses (if applicable) shall execute a guaranty, in the form required by Company, under which each signing guarantor agrees to jointly and severally guarantee Operator’s performance of all of Operator’s obligations under this Agreement and any other agreements that Operator enters into with Company or Company’s affiliates.

#### 14. DEFAULT AND TERMINATION

(a) Events of Default and Grounds for Automatic Termination (Without Notice or Opportunity to Cure). Operator shall be in default under this Agreement, and all rights granted to Operator shall automatically terminate without notice to Operator or opportunity to cure upon the occurrence of any of the following events:

(i) Operator becomes insolvent or makes a general assignment for the benefit of creditors, or if a bankruptcy petition is filed by Operator, or an involuntary petition is filed against Operator, or if a bill in equity or other proceeding for the appointment for a receiver of Operator or other custodian for Operator’s business or assets is filed and consented to by Operator, or if a receiver or other custodian (permanent or temporary) of Operator’s assets or property, or any part thereof, is appointed, or Operator is adjudicated insolvent by any judicial or administrative proceedings;

(ii) Operator abandons the Premises or ceases to operate all or any part of the Franchised Business conducted under this Agreement for three (3) or more days in any ninety (90) day

period for reasons other than acts of God or natural disaster, then at the option of Company this Agreement shall terminate and be at an end without any notice to the Operator;

(iii) The termination or expiration of Operator's Interest in the Premises or right to possess the Premises as determined by the landlord of the Premises, including the termination of Operator's Interest in any lease or sublease of the Premises as determined by the landlord of the Premises, or the issuance of any notice of taking or condemnation of the Premises by a governmental authority; and

(iv) If Operator's assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if Operator is otherwise in violation of any such law, ordinance or regulation.

(b) Events of Default and Grounds for Termination Upon Notice (Without Opportunity to Cure). Operator shall be in default under this Agreement, and Company shall have the right to terminate this Agreement and all rights granted hereunder, without affording Operator any opportunity to cure the default, effective immediately upon Company's delivery of written notice to Operator (in the manner set forth under Section 15 below), upon the occurrence of any of the following events:

(i) If Operator fails to commence operation of the Franchised Business as required by Section 7(d) hereof;

(ii) If Operator makes, or has made, any materially false statement or report to Company, or takes or has taken any dishonest, misleading or fraudulent action or inaction, in connection with this Agreement or application therefor;

(iii) If Operator or any person owning an interest in the Franchised Business is convicted of a felony, a crime of moral turpitude, or any other crime or offense relating to the operation of the Franchised Business, or engages in any type of conduct, behavior or action that may negatively impact the goodwill and reputation of the Company, the Licensed Marks, the brand and/or the Perkins System;

(iv) If Operator violates any covenant of confidentiality or non-disclosure or non-competition contained in Section 12 of this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods or information created or used by Company and designated for confidential use within the Perkins System without Company's prior approval or otherwise breaches its obligations under Section 10 of this Agreement;

(v) If there is any violation of any transfer and assignment provision contained in Section 13 of this Agreement; or

(vi) Upon written notice to Operator, if Operator receives from Company three (3) or more notices of default of this Agreement during any twelve (12) month period (whether or not such defaults were cured after notice) or six (6) or more notices of default of this Agreement during the Term of this Agreement including any renewals thereof (whether or not such defaults were cured after notice).

(c) Events of Default and Grounds for Termination Upon Notice and Opportunity to Cure. Company may terminate this Agreement prior to the expiration of its Term upon the occurrence of any event of default described below which remains uncured after the cure period, if any, as specified below or as specified by Company in its written notice of default provided to Operator if no such period is provided below or such longer time as applicable law may require. Upon the expiration of such cure period, as applicable, Company may, at its option, and without waiving its rights hereunder or any other

rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Operator's rights hereunder and all related agreements and all of Operator's rights thereunder effective immediately upon the expiration of the applicable cure period, if any. The occurrence of any one or more of the following events shall constitute an event of default and grounds for termination, in the manner described above in this paragraph, of this Agreement and all related agreements by Company:

(i) If Operator or its designated managers fails to complete to Company's reasonable satisfaction any of the training required pursuant to Section 7(i) of this Agreement within ninety (90) days of the Effective Date hereof;

(ii) If Operator fails to construct, maintain or remodel the Franchised Business in accordance with the terms of this Agreement and Company's plans and specifications, or fails to equip the Franchised Business in accordance with the terms of this Agreement and Company's standards and specifications, or fails to put up signs in accordance with Company's standards and specifications, and then fails to cure such default within ten (10) days of the date on which Company gives written notice of Operator's noncompliance;

(iii) If Operator fails to pay any financial obligation pursuant to this Agreement, or under any financing or loan documents relating to the Franchised Business, within three (3) days of the date on which Company gives written notice that such payment is delinquent, as described above;

(iv) If Operator fails, for a period of three (3) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;

(v) If Operator fails to correct conditions which Company deems, in its sole right and discretion, are unsafe, unhealthy, or hazardous to its customers, employees, or to the public, within twenty-four (24) hours of the date on which Company gives written notice to correct such conditions, and/or if Operator fails to immediately suspend operations of Franchised Business in order to correct (within the required time period) the foregoing conditions upon receipt of written notice from Company as set forth in Section 7(r);

(vi) If Operator defaults under any loan, mortgage, deed of trust or lease with Company or any third party relating to the Franchised Business or the Premises as determined solely by Company or any other such third party, and Company or such third party treats such act or omission as a default, and Operator fails to cure such default to the satisfaction of Company or such third party, as determined in Company's or such third party's sole discretion, within any applicable cure period granted Operator by Company or such third party;

(vii) If Operator or any of its principals, or Guarantor(s) hereof, or any entities that are under common control with or affiliated with Operator or its Interest Holders or Guarantors, defaults on any other agreement with Company, or any affiliate or parent corporation of Company, or any lender to Operator relating to the Franchised Business, including, without limitation, any franchise agreement, sign lease, equipment lease, premises lease, or financing document, and such default is not cured in accordance with the terms of such other agreement. Operator hereby also agrees that any such other agreement may be terminated at the election of Company in the event any default on this Agreement is not cured in accordance with the terms of this Agreement, and that Company may elect to so terminate any one or more of such agreements while choosing not to terminate other such agreements. The remedies provided hereunder shall be in addition to any other remedies Company may have regarding such other agreements;

(viii) If Operator fails to pay its suppliers, trade creditors, employees and other creditors within three (3) days of the date on which Company gives written notice that payments to such persons or entities are delinquent. Operator must at all times pay its suppliers, trade creditors, employees and other creditors promptly as the debts to such persons become due and failure to do so shall constitute a breach of this Agreement. In the event Operator shall fail to pay any such obligations promptly as the debts to such persons or entities become due, Company shall in addition to its other remedies provided in this Agreement have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefor shall be paid by Operator to Company with the next succeeding payment due Company under this Agreement together with interest at the rate of twelve percent (12%) per annum for all amounts so advanced by Company for Operator's benefit;

(ix) If Operator shall fail within five (5) days of the date on which Company gives written notice to submit to Company the financial or other information required hereunder;

(x) If Operator fails to cure any default under this Agreement arising from Operator's purchase of any food product that is not approved by Company, that is from a supplier not approved by Company, or that does not otherwise conform to Company's standards and specifications, by: (i) immediately ceasing use of, and removing from the Restaurant, the unauthorized product; and (ii) if required by Company, replacing the unauthorized product with product(s) that comply with Company's specifications and supplier requirements within three (3) days of the date on which the Company gives written notice to Operator of such default; or

(xi) If Operator fails to perform or breaches any covenant (other than those set forth in this Section 14(b)), obligation, term, condition, warranty or certification contained herein in this Agreement or fails to operate the Franchised Business as specified by Company or in the Confidential Operations Manual or the Order Guide and fails to cure such non-compliance or deficiency within ten (10) days after Company's written notice thereof.

(d) Liquidated Damages. Upon termination of this Agreement by Company due to an event of default, Operator shall pay the Company upon demand, as liquidated damages and not as a penalty and to compensate the Company for damages caused by such termination, the greater of the following: (a) the sum of Three Hundred Thousand Dollars (\$300,000); or (b) an amount equal to three (3) years of estimated weekly continuing fees (royalty and marketing contributions), which shall be calculated by Company by using the average weekly continuing fees due by Operator during the preceding twenty-four (24) full months (or, if Operator has been operating the Unit for a shorter period, then for the full months that Operator operated the Unit). It is agreed by the parties that it will be impracticable to determine precisely the actual damages such early termination would cause the Company in that such early termination would, among other things, hurt the cash flow upon which the Company makes its budgets due to Company's inability to collect future weekly continuing fees, hurt the reputation (and therefore the goodwill) of the Company and the value to the Company of the Licensed Marks with its actual and potential customers, and would impair the Company's ability to obtain new operators. The liquidated damages amount set forth herein above is the best reasonable estimate made by the parties hereto of such damages and is for the purpose of compensating the Company for all such damages. The liquidated damages amount set forth herein above shall be in addition to all other sums due the Company through the date of termination whether due pursuant to the terms of this Agreement or otherwise. Operator further acknowledges that payment of the liquidated damages shall not relieve Operator, or any of its owners, from any of their respective obligations pursuant to Sections 12 and 15 of this Agreement.

(e) Applicable Law. If applicable law requires notice or an opportunity to cure greater than that otherwise provided for in this Agreement, Company shall give such notice and such opportunity to cure.

## 15. POST-TERM OBLIGATIONS

(a) Obligations of Operator Upon Expiration or Termination. Upon the expiration or termination of this Agreement, Operator shall immediately comply with the following (the parties agree that, as used in this Section 15, the terms “expire” or “expiration” refer to the circumstances when Operator’s rights to operate the Franchised Business expire and are not renewed):

(i) Cease to be a franchise owner of Company under this Agreement and cease to operate the former Franchised Business under the Perkins System. Operator shall not thereafter, directly or indirectly, represent to the public that Operator, or as applicable, the then-former Franchised Business is or was operated or in any way connected with the Perkins System or hold itself out as a present or former franchise owner of Company;

(ii) Pay all sums owing to Company and its affiliates under this Agreement and all related agreements and any other agreements between Operator and Company. Upon termination for any default by Operator, such sums shall include actual and consequential damages, costs and expenses (including reasonable attorneys’ fees) incurred by Company as a result of the termination. Operator also will immediately pay and satisfy all of its obligations to suppliers, trade creditors and governmental agencies;

(iii) Return to Company the Confidential Operations Manual, the Order Guide, and all other trade secrets and confidential materials, equipment and other property owned by Company, and all copies thereof and all signage bearing any Licensed Marks and other materials, though owned by the Operator, which bear the Licensed Marks or utilize the trade dress, designs or colors of Company. Operator shall retain no copy or record of any of the foregoing; provided Operator may retain its copy of this Agreement, any correspondence between the parties, and any other document which Operator reasonably needs for compliance with any applicable provision of law;

(iv) Take such action as may be required by Company to transfer and assign to Company or its designee all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses, domain names, Websites, email addresses, and any other print and electronic identifiers (whether or not Company has authorized them) that Operator used while operating the Franchised Business, and to cancel any interest which Operator may have in the same, provided, however, that Company shall have no obligation to accept such transfers or assignments and that the obligations of Operator pursuant to Section 15(a)(iv) hereof may only be invoked by Company by giving written notice to Operator which specifically refers to Section 15(a)(iv) hereof; and

(v) Cease to use in advertising, or in any manner whatsoever, the Confidential Operations Manual, the Order Guide, any methods, procedures or techniques associated with the Perkins System in which Company has a proprietary right, title or interest; cease to use the Licensed Marks and any other marks and indicia of operation associated with the Perkins System and remove all trade dress, signage, and other indications of operation under the Perkins System from the Premises. Additionally, Operator agrees to make such modifications or alterations to the Premises operated under this Agreement as may be necessary to distinguish the appearance of said Premises from that of other Perkins Units, including any specific additional changes thereto as Company may require for that purpose. Operator agrees that Company or a designated agent may enter upon the Premises at any time to make such changes at Operator’s sole risk and expense and without liability for trespass.

Nothing in this Section 15(a) or elsewhere in this Agreement shall be deemed to relieve any obligations incurred by the Operator prior to, at the time of, or extending beyond the time of termination.

Additionally, unless otherwise stated herein, the termination or expiration of this Agreement shall not terminate any written leases, collateral assignments or option agreements between the parties or their affiliates.

(b) Company's Option for Premises. Due to the unique nature of the Perkins System, there may be certain locations that Company believes are irreplaceable, and vital to the Perkins System, resulting from development and growth patterns or otherwise, and which locations Company believes must remain as Perkins Units. If, upon termination or expiration of the Agreement or upon a default by Operator for which Company has the right to terminate this Agreement, Company in good faith believes the Premises are vital to the Perkins System, and if the Premises would not otherwise remain a Perkins Unit (e.g., by way of renewal or transfer to a new franchise owner), and if Company is willing to acquire such Premises, either by purchase or lease, for fair market value, then Company, its successors and assigns, or its nominee shall have the right, at its option, upon notice to Operator within thirty (30) days after termination or expiration of this Agreement to state its preliminary intent to either purchase for cash or to lease, upon such terms as agreed upon, Operator's interest in the Premises at the fair market value. For purpose of this Section 15(b), the term "fair market value" shall refer to, as applicable based on Company's election regarding the Premises: (a) the fair market purchase price for the Premises in the event Company intends to purchase Operator's ownership interest in the Premises; or (b) the fair market rental price for the Premises in the event Company intends to lease the Premises from Operator or to assume Operator's leasehold interest in the Premises. If Company and Operator have not agreed upon a fair market value within the thirty (30) day period and cannot, by mutual agreement within seven (7) days of the expiration of such period, appoint an appraiser to determine fair market value, Company, within seven (7) days thereafter, shall notify Operator of the names of two appraisers or firms having the capacity to perform or engage others to perform appraisals of the Premises. Operator shall select, within seven (7) days after such notification by Company, one of such appraisers or firms to be responsible for determining fair market value; otherwise, Company shall select one such appraiser or firm to be responsible for determining fair market value and such appraiser's or firm's decision shall be binding. Each party shall divide equally the cost of any appraiser or firm. Within ten (10) days after Company has been notified of the fair market value, Company may exercise its option to acquire, by purchase or lease as specified in Company's notice to Operator, with closing on the purchase or lease to be held no sooner than fifteen (15) days from the date Company exercises its option and no later than ninety (90) days thereafter; otherwise such option shall expire. Operator acknowledges and agrees that Company's rights and Operator's obligations under this Section 15(b) will apply in the event that Operator, or any other entity under common control with Operator, controls in any fashion, directly or indirectly, the Premises, and that Operator will take such actions, and execute such documents, as may be needed to implement this Section 15(b). Operator further acknowledges and agrees that nothing herein will limit or otherwise reduce Company's rights under any Collateral Assignment of Lease as set forth in Section 7(a). The purchase price and fair market value shall take into account the termination or expiration of this Agreement. In no event shall the purchase price and fair market value include any consideration or factor for trademarks, service marks, reputation, good will or other "going concern" value. Company may exclude from its purchase any furniture, fixtures, equipment, signage or inventory which do not meet Company's then current standards and specifications, or for which Operator cannot deliver clean title and a bill of sale.

## 16. INSURANCE

(a) Obligation of Operator to Procure Insurance. Operator shall, at its expense and no later than Opening Deadline contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Confidential Operations Manual or otherwise in writing by Company which shall be in such amounts as may from time to time be required by Company, underwritten by a reputable insurance carrier approved by Company, which shall contain such endorsements and stipulations as Company may require and which shall designate Company as an additional insured with respect to liability arising out of the operations of the named insured or the performance of this Agreement, including, without limitation, the following:

- (1) Employer's liability and workers' compensation insurance as prescribed by law;
- (2) Comprehensive general liability insurance covering the operation of the Franchised Business;
- (3) Business interruption insurance;
- (4) Automobile liability;
- (5) Coverage insuring the Premises, contents and sign; and
- (6) Employment practices liability insurance.

As of the Effective Date, Company recommends, but does not require, that Operator maintain policies with umbrella liability coverage and cyber liability and network data breach coverage.

(b) Certificates of Insurance. Operator shall make timely delivery of certificates of all required insurance to Company, each of which shall contain statements by the insurer that the policy will not be canceled or materially altered without at least thirty (30) days' prior written notice to Company, that Operator waives its rights of subrogation against Company for any reasons whatsoever, and that the insurer expressly waives any right of subrogation against Company for any reasons whatsoever to the extent permitted by applicable laws.

(c) Liability of Operator. The procurement and maintenance of such insurance shall not relieve Operator of any liability to Company under the indemnity requirements of this Agreement.

(d) Right of Company to Procure Insurance for Operator. In the event Operator should fail when required to obtain, renew or keep in force any of the insurance required by this Agreement or the Confidential Operations Manual, such failure shall constitute a breach of this Agreement. In such event Company shall have the right, at its election, without being obligated to do so, to procure, renew or keep in force such insurance, and the amount or amounts paid therefore shall be paid by Operator to Company with the next payment of the weekly royalty fee required by Section 5(b) of this Agreement together with interest at the daily equivalent of twelve percent (12%) per annum or the highest rate then permitted by applicable law.

## 17. COMPLIANCE WITH LAWS, TAXES, PERMITS, AND INDEBTEDNESS

(a) Compliance with Laws. Operator shall comply with all federal, state and local laws, rules and regulations (including without limitation health and sanitation, employment, Fair Labor Standards Act, Americans With Disabilities Act, food and beverage, gift cards, fictitious name

registrations, fire clearances, and any other laws applicable to the operation of restaurants) and timely obtain any and all permits, certificates and licenses for the full and proper conduct of the Franchised Business.

(b) Obligation to Pay Taxes. Operator shall promptly pay when due any and all federal, state and local taxes including, without limitation, unemployment, use and sales taxes, rental taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Operator in the operation of the Franchised Business. Operator will provide Company, upon request, with timely verification of payment of all such taxes, levies or assignments.

(c) Responsibility for Debts. Operator hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts, obligations and expenses incurred in the operation of the Franchised Business.

## 18. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) Indemnification. Operator agrees to protect, defend, indemnify, and hold Company, and its respective directors, officers, employees, representatives, agents, attorneys and shareholders, jointly and severally, harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys' and accountants' fees) as a result of, arising out of, or connected with this Agreement and/or the operation of the Franchised Business.

(b) Independent Contractor Status. In all dealings with third parties including, without limitation, employees, suppliers and customers, Operator shall disclose in an appropriate manner acceptable to Company that Operator is an independent entity licensed by Company. Operator shall be solely responsible for compliance with all federal, state and local laws, rules and regulations, and for Operator's policies, practices, and decisions relating to the operation of the Franchise Business. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Operator an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of Company for any purpose whatsoever. It is understood and agreed that Operator is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of Company. Operator further acknowledges and agrees that: (i) Operator is the only party that employs Operator's employees (even though Company may provide Operator with advice, guidance, and training); (ii) the guidance that Company provides and requirements under which Operator will operate are intended to promote and protect the value of the Perkins System and the Licensed Marks; (iii) when forming and in operating Operator's business, Operator had to adopt standards to operate that business, and that instead of developing and implementing Operator's own standards (or those of another party), Operator contracted to adopt and implement Company's operational standards for Operator's business (including, but not limited to, the Perkins System and the requirements under this Agreement); and (iv) Operator has made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming Operator's entity, operating Operator's business, hiring employees and employment matters, engaging professional advisors, and all other facets of Operator's operation.

## 19. WRITTEN APPROVALS, WAIVERS AND AMENDMENT

(a) Requests for Company Approval. Whenever this Agreement requires Company's prior approval, Operator shall make a timely written request. Unless a different time period is specified in this Agreement, Company shall respond with its approval or disapproval within thirty (30) days of receipt of

such request. If Company has not specifically approved a request, in writing, within such thirty (30) day period, such failure to respond shall be deemed a disapproval of any such request.

(b) **Non-Waiver.** No failure of Company to exercise any power reserved to Company by this Agreement or to insist upon strict compliance by the Operator as to any obligation or condition hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Company's right to demand exact compliance with any of the terms herein or of any related agreements. A waiver or approval by Company of any particular default by Operator or acceptance by Company of any payments due hereunder shall not be considered a waiver or approval by Company of any preceding or subsequent breach or default by Operator of any term, covenant or condition of this Agreement, or of any of the related agreements nor shall any delay or omission by Company to exercise any rights arising from a default affect or impair Company's rights as to said default or any subsequent default.

(c) **No Warranties or Representations.** No warranty or representation is made by Company that all Perkins System franchise agreements heretofore or hereafter issued by Company do or will contain terms substantially similar to those contained in this Agreement. Further, Operator recognizes and agrees that Company may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other Perkins System franchise owners in a non-uniform manner.

(d) **No Oral Modifications.** No amendment, change or variance from this Agreement shall be binding upon either Company or Operator except by mutual written agreement, provided, however, that Company may unilaterally and in writing lessen or reduce any obligation imposed on Operator hereunder including, but not limited to, the covenants described in Section 12 of this Agreement. If an amendment of this Agreement is executed at Operator's request, any legal fees or costs of preparation in connection therewith shall be paid by Operator.

## 20. ENFORCEMENT

(a) **Evaluation of Premises and Inspection of Records.** In order to ensure compliance with this Agreement and to enable Company to carry out its obligations under this Agreement, Operator agrees that Company and its designated agents shall be permitted, with or without notice, full and complete access during all business hours to evaluate the Premises and inspect all records thereof including, but not limited to, records relating to Operator's customers, trade creditors, suppliers, employees and agents. Operator shall cooperate fully with Company and its designated agents requesting such access.

(b) **Injunctive Relief.** Company or its designee shall be entitled to obtain, without bond, declarations or other security, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to Operator's use of the Licensed Marks, the obligations of Operator during this Agreement and upon termination or expiration (and non-renewal) of this Agreement, or with respect to any transfer contemplated under Section 13, or to prohibit any act or omission by Operator or its employees that constitutes a violation of any applicable law or regulation, is dishonest or misleading to prospective or current customers or any business operated under the Perkins System, constitutes a danger to other franchise owners, employees, customers or the public, or may impair the goodwill associated with the Licensed Marks or the Perkins System.

(c) **Attorneys' Fees.** If (i) either Company or Operator commences any action or proceeding, whether by judicial or quasi-judicial action or otherwise and at trial and appellate level, for the purpose of enforcing or preventing the breach of any provision hereof, or for a declaration of the party's rights or obligations hereunder, and Company prevails wholly or partially on such efforts, or (ii) any amounts due from Operator to Company are, at any time, collected by or through an attorney at law or collection

agency, Operator shall be liable to, and promptly reimburse, Company for all of costs and expenses that Company incurred in connection therewith, including, but not limited to, court costs and reasonable attorneys' fees.

## 21. NOTICES

Any notice required or permitted hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a nationally recognized courier service. Notices to Operator shall be addressed to Operator at the address listed on Exhibit B to this Agreement. Notices to Company shall be addressed to Company at the address listed in Section 1 of this Agreement, Attention, President and Legal Department, if delivered by a recognized courier service, or if mailed by certified mail addressed to it at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, Attention: President and Legal Department. Any notice complying with the provisions hereof shall be deemed to be received on the date of delivery if by courier or three (3) days from the postmark date if mailed. A "**recognized courier service**" shall be deemed to include, without limitation, Federal Express. Each party shall have the right to designate any other address for such notices by providing notice thereof in the foregoing manner, and in such event all notices to be mailed or delivered after receipt of such notice shall be sent to such other address. In lieu of the foregoing method of providing notice to Operator, Operator hereby also appoints as its agent to receive service of all notice the person in charge of the Premises or occupying the Premises, then such service or notice may be deemed received by Operator when the same is delivered to the Premises. If the latter method of providing notice to Operator is used, a copy of all such notices shall also be mailed to Operator's last known address, if different from the Premises. All such notices to Operator may be provided by Company or its attorney.

## 22. GOVERNING LAW

(a) Choice of Law. This Agreement and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict; provided, however, (i) any provision not enforceable under Georgia law shall be construed in accordance with the laws of the State(s) where such restriction(s) is(are) to apply, and (ii) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

(b) Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers. The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree to each of the terms provided below in this Section 22(b).

(i) Operator consents and agrees that the following courts shall have personal jurisdiction over Operator in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense Operator may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(ii) Operator consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense Operator may have of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator

agrees that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator against Company relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit, such lawsuit may be filed in any court in Georgia having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator may be filed in any of the courts named in this Section 22(b) or in any court in which jurisdiction and venue are otherwise proper.

(iii) In all lawsuits relating to or arising out of the Agreement and related agreements, Operator consents and agrees that Operator may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator hereby waives any defense Operator may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(iv) Company and Operator irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other.

(v) Any and all claims and actions arising out of or relating to this Agreement, the relationship of Operator and Company (or Company's affiliates), or Operator's operation of the Franchised Business, brought by either party hereto against the other shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

(vi) Company and Operator hereby waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other, except for punitive or exemplary damages authorized by applicable federal law.

(c) No Class or Consolidated Actions. Any litigation between the Company and Operator, and any of their respective affiliates, directors, officers, or agents shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

## 23. SEVERABILITY AND CONSTRUCTION

(a) Severability. Should any part of this Agreement, for any reason, be declared invalid by a court of competent jurisdiction, such decision or determination shall not affect the validity of any remaining portion and such remaining portion shall remain in full force and effect as if this Agreement has been executed with the invalid portion eliminated; provided, however, that in the event of a declaration of invalidity, the provision declared invalid shall not be invalidated in its entirety, but shall be observed and performed by the parties to the extent such provision is valid and enforceable. The parties hereby agree that any such provision shall be deemed to be altered and amended to the extent necessary to affect such validity and enforceability. Additionally, the parties agree that each of the covenants described in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. Should any part of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Operator and Company agree to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement,

that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

(b) Existence of Cause of Action Against Company. Operator expressly agrees that the existence of any claim or cause of action of the Operator against Company whether predicted on this Agreement and its covenants and conditions, or otherwise, shall not constitute a defense to the enforcement by Company of the terms of this Agreement, including any covenant contained herein, or executed in connection with this Agreement.

(c) Execution of Agreement; Counterparts Electronic Signatures.

(i) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument, and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties.

(ii) The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

(d) Headings and Captions. The headings and captions contained herein are for the purpose of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

## 24. ACKNOWLEDGMENTS

(a) Success Dependent Upon Operator's Efforts. Operator understands and acknowledges that the business licensed under this Agreement involves business risks and that Operator's volume, profit, income and success is primarily dependent upon Operator's ability and efforts as an independent business operator.

(b) No Warranties or Guarantees. Company expressly disclaims the making of, and Operator acknowledges that Operator has not received from any party, any warranty or guarantee, express or implied, as to the potential volume, profit, income or success of the business licensed under this Agreement.

(c) Franchise Disclosure Document. OPERATOR ACKNOWLEDGES THAT COMPANY HAS PROVIDED OPERATOR WITH A FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR PAYMENT OF ANY CONSIDERATION. CERTAIN STATE LAWS REQUIRE THAT THE OPERATOR RECEIVE THE FRANCHISE DISCLOSURE DOCUMENT NO LATER THAN THE EARLIER OF THE FIRST PERSONAL MEETING HELD TO DISCUSS THE SALE OF A FRANCHISE, TEN (10) BUSINESS DAYS BEFORE THE EXECUTION OF THIS AGREEMENT, OR TEN (10) BUSINESS DAYS

BEFORE ANY PAYMENT OF ANY CONSIDERATION. (WE SUGGEST THAT YOU SPEAK WITH YOUR ATTORNEY ABOUT THESE STATE REGULATIONS.) OPERATOR ACKNOWLEDGES THAT IT HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY THE APPLICABLE STATE AND FEDERAL REGULATIONS. OPERATOR FURTHER ACKNOWLEDGES THAT OPERATOR HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT, ITS EXHIBITS AND AMENDMENTS, AND UNDERSTANDS ITS CONTENTS.

(d) Receipt of Completed Documents. OPERATOR ACKNOWLEDGES THAT COMPANY HAS PROVIDED OPERATOR WITH A COPY OF THIS AGREEMENT AND ALL RELATED DOCUMENTS, FULLY COMPLETED, AT LEAST SEVEN (7) DAYS PRIOR TO OPERATOR'S EXECUTION OF THE AGREEMENT AND AFTER THE OCCURRENCE OF ANY UNILATERAL CHANGES TO THIS AGREEMENT MADE BY THE FRANCHISOR, WHEN APPLICABLE.

(e) Opportunity to Consult Attorney. Operator acknowledges that Operator has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Company have not advised or represented Operator with respect to this Agreement or the relationship thereby created.

(f) Entire Agreement. Operator acknowledges that this Agreement, the exhibits attached to this Agreement, and the documents referred to in this Agreement, shall be construed together and constitute the entire, full and complete agreement between Company and Operator concerning the subject matter hereof, and supersede all prior agreements between the parties concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Operator to waive reliance on any representation that Company has made in the most recent Disclosure Document (including its exhibits and amendments) that Company delivered to Operator or its representative. This Agreement and all related agreements may not be modified except in writing signed by both parties. Any inducements, representations, promises or commitments, oral or otherwise, not embodied herein or in any of the related agreements or in the Disclosure Document, in writing, signed by both parties, shall be of no force and effect.

(g) Special Stipulations. Insofar as the special stipulations, if any, on Exhibit C, attached hereto and made a part hereof by reference, conflict with any of the foregoing provisions, the special stipulations shall control.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## EXHIBIT A

## LEGAL DESCRIPTION

LEGAL DESCRIPTION OF PROPERTY IS INSERTED HERE

## EXHIBIT B

1. Premises Address: **UNIT LOCATION STREET ADDRESS  
UNIT CITY, STATE 00000**

2. Expiration Date: \_\_\_\_\_

3. Initial Franchise Fee: \_\_\_\_\_

Standard fees are:

**\$40,000.00** - standard initial franchise fee for new franchises; or

**\$30,000.00** - for franchisee who is an existing "Perkins" franchisee in good standing; and

**\$30,000.00** – for franchisee who qualifies for the veteran discount under Company's "Patriot Program" for veterans.

4. Security Deposit: **\$0 (no Security Deposit due as of the Effective Date)**

5. Training Fee: **\$30,000**

6. Territory: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(to be completed once Premises known). The Territory is depicted on the attached Exhibit B-1, incorporated by reference herein.

7. Minimum Grand Opening Expenditure: **\$10,000.00**

8. Address to give notice to Operator:

**FRANCHISEE NAME  
FRANCHISEE STREET ADDRESS FOR NOTICES  
FRANCHISEE CITY, STATE 00000  
(555) 555-5555**

EXHIBIT B-1

Map of Territory

EXHIBIT C  
SPECIAL STIPULATIONS

(SPECIAL STIPULATIONS ARE INSERTED HERE)

## EXHIBIT D

## ADA CERTIFICATION

Perkins LLC, a Delaware limited liability company (“**Company**”), and the party identified as Operator in the signature block below (“**Operator**”) are parties to the Perkins LLC Franchise Agreement (the “**Franchise Agreement**”) concerning the operation of the “Perkins” Restaurant Unit identified below (the “**Unit**”) located on the real property described on Exhibit A attached to the Franchise Agreement and made a part hereof by reference and (hereinafter the “**Premises**”). In accordance with Sections 7(a) and 7(d) of the Franchise Agreement, Operator certifies to Company that, to the best of Operator’s knowledge, the Unit and its adjacent areas comply, or will be completed in a manner that complies, with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Operator acknowledges that it is an independent contractor and the requirement of this certification by Company does not constitute ownership, control, leasing or operation of the Unit. Operator acknowledges that Company has relied on the information contained in this certification. Furthermore, Operator agrees to indemnify Company and the officers, directors, and employees of Company in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Operator’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

For Perkins® Restaurant Unit Number: \_\_\_\_\_

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## EXHIBIT E

### SITE SELECTION ADDENDUM

Perkins LLC, a Delaware limited liability company, (“**Company**”) and the party identified as Operator in the signature block below (“**Operator**”) have entered into a Franchise Agreement of this same date (the “**Franchise Agreement**”) and desire to supplement its terms as set out below in this Site Selection Addendum (the “**Site Selection Addendum**”).

The parties hereto agree as follows:

1. **Site Standards.** Company will furnish Operator with Company’s minimum standards for the location of a “Perkins” restaurant. These requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage. Company may vary its standards and specifications depending on factors that Company determines appropriate. Company, in its discretion, may offer assistance in site selection as Company determines appropriate. Except as described in this Site Selection Addendum, Company is not required to provide any other assistance in selecting or securing a site.

2. **Summary of Dates and Deadlines.** This Site Selection Addendum sets forth certain time frames and deadlines for actions that Operator must make to locate and secure an acceptable site in the manner described in this Site Selection Addendum. As used in this Site Selection Addendum, “Effective Date” refers to the Effective Date of the Franchise Agreement. The following is a summary of such time frames and deadlines:

| Action to be Completed  | Deadline  |
|---|---|
| <u>Submission of proposed site</u><br>Operator must have submitted a written request to Company for acceptance of a proposed site (in the manner required by Section 4 of this Addendum).   | 90 days after Effective Date  |
| <u>Submission of alternate site</u><br>If Company rejects a site proposed by Operator, Operator must submit another proposed site (in the manner required by Section 4 of this Addendum).   | 30 days after notice of Company’s rejection of previous proposed site |
| <u>Sign lease and/or purchase Accepted Site</u><br>Operator must sign a lease (which must comply with lease requirements of Franchise Agreement) or a purchase agreement for the proposed site accepted by Company (see Section 5 below). | 90 days after Company’s written acceptance of proposed site           |
| <u>Secure Accepted Site and Expiration of Site Selection Addendum</u><br>Operator has secured Accepted Location for Premises (in manner required by 4 below).   | 210 days after Effective Date   |

3. **Time to Locate Site and Default.**

a. Within two hundred ten (210) days after the Effective Date (the “**Site Selection Period**”), Operator must acquire or lease/sublease, at its expense, commercial real estate that is properly zoned for use as a “Perkins” restaurant that Operator will operate under the Franchise Agreement (the

“Unit”) at a site that Company accepts as described in this Addendum. In no event may the Site Submission and Evaluation process and actions under “Lease Responsibilities” set forth in this Site Selection Addendum exceed the Site Selection Period.

b. If Operator fails to identify and acquire or lease a site that Company accepts for the Unit within the Site Selection Period or fails to comply with the deadlines set forth in this Site Selection Addendum for submitting a proposed site as provided in Section 4 of this Site Selection Addendum, Operator will be in default under the Franchise Agreement and this Site Selection Addendum, and Company will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 14(b)(i) of the Franchise Agreement.

4. Site Submission and Evaluation. Within ninety (90) days after the Effective Date, Operator must notify Company of the proposed site and submit a written request for acceptance of a site (including such information and items that Company may require to evaluate the proposed site, which may include an option contract, letter of intent, or other evidence satisfactory to Company that describes Operator’s favorable prospects for obtaining such site, photographs of the site, demographic statistics, and such other information or materials that Company may require). Company will have fifteen (15) days after receipt of all required information and materials from Operator to evaluate the proposed site as the location for the Premises. Company may, but is not obligated to, conduct on site evaluation of any proposed sites, and Company will not perform any on-site review until Company receives a completed site approval form for such site. If Company conducts any in-person visit for site evaluation purposes, then Company will have the right to require Operator to reimburse Company for Company’s reasonable costs of travel, lodging, wages, and meals with any such on-site evaluation(s). Until Company has given its written acceptance, a site will not be “accepted.” If Company does not accept in writing the proposed site, Operator must, within thirty (30) days after Company rejection of the proposed site, submit an additional site for Company’s review and acceptance. Operator may not lease or otherwise acquire the right to occupy the proposed site without Company’s prior written acceptance.

5. Lease Responsibilities. Operator will be solely responsible for securing the site Company accepts as the Premises of the Unit by entering into a lease for the Premises (the duration of which must be the same as the Initial Term of the Franchise Agreement) or a binding agreement to purchase the site Company has accepted, and Operator must do so within thirty (30) days after Company provides its written acceptance of a proposed site. If Operator will lease the Premises, Operator must comply with the terms of Sections 7(a)(iii) and (iv) of the Franchise Agreement regarding the submission and acceptance of any lease and the terms and conditions of any lease, and Collateral Assignment of Lease, that Company may require. Operator must comply with such requirements and obtain Company’s acceptance of such lease documents before entering into any lease.

6. Accepted Location as Premises. Upon Company’s written acceptance of a site under Section 3 of this Addendum, and after Operator secures the site pursuant to Section 5 of this Addendum and Sections 7(a)(iii) and (iv) of the Franchise Agreement, such site, as identified in Company’s acceptance letter, will be the “Premises” under the Franchise Agreement. Company and Operator agree that the specific address of the Premises, as set forth in Company’s site acceptance letter will be incorporated by reference into Exhibit A of the Franchise Agreement. Operator acknowledges and agrees that, if Company has recommended, accepted or given Operator any assistance or information with respect to locating or selecting a site for the Premises, that is not a representation, warranty, or guaranty of any kind, express or implied, of the suitability of the site for a “Perkins” restaurant or any other purpose, or the success of a restaurant. Company’s acceptance indicates only that Company believes that the site meets Company’s then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from Company’s criteria could change, altering

the potential of a site and premises. The uncertainty and changeable nature of these criteria and factors are beyond Company's control, and Company is not responsible if a site and premises Company accepts fail to meet Operator's expectations. Operator acknowledges and agrees that Operator's acceptance of the obligation to develop the Unit is based on Operator's own independent investigation of the suitability of the site for the Unit.

7. **Defaults.** Upon any default by Operator of Operator's obligations under this Site Selection Addendum, Company may terminate this Site Selection Addendum and the Franchise Agreement by giving written notice of termination (in the manner set forth under Section 21 of the Franchise Agreement) stating the nature of such default to Operator at least ten (10) days prior to the effective date of termination; provided, however, that Operator may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the ten (10) day period. If any such default is not cured within such time (or such longer period as applicable law may require), this Site Selection Addendum and the Franchise Agreement will terminate without further notice to Operator, effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.

8. **Entire Agreement.** This Addendum is an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum will have the same meaning as used in the Franchise Agreement. Except as modified or supplemented by this Addendum, Operator and Company ratify and confirm the terms of the Franchise Agreement.

**For Perkins® Restaurant Unit Number:** \_\_\_\_\_

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## MARKET DEVELOPMENT AGREEMENT

This Market Development Agreement (“**Agreement**”) is entered into as of the Effective Date shown on the signature page of this Agreement (the “**Effective Date**”) by and between **PERKINS LLC**, a Delaware limited liability company, with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Fulton County, Georgia 30328 (“**Company**”), and the individual or legal entity identified as the Developer on the signature page of this Agreement, whose principal place of business is set forth on the signature page (“**Developer**”).

WHEREAS, Company owns or has the sole and exclusive right to license certain trade names, trademarks, service marks, logos, symbols and other indicia of origin (the “**Licensed Marks**”), including but not limited to, “Perkins Restaurant and Bakery”, “Perkins” and such other trade names, trademarks, service marks, associated logos and symbols as are now designated by Company (and as may hereafter be designated by Company in writing); and

WHEREAS, Company, at a substantial expenditure of time, effort and money, has developed a distinctive system relating to retail food sales and restaurant operations, which system as it presently exists is identified by the Licensed Marks and includes site evaluation, equipment selection and layouts, accounting methods, merchandising, advertising, sales and promotional techniques, personnel training, and other matters relating to the operation and promotion of the restaurants, both by Company and the franchisees of Company that operate in buildings that display Company’s exterior and interior trade dress and the Licensed Marks (hereinafter collectively referred to as the “**Perkins System**”); and

WHEREAS, Company has acquired knowledge and experience in the composition, distribution, advertising and sale of food products by restaurants under the Perkins System (“**Perkins Restaurants**”), and has successfully established a reputation, demand and goodwill for the products sold by such Perkins Restaurants; and

WHEREAS, Developer recognizes the value of uniformity in the Perkins System and Developer further recognizes the value of Company's knowledge and experience gained through the operation of Perkins Restaurants, and the value of the trade names, trademarks, service marks and other distinctive features of Perkins Restaurants; and

WHEREAS, Developer acknowledges Company's sole and exclusive ownership of any rights to Company's current and future trade names, trademarks and service marks and to all current and future related practices, procedures, methods, devices, techniques, recipes and systems; and

WHEREAS, Developer desires to open and operate one or more Perkins Restaurant franchises to be located within that certain geographic area described on Exhibit 1 to this Agreement (the “**Development Area**”) and to secure the agreement of Company that, during the Term (as defined in Section 2 below), except as set forth in this Agreement, Company will not grant any other franchise license that authorizes the establishment of a Perkins Restaurant in the Development Area or otherwise establish any Perkins Restaurant in the Development Area; and

WHEREAS, Company is willing to grant Developer certain Perkins Restaurant franchise license(s) and the protected right to establish one or more Perkins Restaurants within the Development Area in accordance with the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual promises stated herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by both Company and Developer, the parties hereby agree as follows:

1. **Grant.** Company hereby grants to Developer, subject to the terms and conditions of this Agreement, the right to open and operate the number of Perkins Restaurants specified in Exhibit 1 (the “**Required Number of Units**”) within the Development Area during the period of the Development Schedule set forth in Exhibit 2 (the “**Development Schedule**”). In accordance with the Development Schedule, Developer shall develop and construct the Required Number of Units, shall perform all actions necessary to construct and open for retail operation, and shall operate each Perkins Restaurant at a site accepted by Company within the Development Area pursuant to a separate Franchise Agreement to be entered into between Developer and Company.

a. **Rights in Development Area.** During the Term, except as provided in this Agreement (including Section 1(b) below) and so long as Developer is in full compliance with the terms of this Agreement and all other agreements between Developer and Company, Company shall not, without the consent of Developer, grant options for or license others to operate, nor shall Company operate, any new or additional traditional Perkins Restaurants at locations within the Development Area.

b. **Company’s Retained Rights and Exclusions from Development Area.** Developer expressly acknowledges and agrees that, except as expressly provided in Section 1(a) above, Company and its affiliates (including parents, subsidiaries and related companies) have the right to conduct any business activities, under any name, in any geographic area, and at any location, on any terms and conditions Company deems advisable without compensation or granting any rights to Developer. Among other things (and without limiting Company’s rights under the previous sentence), this means that Company and its affiliates have the right to do any or all of the following:

(i) To own, acquire, establish, and/or operate and license others to establish and operate, Perkins Units under the Perkins System at any location (a) outside of the Development Area, or (b) inside the Development Area on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes, military bases, government buildings, office complexes, high-rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for immediate consumption (“**Non-Traditional Restaurants**”), notwithstanding such Perkins Unit’s proximity to, or impact on, any of Developer’s Perkins Restaurants;

(ii) To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether such businesses are similar to or different from a Perkins Restaurant, at any location within or outside of the Development Area, notwithstanding such business’ proximity to, or impact on any of Developer’s Perkins Restaurants;

(iii) To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Development Area, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Licensed Marks and System;

(iv) To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary mark(s), including the Licensed Marks: from any location notwithstanding such location’s proximity to, or impact on, any of Developer’s Restaurants; at and/or to accounts other than Perkins Units (other than as Non-Traditional Restaurants) operated inside the Development Area (including without limitation

educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national or group accounts); to retail food outlets (including without limitation supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including without limitation warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the Internet and mobile applications), phone sales, or other distributions means or methods that may be developed following the date of this Agreement to any customer regardless of their location; and

(v) To create, place, and/or distribute or authorize others to create place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Development Area.

c. Operation of Terminated Franchised Business. Notwithstanding anything stated to the contrary in Section 1(a) above, if during the Term, Company terminates the franchise of, or if the franchise expires and is not renewed for, any Perkins Restaurant developed pursuant to this Agreement by Developer, Company shall have the right to operate, or to franchise another person or entity to operate, a Perkins Restaurant at the site where each such terminated franchised business had been established and operated.

## 2. Term.

a. Term. Unless earlier terminated as provided herein, or unless the parties agree to a Term Extension pursuant to Section 2(b) below, the term of this Agreement (the “**Term**”) begins on the Effective Date and shall expire on the earlier to occur of (a) the date of execution by Company of the Franchise Agreement for the last of the Perkins Restaurants then required to be opened and operated pursuant to this Agreement, or (b) the date that the last Perkins Restaurant is required to be opened pursuant to the Development Schedule.

b. Extension of Term. Company has the right in its sole discretion to offer Developer an option, on the terms and conditions described in this Section 2(b), to purchase an extension of the Term beyond the date this Agreement would expire under Section 2(a) above (a “**Term Extension**”). Company has no obligation to grant a Term Extension.

i. The following terms and conditions apply to any requests for a Term Extension: (a) unless otherwise agreed by the parties, if Company agrees to a Term Extension, the Term Extension will not grant Developer the right to develop additional Perkins Restaurants beyond the number required under the Development Schedule, nor will it extend any deadlines in the Development Schedule; (b) Developer shall pay a fee (the “**Term Extension Fee**”) calculated as described below in this Section 2(b)(iii) below; and (c) if Developer wishes to purchase a Term Extension after the Effective Date, Developer must be and is in full compliance with the terms of this Agreement and all other agreements between Developer and Company and give notice of its request to extend no fewer than six (6) months prior to the expiration of the Term.

ii. If the parties agree to an extension of the Agreement pursuant to this Section 2(a), then the “Term” will include the period of the Term Extension. Exhibit A of this Agreement indicates if Developer has, as of the Effective Date, purchased an Extension Term and the modified period of the Term. If Developer purchases the Term Extension after the Effective Date, Developer and Company will amend this Agreement to reflect the new expiration of the Term.

iii. The Extension Term Fee is calculated as: Seven Thousand Five Hundred Dollars (\$7,500) per additional year to be added to the Term (with each additional year measured as twelve months

from the last date of the Development Schedule) multiplied by the Required Number of Units. The Term Extension Fee is due in full when Company and Developer agree upon the Term Extension and is fully earned and non-refundable at the time of payment.

3. **Development Fees.** Developer shall pay to Company the following:

a. **Development Fees.** In consideration of the development rights granted by Company to Developer herein, the development fees (“**Development Fees**”) shall be the amount specified in Section 2.A. of Exhibit 1 hereto. The Development Fees shall be calculated as the total of (i) Forty Thousand Dollars (\$40,000) for the first unit to be developed and (ii) Twenty Thousand Dollars (\$20,000) for every additional unit that is part of the Required Number of Units. The Development Fees are separate from the initial franchise fees that will be due under the Franchise Agreement for each Perkins Restaurant (for each Unit, this is the “**Initial Franchise Fee**”), as further described in Section 7 of this Agreement. The Development Fees, receipt of which are hereby acknowledged, are fully earned and non-refundable in consideration of Company’s lost or deferred opportunities to enter into a development or franchise agreement with others pertaining to the Development Area, and for administrative and other expenses incurred by Company.

b. **Development Credit Towards Initial Franchise Fees.** If Developer is in full compliance with the Development Schedule and is not in default under other terms of the Development Agreement or any other Franchise Agreement between Developer (or its affiliates) and Company, then as Developer enters into Franchise Agreements for the Perkins Restaurants developed pursuant to this Agreement, Company shall credit the portion of Development Fee actually paid by Developer pursuant to Section 3(a) above for the applicable Perkins Restaurant toward the Initial Franchise Fee payable under each such Franchise Agreement (see Exhibit 1 of this Agreement). The total amount of the credits that Company may grant to Developer under this Section 3(b) during the Term will not exceed the total Development Fees that Developer has actually paid to Company.

4. **Development Schedule.** Developer shall build, open and operate properly licensed Perkins Restaurants in accordance with the Development Schedule. In the event that Developer opens and continuously operates a greater number of Perkins Restaurants in the Development Area than required during any interim period of the Development Schedule, the requirement of the succeeding period(s) shall be deemed satisfied to the extent of such excess number of restaurants, up to the total number of restaurants specified in the Development Schedule.

5. **Conditions Precedent to Exercising of Franchises for Perkins Restaurants.** The following shall be conditions precedent to the right of the Developer to open and operate any franchised business within the Development Area under the Perkins System pursuant to this Agreement:

a. **Location of Restaurants.** Developer is responsible for locating proposed sites for any Perkins Restaurant contemplated within the Development Area. Developer shall use its best efforts to locate suitable sites to fully comply with the Development Schedule. Company, in its discretion, may offer assistance in site selection. In no event, however, shall Company be obligated to loan money, guarantee leases, provide financing or otherwise become directly involved and/or obligated to Developer or to any third party in respect of such site selection or development; these activities and undertakings, financially and otherwise, shall be the exclusive responsibility of Developer.

b. **Site Acceptance.**

i. Upon selection by Developer of a proposed site for a Perkins Restaurant, Developer promptly shall submit to Company such specific site data and demographic and other

information concerning the site as may be reasonably required by Company, utilizing such forms as may be required by Company. Company shall either accept or reject such site in accordance with Company's then-current site selection policies and procedures. To be effective, any acceptance must be in writing. Developer understands and acknowledges that Company may reject any proposed site, in which event Developer will not proceed at the rejected site, but will seek to locate an acceptable site. Developer acknowledges that in the event Developer should submit site(s) to Company that are not accepted by Company, such non-acceptance will not constitute a defense for nonperformance according to the Development Schedule by Developer. The acquisition in any manner of any proposed site prior to acceptance by Company shall be at the sole risk and responsibility of Developer and shall not obligate Company in any way to accept such site or to enter into a Franchise Agreement for operation of a Perkins Restaurant at such site.

ii. As a condition for accepting a proposed site, Company may require Developer to negotiate a lease or sales contract that includes certain terms regarding duration or other specified matters. Developer understands and acknowledges that a site acceptance may be conditioned on such matters and that if Developer does not wish to, or cannot, satisfy the pertinent conditions within a reasonable time, the site will be deemed rejected.

iii. In executing this Agreement, accepting a proposed site, giving acceptance or advice or providing services or assistance in connection with this Agreement, Company does not guarantee the suitability of an accepted site or the success of any particular Perkins Restaurant established at any such site. Company expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any restaurant. Developer understands and acknowledges that the suitability of a site and the success of any restaurant depend on many factors outside the control of either Company or Developer (including, without limitation, such factors as interest rates, unemployment rates, demographic trends and the general economic climate), but principally depend on Developer's efforts in the operation and management of the restaurant.

c. Restaurant Construction.

i. Following execution of a Franchise Agreement as provided in Section 5(c), below, and upon receiving acceptance for a proposed site, Developer shall proceed promptly to secure control of the accepted site and to obtain necessary zoning and building approvals and permits. Following acceptance of any site, Company shall provide Developer with approved standard architectural plans and specifications for a prototype Perkins Restaurant. Such prototype plans shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities, nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Perkins Restaurant. Developer shall be solely responsible for compliance with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Perkins Restaurant. After a site is accepted but before commencing construction of any Perkins Restaurant contemplated by this Agreement, Developer shall, if requested by Company, at Developer's expense, furnish to Company for Company's acceptance, the following:

ii. A proposed preliminary site plan for the Perkins Restaurant which, if accepted, shall not thereafter be changed without Company's prior written consent; and

iii. A copy of Developer's plans and specifications for construction of the Perkins Restaurant in proposed final form, which plans and specifications shall have been adapted, at Developer's expense, from Company's then standard plans and specifications and which, if accepted, shall not thereafter

be changed without Company's prior written consent. Company's approval shall be limited to review of such plans to assess compliance with Company's design standards for Perkins Restaurants, including such items as trade dress, presentation of the License Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Perkins Restaurants. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Developer. In addition, upon request by Company, Developer shall furnish Company information as Company may from time to time request, which may include, without limitation, copies of all commitments and plans for construction and permanent financing, the name, address and contact with respect to each lender, the name and address of the contractor, together with a copy of the construction contract.

iv. Thereafter, Developer shall commence construction of the particular Perkins Restaurant in accordance with the accepted site plan and building plans and specifications as soon as possible and shall complete all the construction thereof, including the acquisition and installation of all equipment specified by Company, and have the restaurant(s) ready to open for business within the time(s) specified in this Agreement. Company and its agents shall have the right to inspect the construction at any reasonable time. Developer agrees to give Company at least ten (10) days' notice prior to pouring the concrete slab for any Perkins Restaurant to be opened pursuant to this Agreement and to give Company notice immediately after completion of the electrical and mechanical rough-ins to enable Company to inspect the construction at such times. Developer shall correct, upon request and at Developer's expense, any deviation from any approved site plan or plans and specifications. Company assumes no responsibility for the quality of any construction because of any inspections made by it or any reports or recommendations made as a result of such inspections.

v. In the event Developer either (a) fails to open any Perkins Restaurant within the time periods set forth in this Agreement, except for any delay due in material part to war, strikes, lock-outs, governmentally imposed building moratoriums, or similar causes beyond the control of Developer (which do not include general construction delays) or unless Developer has been granted an extension in accordance with Section 5(c)(vi) below, or (b) commences construction of any Perkins Restaurant according to plans and specifications not accepted by Company or alters such accepted site plan or plans and specifications without Company's approval, then, Company, at its option, may cancel and terminate this Agreement, by written notice to Developer, in which case any Development Fee paid to Company pursuant to the terms hereof shall be retained by Company as liquidated and agreed damages and no further Franchise Agreements will be issued under this Agreement for any proposed Perkins Restaurants.

vi. Company reserves the right to grant extensions or renewals of this Agreement at Company's sole right and discretion in the event that Developer has complied (in Company's opinion) with all of the terms and conditions herein and has, in good faith, diligently pursued the construction of the Perkins Restaurants according to the Development Schedule. Additionally, if Developer will not be able to comply with the Development Schedule for any particular Perkins Restaurant to be constructed and opened, then Developer may apply to Company, in writing, not fewer than thirty (30) days in advance of the applicable deadline under the Development Schedule for an extension of the Development Schedule relating to such Perkins Restaurant. Developer's written application for an extension must specify the reasons for the requested extension and specify a proposed revised opening date for the effected Perkins Restaurant. Developer has no right to receive an extension of a deadline in the Development Schedule, and Company will determine, in its sole right and discretion, whether to grant an extension of a deadline in the Development Schedule. No extension of a deadline will be effective unless and until Company provides its written approval, and Developer has paid to Company a fee in an amount equal to Seven Thousand Five Hundred Dollars (\$7,500) per month (or partial month) of the extension granted by Company. Company's decision to extend a deadline of the Development Schedule for a particular Perkins Restaurant(s) shall not, absent a written agreement, renew or extend the Development Schedule with respect to any other Perkins

Restaurant to be developed. Developer agrees that any such extensions shall in no way be construed as a waiver or modification of Company's rights hereunder or as a limitation of Company's right to terminate this Agreement for Developer's failure to adhere to the Development Schedule. An extension of a deadline of the Development Schedule under this Section 5(c)(vi) is separate from, and does not grant Developer, an extension of the Term as described in Section 2(b) above.

d. Franchise Agreements

i. With respect to each Perkins Restaurant contemplated by this Agreement, upon the due performance by Developer within all applicable time periods of all of the requirements of this Agreement (including, without limitation, payment of the Development Fees) and prior to commencing the construction of such Perkins Restaurant or undergoing any training required under this Agreement and the Franchise Agreement, Company and Developer shall execute and deliver Company's standard form of franchise agreement for the operation of a Perkins Restaurant (each a "**Franchise Agreement**"). The Franchise Agreement for each Perkins Restaurant to be developed under this Agreement shall be the then-current form of Franchise Agreement, and the Initial Franchise Fee for such Perkins Restaurant shall be due and payable as described in Section 7 below. Any such Franchise Agreement or other agreement executed in connection therewith may include certain lease or purchase options, either from Developer or any other owner of the real property upon which the restaurant is to be constructed and operated, in favor of Company.

ii. As a condition of Company's execution of any Franchise Agreement, Company may require Developer and/or its principals to provide a personal guaranty, letter of credit or corporate guaranty in a form acceptable to Company to secure payment of continuing and other fees required to be paid to Company or its affiliates under such agreement, or otherwise. Developer shall comply with Company's then-current franchising policies and procedures with respect to each franchise developed hereunder. Company shall be under no obligation to execute a Franchise Agreement for any such franchise unless Developer has complied in a timely manner with all terms and conditions of this Agreement and has satisfied all requirements set forth herein with respect to such franchise. In addition, Company shall be under no obligation to execute any Franchise Agreement if Developer is in breach or default of any other Franchise Agreement, Market Development Agreement, or any other agreement between Company and Developer, or if Developer is not eligible for expansion pursuant to Company's then-current criteria for expansion. If and when any Franchise Agreement contemplated in this Agreement is executed by Company, it shall supersede this Agreement and govern the relations between the parties with respect to the particular restaurant.

6. Advisory Services and Training.

a. Advisory Services. Company shall at reasonable times during the Development Schedule, and subject to the availability of Company personnel, upon the request of, and at no charge to Developer (except as otherwise expressly provided in this Agreement), furnish certain counseling and advisory services to Developer with respect to the site selection, construction, and pre-opening activities related to the operation of Perkins Restaurants.

b. Training. As required by the Franchise Agreements therefor, Developer and its employees shall attend and conduct such training programs as Company may reasonably require in order to train Developer's personnel properly to operate the Perkins Restaurants contemplated by this Agreement.

c. **Solicitation of Company Employees.** Developer shall not, with respect to any person who is employed by Company at Company's headquarters as an executive, manager, field director or supervisor, or other position that receives Perkins specialty training, solicit such person to leave his or her employment in such positions with Company for the purpose of employment by Developer without Developer first obtaining Company's consent. In addition to any other rights and remedies available to Company under this Agreement, in the event of a violation of this Section, Company will have the right to require Developer to pay to Company an amount equal to Forty Thousand Dollars (\$40,000) as liquidated damages and not as a penalty and to compensate for damages caused by such violation. Developer and Company agree that it would be impracticable to determine precisely the actual damages to Company due to a violation of this Section 6(c) as such damages could arise from various factors including: increased workloads for Company Employees; reduced efficiency of Company's operation and management; and increased expenditures to locate, hire and train personnel to replace Company's employee hired by Developer in violation of this Section 6(c). The liquidated damages amount set forth hereinabove is a reasonable best estimate made by the parties hereto of such damages and is for the purpose of compensating for all such damages.

7. **Initial Franchise Fee.** Upon execution by Company of a Franchise Agreement for any Perkins Restaurant contemplated by this Agreement, Developer shall pay to Company an Initial Franchise Fee. The Initial Franchise Fee for each Perkins Restaurant shall be the amount set forth in the then-current form of Franchise Agreement to be signed for that Perkins Restaurant. The Initial Franchise Fee for each Perkins Restaurant must be paid in full upon Developer's execution of such Franchise Agreement, less any credit that may be applied pursuant to Section 3(b) above. Each Initial Franchise Fee is fully earned by Company upon execution of the Franchise Agreement and thereafter shall be non-refundable.

8. **Termination.**

a. **Automatic Termination.** Developer shall be in default under this Agreement, and all rights granted to Developer shall automatically terminate without notice to Developer upon the occurrence of any of the following events: Developer becomes insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Developer, or such a petition is filed against and consented to by Developer; or if a bill in equity or other proceeding for the appointment for a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed.

b. **By Company.** Company may terminate this Agreement prior to the expiration of the Term upon the occurrence of any event of default described below. Upon the occurrence of any event of default which remains uncured after the cure period specified, if any, Company may, at its option, and without waiving its rights hereunder or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Developer's rights hereunder. Company, at its option, may terminate this Agreement immediately upon notice to Developer, upon the occurrence of any of the following:

i. failure to open any Perkins Restaurant within the time period(s) specified in this Agreement, unless Company granted Developer's request for an extension made in accordance with Section 5(d), above;

ii. the assignment of this Agreement without the prior written approval of Company;

iii. if Developer is a corporation, partnership, limited liability company, trust, or other association or entity (each an "**Entity**"), the transfer of any equity or other ownership interest in such Entity during the Term of this Agreement without the prior written approval of Company; or, in the event that any shareholder, partner, member or other holder of an ownership or equity interest (each, an "**Owner**") of

Developer is an Entity, the transfer of any equity or other ownership interest in such Owner during the Term without the prior written approval of Company;

iv. the discovery by Company of any material misrepresentation in any of the information or documents submitted to Company by or on behalf of Developer;

v. Developer fails to take any action required herein (including but not limited to, construction, execution of Franchise Agreements, and payment of Initial Franchise Fees) to establish the Required Number of Units, and any additional restaurants agreed upon by Developer and Company, within the times established in the Development Schedule; or

vi. any other violation by Developer of any provision of this Agreement if such violation shall continue for ten (10) days after Company gives written notice of such material violation to Developer or if such material violation cannot be reasonably corrected within such ten (10) day period, then if such material violation is not corrected within such additional time as may be required in the reasonable opinion of Company, provided that Developer proceeds with reasonable diligence; provided, however, that such written notice and a reasonable time to correct material violations shall not be required if Developer has committed more than three (3) such violations during any one-year period (and has been notified by Company of each such violation); or

vii. Developer or any of its Owners or guarantors, or any entities that are under common control with or affiliated with Developer or its Owners or guarantors, defaults on any other agreement with Company, or any affiliate or parent corporation of Company, or any lender to Developer relating to the Perkins Restaurants to be developed under this Agreement, and such default is not cured in accordance with the terms of such other agreement.

**9. Effect of Expiration or Termination.** Upon expiration of this Agreement (and this Agreement is not renewed), or upon its termination for any reason, any and all rights granted to Developer hereunder shall immediately terminate. Company shall be under no further obligation whatsoever to grant any additional franchise license(s) to Developer, and Company thereafter shall have the right to operate or license others to operate Perkins Restaurants within the Development Area, except as limited by the provisions of any other then effective agreements between Developer and Company.

**10. Restrictions.** Company is engaged in the business of developing and franchising Perkins Restaurants on a national basis. Developer acknowledges that the appropriation or duplication of Perkins Restaurants, the Perkins System, or any part thereof for a purpose other than to operate a Perkins Restaurant pursuant to a Franchise Agreement with Company would damage the franchising business of Company. Developer acknowledges that Company owns "**Confidential Information**" which includes any and all information, knowledge and know-how about the Perkins System and Company's products, services, standards, procedures, techniques communicated to Developer, and such other information or material which Company reasonably considers to be material which is not generally known by the public. Developer acknowledges and agrees that it shall not, during the Term or thereafter, communicate, directly or indirectly, divulge to or use for its benefit or the benefit of any other person or legal entity (except in the necessary operation of the businesses) any Confidential Information and that Developer shall limit access to Confidential Information by Developer's employees on a need-to-know basis. Developer acknowledges that the unauthorized use or disclosure of Company's Confidential Information will cause irreparable injury to Company and that damages are not an adequate remedy. Company shall be entitled to obtain injunctive relief in addition to any other legal or equitable remedies it may have if Developer fails to comply with the provisions contained herein.

11. **Use of Licensed Marks.** Developer acknowledges that until a Franchise Agreement has been issued for a specified site, Developer shall not have or be entitled to exercise any of the rights, powers and privileges granted by such Franchise Agreement, including without limitation the right to use the Licensed Marks; that the execution of this Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and that Developer may not under any circumstances commence operation of any Perkins Restaurant prior to execution by Company of a Franchise Agreement for the particular location.

12. **No Right to Sub-Franchise.** Developer acknowledges that this Agreement does not contemplate, authorize or permit Developer to operate or function as a sub-franchisor or franchise broker of Company.

13. **Transfer.**

a. **Consent to Transfer Required.** Developer understands and acknowledges that Company has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Developer or the Owners, if Developer is not an individual. Accordingly, Developer shall not directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber its rights and obligations hereunder or suffer or permit any such assignment, transfer or encumbrance to occur by operation of law (collectively, "**Transfer**") without the prior express written consent of Company. In the event Developer is an Entity, the Owners, beneficiaries, or investors, as the case may be of any such Entity, may not effectuate a Transfer of any equity or voting interest in such Entity without the prior written consent of Company. Furthermore, in the event that any Owner of Developer is an Entity, the interests of the shareholders, limited partners, trustees, beneficiaries, partners or investors, as the case may be, in such Owner, may not effectuate a Transfer of any equity or voting interest in such Entity without the prior written consent of Company. Any purported assignment or Transfer without the written consent of Company shall be null and void and shall constitute a material breach of this Agreement, for which Company may immediately terminate this Agreement without opportunity to cure.

b. **Limited Transfer Right.** Notwithstanding the foregoing, for a period of one (1) year from the Effective Date, if Developer is an individual, Developer may, subject to the conditions of this Section 13, assign this Agreement and Developer's rights and obligations hereunder on one occasion to one Entity (as defined in Section 8(b)(iii) of this Agreement) provided that (i) the Entity is organized by Developer for that purpose only; (ii) at least fifty-one percent (51%) of all the issued and outstanding shares of voting stock and/or membership interests of the Entity shall be owned and voted continuously by Developer, and (iii) if the proposed transfer is to a legal entity in which Developer will not own one hundred percent (100%) of all of the issued and outstanding shares of voting stock and/or membership interests, Company, prior to such transfer, shall have the right to approve any other shareholders and/or members, and such approval shall be subject to the terms and conditions of Section 13. Developer must give Company prior written notice of such proposed assignment, and if approved by Company, all parties involved will execute such documents as Company may require, and in the form approved by Company, to effectuate the assignment, including without limitation any amendments to this Agreement and personal guarantees by Developer's owners, and Developer shall pay the transfer fee, if any, due under this Section 13(b). If the transfer under this Section 13(b) is to an entity that is one hundred percent (100%) owned by Developer, there will be no fee due for this transfer. If the transfer under this Section 13(b) is to an entity in which Developer owns less than one hundred percent (100%) but at least fifty-one percent (51%) of the ownership interests, then Developer shall pay to Company a Fee of Two Thousand Dollars (\$2,000) for the additional expense Company has expended for this Assignment. Upon completion of all conditions required by Company, such Entity will have all of said rights and obligations under this Agreement, and the term "Developer" as used herein shall refer to said Entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated "Developer," who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such Entity. Further, Developer must acknowledge that no such assignment will relieve Developer from the cross default

or any other provisions of this Agreement (which shall continue to apply to any entities that are under common control with Developer). In addition to agreements executed pursuant to the terms of this Agreement, Developer shall not effectuate a Transfer any of Developer's ownership or control in such an Entity without the prior written consent of Company.

c. Conditions. Developer acknowledges and agrees that it shall be reasonable for Company to condition its consent to a Transfer on any or all of the conditions and requirements for transfers set forth in the Franchise Agreement which was included in the Franchise Disclosure Document provided to Developer in connection with this Agreement, that Company deems applicable to a proposed transfer under this Agreement. Additionally, Company may further condition its consent on, among other factors: the requirement that the proposed Transfer under this Agreement is to be made in conjunction with a simultaneous transfer to the same transferee of all comparable interests held by the transferor under all the Franchise Agreements executed pursuant to this Agreement; transferee's execution of Company's then-current form of market development agreement (as updated to reflect the remaining development rights under this Agreement); and payment to Company by Developer of a non-refundable transfer fee in the amount of Seven Thousand Five Dollars (\$7,500), which amount shall be due at the time the transferor submits its application to Company requesting Company's consent to the transfer.

d. Death of Developer. In the event of the death of Developer, or if Developer is an Entity, then in the event of the death of any Owner of Developer, Company shall not unreasonably withhold its consent to a Transfer of Developer's interest herein, or if Developer is an Entity, the Transfer of the deceased Owner's interest in such Entity, to a descendant, heir or legatee of the decedent, so long as, in the sole judgment of Company, such successor is capable of performing the duties and obligations of the decedent hereunder (or of the decedent as an Owner of Developer) and under any Franchise Agreement to which the decedent (or of the decedent as an Owner of Developer) is a party, or to a responsible bona fide purchaser acceptable to Company. Any approval by Company of such Transfer shall be subject to the assignee's agreement in writing to assume and perform all of Developer's (or the decedent's as an Owner of Developer) duties and obligations hereunder and under any Franchise Agreement to be issued pursuant to this Agreement, and with respect to this Agreement and each such Franchise Agreement, all conditions for Transfer set forth in such agreement shall be met.

e. Assignment by Company. Company shall have the right to assign all or any part of its rights or obligations hereunder to any person or entity.

14. Notices. All notices, requests, and demands to or upon the respective parties hereto shall be deemed to have been given or made when mailed by registered or certified mail or nationally recognized overnight courier, postage prepaid, addressed as follows:

If to Developer, at the Notice Address listed on the signature page.

If to Company, at:

PERKINS LLC  
Attn: Legal Department  
5901-B Peachtree Dunwoody Road, Suite 450  
Sandy Springs, Georgia 30328

or to such other address as may be designated hereafter in writing by the respective parties hereto.

15. Mediation

Except as expressly provided in this Section, any dispute arising under or relating to this Agreement (each, a “**Dispute**”) shall be submitted to mediation in accordance with the following alternative dispute resolution (“**ADR**”) procedure prior to the filing of any lawsuit with respect to such Dispute.

a. Any party to this Agreement claiming that a Dispute has arisen shall give written notice to the other party of the Dispute and shall designate a person as its representative in negotiations with authority to settle the Dispute. The party who has received written notice of the Dispute shall promptly give written notice to the other party acknowledging notice of the Dispute and designating a person as its representative in negotiations with authority to settle the Dispute.

b. If the parties cannot reach a resolution of the Dispute within seven (7) days, either party may notify the other in writing that it seeks to have such dispute resolved by mediation.

c. The parties shall have ten (10) days from the date of submission to mediation to agree upon a mutually acceptable neutral person not affiliated with either of the parties (the “**Mediator**”). If no Mediator has been selected within such time, the parties agree jointly to request the American Arbitration Association, the Center for Public Resources, and/or another mutually agreed-upon provider of mediation services to supply, within ten (10) days, a list of potential mediators with qualifications as specified by the parties to the joint request. Within five (5) days of receipt of the list, the parties shall independently rank the proposed candidates, simultaneously exchange rankings, and select as the Mediator the individual receiving the highest combined ranking who is available to serve.

d. In consultation with the Mediator, the parties shall promptly designate a mutually convenient time and place in Georgia for the mediation (and unless circumstances require otherwise, such time shall not be later than twenty-one (21) days after selection of the Mediator). In the event that either party has substantial need for information in the possession of the other party in order to prepare for the mediation, the parties shall attempt in good faith to agree on procedures for the expeditious exchange of information, with the assistance of the Mediator if required.

e. One week prior to the first scheduled session of the mediation, and unless the Mediator instructs otherwise, each party shall deliver to the Mediator and to the other party a concise written summary of its views on the matter in dispute.

f. The Mediator shall have the right to determine the procedures for the conduct of the mediation proceedings (the “**Proceedings**”), provided that the mediation will proceed with each respective party and their legal counsel, without the use of expert witnesses as part of the Proceedings. All Proceedings shall be (i) as informal as is consistent with the proper conduct of the dispute resolution, (ii) at a place to allow the Mediator to communicate privately with the parties or their legal representatives, (iii) in confidence and in closed session, (iv) on a without prejudice basis, including all discussions leading up to the Proceedings, (v) on the basis that no documents brought into existence, or admissions, or offers for settlement, specifically for the purpose of the mediation process or the Proceedings, will be called into evidence in any subsequent litigation by either party, and (vi) heard and completed within seven (7) days of the commencement of the Proceedings.

g. The Mediator shall (i) provide his/her opinion to both parties on the probable outcome should the matter be litigated, unless requested not to do so by both parties; and (ii) make one or more recommendations as to the terms of a possible settlement, upon any conditions imposed by the parties (including, but not limited to, a minimum and maximum amount) if requested to do so by both parties.

h. The Mediator shall base his opinions and recommendations on information then available to both parties, excluding such information as may be disclosed to him by the parties in confidence. The opinions and recommendations of the Mediator shall not be binding upon the parties.

i. The parties agree to participate in the mediation procedure to its conclusion (as designated by the Mediator) and not to terminate negotiations concerning resolution of the matters in dispute until at least ten (10) days thereafter. Each party agrees not to commence a lawsuit or seek other remedies with respect to the Dispute prior to the conclusion of the ten (10) day post-mediation negotiation period; provided, however, that either party may commence litigation within five (5) days prior to the date after which the commencement of litigation could be barred by an applicable statute of limitations or in order to request an injunction to prevent irreparable harm, in which event the parties agree (except as prohibited by court order) to nevertheless continue to participate in the mediation to its conclusion.

j. The fees of the Mediator shall be shared equally by the parties. The Mediator shall be disqualified as a witness, consultant, expert or counsel for either party with respect to the matters related to the Dispute.

k. It is agreed that any Proceeding is a compromise negotiation for purposes of the Federal Rules of Evidence and state rules of evidence. Each Proceeding shall be confidential, and no stenographic, visual or audio record shall be made. All conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of any Proceeding by either of the parties, their agents, employees, representatives, or other invitees and by the Mediator are confidential and shall, in addition and where appropriate, be deemed to be work product and privileged. Such conduct, statements, promises, offers, views, and opinions shall not be discoverable or admissible for any purposes, including impeachment in any litigation or other proceeding involving the parties, and shall not be disclosed to anyone not an agent, employee, expert, witness or representative of either of the parties; provided, however, that evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in a Proceeding.

l. Notwithstanding anything herein to the contrary, the requirements of this Section 15 shall not apply to claims relating to, or disputes relating to, Company's Licensed Marks, to claims relating to Developer's non-payment of monies to Company, or to requests by Company or Developer for temporary restraining orders, preliminary injunctions, or other procedures in a court of competent jurisdiction to obtain injunctive relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by mediation. If Company secures any declaration, injunction or order of specific performance, if any provision of this Agreement is enforced at any time by Company, or if any amounts due from Developer to Company are, at any time, collected by or through an attorney at law or collection agency, Developer shall be liable to Company for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorney's fees.

## 16. Miscellaneous Provisions.

a. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named.

b. Headings. Captions and section and paragraph headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

c. Modification. Neither this Agreement, nor any provision of this Agreement, may be changed, waived, discharged, modified, or terminated orally, but may be modified only by an instrument in writing signed by the party against whom enforcement is sought.

d. Governing Law/Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Georgia. The parties agree and consent to personal jurisdiction of the Superior Court of Fulton County, Georgia, and the United States District Court for the Northern District of Georgia, Atlanta Division, with regard to any civil action relating to any claim arising under this Agreement, and agree that venue shall be proper in such courts for such action.

e. Time for Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Developer and Company (or Company's affiliates), or Developer's development of Perkins Restaurants under this Agreement, brought by either party hereto against the other shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

f. Jury Trial Waiver. Company and Developer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other.

g. Waiver of Punitive Damages. Company and Developer hereby waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other, except for punitive or exemplary damages authorized by applicable federal law.

h. No Class or Consolidated Actions. Any litigation between the Company and Developer, and any of their respective affiliates, directors, officers, or agents shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

i. Confidentiality. Developer agrees not to disclose any provision of this Agreement to any party or entity without the prior written consent of Company.

j. Counterparts. This Agreement may be executed in several counterparts, and signature pages may be exchanged by fax, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

k. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto as to the matters stated herein. Any modification or amendment of this Agreement shall not be binding upon the parties unless in writing and signed by all parties hereto, and there are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties that have been relied upon by either party other than those set forth herein. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Company has made in the most recent Disclosure Document (including its exhibits and amendments) that Company delivered to Developer or its representative. No agreement of any kind relating to the matters covered by this Agreement shall be binding upon either party unless and until the same is made in writing and executed by both parties.

l. Waiver. The failure of either party to exercise any power or remedy hereunder or to insist upon strict compliance with the terms of this Agreement shall not be deemed to be a waiver of the right of such party to demand strict compliance with the exact terms of this Agreement in the future.

m. **Time.** Time is of the essence of this Agreement.

n. **Severability.** Should any part or clause of this Agreement be declared by a court of competent jurisdiction to be void or unenforceable, then that part or clause shall be deemed to be severed and the remainder of this Agreement shall remain in full force and effect. Additionally, if any part of or clause of this Agreement is found to be unenforceable but part of such is capable of being made enforceable by reduction of any or all thereof, Developer and Company agree to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

17. **Developer's Acknowledgments.**

a. Developer understands and acknowledges that there are significant risks in any business venture and that the primary factor in Developer's success or failure under this Agreement will be Developer's own efforts. IN ADDITION, DEVELOPER ACKNOWLEDGES THAT COMPANY AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS TO DEVELOPER OTHER THAN OR INCONSISTENT WITH THE MATTERS SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO DEVELOPER AND THAT DEVELOPER HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT AND DEVELOPER'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE.

b. Developer and its Owners agree to comply with and/or to assist Company to the fullest extent possible in Company's efforts to comply with Anti-Terrorism Laws (as defined below), and further agree to require that any Developer Related Party (as defined below) also complies with and/or assist Company in Company efforts to comply with Anti-Terrorism Law. In connection with such compliance, Developer and the Owners certify, represent, and warrant that none of their, or any Developer Related Parties' respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Developer nor any of the Owners or Developer Related Parties are in violation of any of the Anti-Terrorism Laws. Developer also agrees not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Developer shall be solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Developer further acknowledges and agrees that any violation of the Anti-Terrorism Laws by a Developer, or Developer's employees or any "blocking" of a Developer Related Party's assets under the Anti-Terrorism Laws shall constitute grounds for immediate termination of this Agreement and any other agreement Developer shall have entered with Company or its affiliates, in accordance with the termination provisions of this Agreement. The term "**Developer Related Party**" as used in this Section 17(b) means any Owner or guarantor ("**Guarantor**") of Developer's obligations under this Agreement, or the immediate family member (spouse, child, sibling, or parent) of an Owner or Guarantor, and any other person or entity under common control with or affiliated with Developer or any Owner.

IN WITNESS WHEREOF, the parties hereto have affixed their hands and seals the date and year first above written.

COMPANY  
PERKINS LLC  
a Delaware limited liability company

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

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

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

Effective Date of this Agreement: \_\_\_\_\_

DEVELOPER  
**DEVELOPER\_NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
DEVELOPER SIGNATORY1, TITLE

By: \_\_\_\_\_  
DEVELOPER SIGNATORY2, TITLE

OR

\_\_\_\_\_  
NAME, Individually

Developer Principal Place of Business:  
[DEVELOPER ADDRESS  
DEVELOPER CITY,  
DEVELOPER COUNTY,  
DEVELOPER STATE, DEVELOPERZIP]

Developer Notice Address:  
«Developer»  
«Developer\_Address\_Line\_1»  
«City», «State» «Zip»

## EXHIBIT 1

### DEVELOPMENT AREA, FEES, AND TERM

1. **Development Area.** The Development Area shall consist of the following cities (or parts of cities) in the State of DEVELOPMENT AREA\_STATE\_NAME (see sixth Whereas clause):

LIST OF CITIES HERE

2. **Development Fees.**

Development Fees - The Development Fees shall be the total of (a) \$40,000.00 for the first unit to be developed and (b) \$20,000.00 for every additional unit to be developed pursuant to the Market Development Agreement to satisfy the Required Number of Units. The total fees due under this Agreement at the time of signing are:

| <b>Calculation of Development Fees</b>   |  |
|--|--|
| <b>Required Number of Units:</b>   | _____ (insert # of Units)                              |
| <b>Development Fees calculation:</b><br>For First Unit:<br>Per additional unit | \$40,000.00<br>\$20,000.00 (per ____ additional units) |
| <b>Development Fees (total):</b>   | \$_____<br>(insert total Development Fees here)        |

3. **Initial Franchise Fees and Potential Credits.**

The Initial Franchise Fees are separate from any other pre-opening fees, such as Security Deposit, that may be required under each Franchise Agreement. See Sections 3 and 7 of the Agreement for details.

| <b>Initial Franchise Fees:</b>                         | <b>Initial Franchise Fee Due<br/>(note A)</b>   | <b>Portion of Development Fees as<br/>Potential Credit towards Initial<br/>Franchise Fee (notes B and C)</b> |
|--|---|--|
| First Unit   | \$40,000  | \$40,000   |
| Second Unit  | Company's then-current<br>Initial Franchise Fee | \$20,000   |
| Each Additional Unit<br>in Required Number<br>of Units | Company's then-current<br>Initial Franchise Fee | \$20,000   |

- A. See Section 7 of the Development Agreement.
- B. This credit will apply at the time Developer signs the Franchise Agreement for each of the Required Number of Units provided that Developer (and affiliates) are in compliance as set forth in Section 3(b) of the Development Agreement.
- C. The total amount of the credits that Company grants to Developer towards Initial Franchise Fees will not exceed the total Development Fees that Developer actually paid to Company.

3. Term Extension Fees and Effective Date. As described in Section 2(b) of the Development Agreement, Company may in its sole right and discretion offer Developer an opportunity to purchase an extension of the Term. The parties acknowledge and agree that, as of the Effective Date (check applicable box):

- Developer has not paid a Term Extension Fee and has not purchased any Term Extension. Accordingly, as of the Effective Date, the Term will expire as set forth in Section 2(a) of this Agreement.
- Developer has paid Term Extension Fees in the amount of \$\_\_\_\_\_, which will extend the Term for a period of \_\_\_\_ year[s]. Accordingly, as of the Effective Date, the Term will expire \_\_\_\_ year[s] from the date on which the Term would otherwise expire under Section 2(a) of this Agreement.

## EXHIBIT 2

### [SAMPLE] DEVELOPMENT SCHEDULE

All Perkins Restaurants developed under this Development Schedule will be standard Restaurants. Property must be acquired, a Franchise Agreement for each such Perkins Restaurant must be signed, construction must be completed, all fees must be paid and the franchised businesses must be in operation no later than the following dates in order to comply with the material terms of this Market Development Agreement:

| <b>Restaurant under this Agreement</b> | <b>Deadline to Sign Franchise Agreement</b> | <b>Deadline for Restaurant Opening</b> | <b>*Total Number of Restaurants Open as of Opening Deadline</b> |
|--|---|--|---|
| First                                  | <b>MONTH DAY, YEAR</b>                      | <b>MONTH DAY, YEAR</b>                 | 1   |
| Second                                 | <b>MONTH DAY, YEAR</b>                      | <b>MONTH DAY, YEAR</b>                 | 2   |
| Third                                  | <b>MONTH DAY, YEAR</b>                      | <b>MONTH DAY, YEAR</b>                 | 3   |
|  |   |  |   |
|  |   |  |   |

\*Developer understands and agrees that Developer's obligations under the Development Schedule are cumulative, and that by each "Opening Deadline" listed above, Developer must have open and in operation the number of Perkins Restaurants listed in the column "Total Number of Restaurants Open as of the Opening Deadline."

## ACKNOWLEDGMENTS

These Acknowledgments are executed and sealed in connection with Perkins® Restaurant Unit described on the signature page of these Acknowledgements (“Unit”).

### **ACKNOWLEDGMENT AS TO SEVEN DAY DISCLOSURE**

I hereby acknowledge that: (Initial One Choice)

There have been no unilateral changes to the documents listed below since the date of receipt of the Franchise Disclosure Document on \_\_\_\_\_. The documents listed below are changed only by the completion of filling in the blanks for the date and name information, and the like. Additionally, I have reviewed all aspects of all documents, taken those steps necessary to arrive at a complete understanding of same, and do completely understand all aspects of these documents. The Company has not pressured, hurried or coerced me in any way, and I have executed this document as my free act and deed.

I have had a copy of the documents listed below in my possession for a period of at least seven (7) days after the unilateral changes made by Perkins LLC (“Company”), and that I have reviewed all aspects of all documents, taken those steps necessary to arrive at a complete understanding of same, and do completely understand all aspects of these documents. The Company has not pressured, hurried or coerced me in any way, and I have executed this document as my free act and deed.

**ACKNOWLEDGEMENTS**

**FRANCHISE AGREEMENT**

**PROMISSORY NOTE (if applicable)**

**REVITALIZATION AMENDMENT (if applicable)**

**TRAINING AGREEMENT**

**CERTIFICATE OF MEMBERS**

**GUARANTY**

**MEMBERS' GUARANTY AND AGREEMENT**

**CERTIFICATE OF SECRETARY**

**CORPORATE RESOLUTION**

**SHAREHOLDER'S GUARANTY AND AGREEMENT**

**CORPORATE GUARANTY AND AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

**ANCILLARY DOCUMENTS (BEVERAGE, EQUIPMENT LEASEE, LOYALTY SYSTEMS)**

**MEMORANDUM OF PREMISES, EQUIPMENT & SIGN OPTION AGREEMENTS**

**ACKNOWLEDGMENT OF SECURITY AGREEMENT**

### **ACKNOWLEDGMENT AS TO FRANCHISE PERFORMANCE REPRESENTATIONS**

I hereby acknowledge that, except for the information contained in Item 19 of Company's Franchise Disclosure Document, Company has not made any oral, written or visual representations to me, or to anyone acting on my behalf concerning the potential or actual sales, income, gross or net profit to be derived from the Unit which is the subject matter of the Franchise Agreement to which this Acknowledgment is attached. I further acknowledge and understand that my financial results are likely to

differ from those stated in Item 19, and Company has not represented or inferred that I can expect to attain those same sales or costs.

I further acknowledge that Company has not provided me any information, whether written or otherwise, as to the historical sales and costs of existing franchisees, except for the disclosures contained in Item 19 of Company's Franchise Disclosure Document.

#### ACKNOWLEDGMENT AS TO ENVIRONMENTAL MATTERS

I do hereby acknowledge that Company recommends, but does not generally require, an Environmental Assessment incident to approval of a franchise. I also acknowledge that current federal and state laws impose severe penalties for waste cleanup, which penalties can be assessed against innocent parties based upon their having an interest in contaminated real property. If such matters have been of concern to me, I have sought independent legal advice. I hereby release Company, and its officers, shareholders, directors, attorneys and employees, in their corporate and individual capacities, from and against any liability arising out of or related to environmental contamination of the restaurant site; and indemnify and hold said parties harmless with regard to any action, cause of action, suit, claim, or liability of any nature whatsoever arising out of or in any way connected with environmental contamination of the restaurant site.

#### ACKNOWLEDGMENT AS TO EQUIPMENT PURCHASE

I do hereby acknowledge that I have purchased or leased the personal property listed on Exhibit B of the Lease, said Agreement made a part hereof by reference, after having had a comparison on the open market. No person has required me to purchase said personal property from Company, nor has anyone put any pressure on me to do so. I specifically state that neither Company nor any person or persons affiliated with Company has required me to so purchase or put any pressure on me to do so.

#### ACKNOWLEDGMENT AS TO EMPLOYMENT PRACTICES

I hereby acknowledge that, as Operator, I shall be the sole employer of the employees in my franchised restaurant and solely responsible for the labor relations and employment practices in the franchised restaurant location. I agree that the employees in my franchised restaurant shall not be employees of Company and that Company shall have no control or liability concerning decisions related to the hiring, promotion, discipline, termination, amount of wages, benefits or scheduling of the employees in my franchised restaurant. I agree to indemnify and hold harmless Company from any and all liability, including costs, attorneys' fees, or other monetary damages or equitable relief, which results directly or indirectly from my employees or independent contractors or other persons working on behalf of my franchised restaurant.

**Perkins® Restaurant Unit Number:** \_\_\_\_\_

OPERATOR:  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

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

**CERTIFICATE OF SECRETARY  
OF FRANCHISEE NAME**

I, as the undersigned Secretary, do hereby certify that I am the duly elected, qualified and acting Secretary of the entity listed in the “**Franchisee Data**” on the signature page, a corporation duly organized, existing and in good standing under the laws of the State identified in “Franchisee Data” as the state of incorporation (the “**Corporation**”), and in such capacity I have custody and control of the corporate seal and records of the Corporation and the authority to execute this Certificate on behalf of the Corporation. Accordingly, on behalf of the Corporation and in my capacity as Secretary, I certify as follows:

1. That attached hereto as Schedule A is a true and correct copy of the Articles of Incorporation of the Corporation together with all Articles of Amendment thereto, and the same having been duly adopted and filed in the office of the Secretary of State of the State of Incorporation, are in full force and effect, and have not been amended, modified or rescinded except as set forth therein.

2. That attached hereto as Schedule B is a true and correct copy of the By-laws of the Corporation together with all amendments thereto, and the same are in full force and effect and have not been amended, modified, or rescinded, except as set forth therein.

3. That the persons named in the “Franchisee Data” below as “**Officers**” are and have been duly elected and qualified and are currently acting in their respective corporate capacities as set forth below and that the signature of each Officer affixed above their respective name is a true and genuine signature of such person.

4. That the persons listed in the “Franchisee Data” below as “**Directors**” are the duly elected and presently acting directors of the Corporation.

5. That the information listed in the “Franchisee Data” below as “**Shareholders**” is a true, complete and accurate list of all of the legal and equitable owners of all the Corporation's outstanding and issued stock, their current addresses and the number of shares owned by each and that all such issued stock is fully paid and non-assessable.

6. That the following is a true, complete and correct copy of certain resolutions which were adopted by the shareholders of the Corporation in accordance with the By-laws, effective on or before the Effective Date of the Franchise Agreement referenced below and that such resolutions are in full force and effect, have not been modified, amended, altered or repealed, and are in conformity with and do not violate the Articles of Incorporation or the Shareholders Management Agreement of the Corporation.

**RESOLVED** that the Shareholders of the Corporation hereby approve the execution and delivery by the Corporation of a franchise agreement concerning the operation of the Perkins® Restaurant Unit described below in “Franchisee Data” (the “**Franchise Agreement**”) located on the real property described on Exhibit A attached to the Franchise Agreement, which is as of even date herewith and made a part hereof by reference and (hereinafter called “**Premises**”); and

**FURTHER RESOLVED** that the undersigned President and Secretary are hereby authorized to cause the Corporation to execute and deliver under seal or otherwise any and all agreements, contracts, leases, real and personal, easements, assignments, financing statements, vending machine agreements, any modifications and amendments to such documents, and to expend such sums, make and deliver security or other deposits and establish any necessary escrows, all as may be contemplated in the Franchise Agreement, required by Perkins LLC or its counsel or deemed necessary by the President and Secretary of the Corporation's counsel in order to effect the purposes of the foregoing Resolutions; and

FURTHER RESOLVED, that the Shareholders, in accordance with the terms and conditions of the Franchise Agreement, hereby directs the officers of the Corporation to cause a legend to be placed on the back of all share certificates of the Corporation, in the following form:

"The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to Section 13 of the Franchise Agreement between Perkins LLC, its successors and assigns, and the issuer of these shares."

FURTHER RESOLVED, that any and all action heretofore taken by any officer or officers of the Corporation to execute and deliver any of the agreements, instruments, documents, authorized by the foregoing Resolutions are hereby approved, ratified and confirmed in all respects.

*(signature page follows)*

IN WITNESS WHEREOF, I have affixed my hand and the seal of the Corporation on the date written below.

---

FRANCHISEE SIGNATORY2, Secretary

The undersigned, President of the Corporation, hereby certifies that FRANCHISEE SIGNATORY2 is the duly and validly elected and qualified Secretary of the Corporation and the signature appearing above is her/his true and genuine signature.

---

FRANCHISEE SIGNATORY1, President  
Date: \_\_\_\_\_

**Franchisee Data:**

Corporation: FRANCHISEE NAME  
State of Incorporation: STATE

For Perkins® Restaurant Unit Number: \_\_\_\_\_

Officers:

President: \_\_\_\_\_  
FRANCHISEE SIGNATORY1

Secretary: \_\_\_\_\_  
FRANCHISEE SIGNATORY2

Directors:

FIRST PRINCIPAL  
SECOND PRINCIPAL

Shareholders - Name, address and number of shares:

FIRST PRINCIPAL - \_\_ shares  
PRINCIPAL 1 STREET ADDRESS  
PRINCIPAL 1 CITY, STATE 00000

SECOND PRINCIPAL - \_\_ shares  
PRINCIPAL 2 STREET ADDRESS  
PRINCIPAL 2 CITY, STATE 00000

**SCHEDULE A TO CORPORATE RESOLUTION  
SUBSTITUTE ARTICLES OF INCORPORATION**

SCHEDULE B TO CORPORATE RESOLUTION

**SUBSTITUTE BY-LAWS**

**CERTIFICATE OF THE MEMBERS  
OF FRANCHISEE NAME**

The undersigned hereby certify that they are all of the members of the entity listed in “**Franchisee Data**” on the signature page, a limited liability company duly organized, existing and in good standing under the laws of the state of identified in “Franchisee Data” as the “**State of Organization**” (the “**Company**”), and in such capacity they are authorized to execute this Certificate on behalf of the Company and:

1. That attached hereto as Schedule A is a true and correct copy of the Articles of Organization of the Company together with all Articles of Amendment thereto, and the same having been duly adopted and filed in the office of the Secretary of State of Organization, are in full force and effect, and have not been amended, modified or rescinded except as set forth therein.

2. That attached hereto as Schedule B is a true and correct copy of the Operating Agreement of the Company together with all amendments thereto, and the same are in full force and effect and have not been amended, modified, or rescinded, except as set forth therein.

3. That the persons named in the “Franchisee Data” below as “**Members**” are the members of the Company, and that the signature set forth above his or her name is his or her signature.

4. That the following is a true, complete and correct copy of certain resolutions which were duly adopted by the Members of the Company in accordance with the Operating Agreement, effective on or before the Effective Date of the Franchise Agreement referenced below and that such resolutions are in full force and effect, have not been modified, amended, altered or repealed, and are in conformity with and do not violate the Articles of Organization or the Operating Agreement of the Company:

RESOLVED that the Members of the Company hereby approve the execution and delivery by the Company of a franchise agreement concerning the operation of the Perkins® Restaurant Unit described below in “Franchisee Data” (the “**Franchise Agreement**”) located on the real property described on Exhibit A attached to a Franchise Agreement, which is as of even date herewith and made a part hereof by reference and (hereinafter the “**Premises**”).

FURTHER RESOLVED that the Members are hereby authorized to cause the Company to execute and deliver under seal or otherwise any and all agreements, contracts, leases, real and personal, easements, assignments, financing statements, vending machine agreements, any modifications and amendments to such documents, and to expend such sums, make and deliver security or other deposits and establish any necessary escrows, all as may be contemplated in the Franchise Agreement, required by Perkins LLC or its counsel or deemed necessary by the President and Secretary of the Corporation's counsel in order to effect the purposes of the foregoing Resolutions.

FURTHER RESOLVED, that any and all action heretofore taken by any Member or Members of the Company to execute and deliver any of the agreements, instruments, and documents, authorized by the foregoing Resolutions are hereby approved, ratified and confirmed in all respects.

*(signature page follows)*

IN WITNESS WHEREOF, I have affixed my hand and the seal of the Company as of the date written below.

MEMBERS

---

FIRST PRINCIPAL

---

SECOND PRINCIPAL

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

**Franchisee Data:**

Company: FRANCHISEE NAME  
State of Organization: STATE

For Perkins® Restaurant Unit Number: \_\_\_\_\_

Members:

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FIRST PRINCIPAL  
PRINCIPAL 1 STREET ADDRESS  
PRINCIPAL 1 CITY, STATE 00000

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SECOND PRINCIPAL  
PRINCIPAL 2 STREET ADDRESS  
PRINCIPAL 2 CITY, STATE 00000

SCHEDULE A TO LLC RESOLUTION

**ARTICLES OF ORGANIZATION**

SCHEDULE B TO CORPORATE RESOLUTION

**OPERATING AGREEMENT**

## GUARANTY

As an inducement to PERKINS LLC (“**Company**”) to execute the Perkins Unit Franchise Agreement with the individual or legal entity identified as the Operator on the signature page of this Guaranty (“**Operator**”) concerning the operation of the Perkins® Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith (the “**Agreement**”) and made a part hereof by reference (hereinafter called “**Premises**”), the undersigned (if more than one, jointly and severally) do hereby agree to be bound by all terms of the Agreement and any amendments thereof, and supplements thereto, including all addenda, schedules and exhibits and any agreements between Operator and Company (or its affiliates) relating to Operator’s financing, now or hereafter existing, and irrevocably, unconditionally and personally guarantee to Company, its affiliates, successors and assigns, that all of Operator’s obligations thereunder will be punctually paid and performed. The undersigned waive, to the extent permitted by applicable law, notice of acceptance, notice of default, presentment and demand. Upon default by Operator and receipt of written notice from Company, the undersigned will immediately make each payment and perform or cause to be performed each obligation of Operator under the Agreement and related agreements as described above. Company may to the extent permitted by applicable law (without affecting any obligation of any of the undersigned) waive any Operator default, extend any Operator cure period, or settle, adjust, compromise or release any indebtedness of or claims against Operator. The undersigned waive notice of amendment of the Agreement, and demand for payment or performance by Operator. The undersigned further waive the defenses of novation, increase in risk, release or compounding of any other guarantor, or any requirement that Company first exhaust other remedies, resort to any collateral, or proceed to collect any amounts due from Operator, this Guaranty being a primary obligation of the undersigned and guarantee of payment and performance, not of collection. Upon death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty with respect to any defaults existing at the time of death, and, if more than one, the obligations of the other undersigned guarantors will continue in full force and effect without change.

This Guaranty, the Agreement and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) The following courts shall have personal jurisdiction over Operator and the undersigned in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreement and related agreements and the parties hereby waive any defense of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) The undersigned consent and agree that venue shall be proper in any of the following courts in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreement and related agreements and hereby waive any defense of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator and the undersigned each agrees that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator or the undersigned against Company relating to or arising out of this Guaranty, the Agreement and all related agreements shall be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit

such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator or the undersigned may be filed in any of the courts named in this Section (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreement and all related agreements, Operator and the undersigned consent and agree that they may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator and the undersigned hereby waive any defense of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

The undersigned agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any expiration or termination of this Guaranty or the Agreement. The undersigned acknowledges that he or she is one of the owners of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).

**Operator:** FRANCHISEE NAME  
a STATE ENTITY TYPE

**For Perkins® Restaurant Unit Number:** \_\_\_\_\_

**GUARANTORS:**

\_\_\_\_\_  
[FIRST PRINCIPAL], individually

\_\_\_\_\_  
[SECOND PRINCIPAL], individually

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

## SHAREHOLDERS' GUARANTY AND AGREEMENT

This Shareholders' Guaranty and Agreement ("Guaranty") made as of even date as the Agreements referenced below, for the benefit of Perkins LLC (hereinafter known as "Company"), by the undersigned (if more than one, jointly and severally) (hereinafter collectively known as "Shareholders").

### WITNESSETH:

WHEREAS, Shareholders desire to induce Company to enter into a Franchise Agreement and related documents with the individual or the legal entity identified as the Operator on the signature page of this Guaranty, (hereinafter known as "Operator"), concerning the operation of the Perkins® Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith and made a part hereof by reference (hereinafter called "Premises"), said Franchise Agreement and related documents being hereinafter collectively known as "Agreements", and

WHEREAS, Company is willing to enter into said Agreements only if Shareholders agree to comply with the terms and conditions of this Guaranty.

NOW THEREFORE, for and in consideration of the sum, of Ten Dollars (\$10.00) paid to Company by Shareholders, for the purpose of inducing Company to enter into the Agreements with Operator and for other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed and contracted as follows:

1. Shareholders hereby jointly and severally unconditionally guarantee the prompt and complete performance by Operator of all the covenants and conditions contained in the Agreements and the payment of all damages, costs and expenses which by virtue of the Agreements might become recoverable by Company from Operator.
2. Shareholders hereby jointly and severally covenant and agree that they shall not sell, assign, mortgage, pledge or otherwise hypothecate, make a gift or otherwise dispose of any or all of their shares of the capital stock of Operator without the written consent of Company.
3. Shareholders do hereby covenant and agree that they shall cause a reference to this restriction to appear on each and every share of capital stock of Operator owned by them.
4. Shareholders do hereby covenant and agree to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of Shareholders shall survive any expiration or termination of this Guaranty or the Agreement. Shareholders acknowledge that he or she is one of the owners of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).
5. Shareholders do hereby acknowledge a financial interest in Operator and do represent that as to them the Agreements constitutes a benefit.
6. This Guaranty shall continue in full force and effect so long as the Agreements remain in force and effect and Shareholders shall not be released from their obligations hereunder so long as any claim of Company against Operator is not settled or discharged in full.

7. It is agreed that Company shall have the full right, in its sole discretion, and without any notice to or consent from the Shareholders, from time to time, and at any time, and without affecting, impairing or discharging in whole or in part, the liability of Shareholders hereunder:

(a) To make any change, amendment or modification whatsoever in any of the terms and conditions of the Agreements;

(b) To extend in whole or in part by renewal or otherwise, and on one or any number of occasions, the term of the Agreements;

(c) To settle, compromise, release, surrender, modify or impair, and to enforce and exercise or fail or refuse to enforce or exercise any claims, rights, or remedies of any kind or nature against Operator or any other Shareholders or Operator's debts or transactions, or any collateral or security held by Company; and

(d) To enter into any alteration or modification of the Agreements regardless of whether said alteration or modification would increase the extent of Shareholders' obligations hereunder, or make performance by Operator or Shareholders more difficult.

8. Shareholders waive presentment, demand, notice of dishonor, protest and all other notices whatsoever and agree that Company, may proceed by suit against any or all Shareholders hereunder, or Operator and without first or contemporaneously suing such other person or persons, or otherwise seeking or preceding to collect from them.

9. The term "Shareholders" as used in this Guaranty or any pronoun used in place thereof shall include male, female, singular and plural, corporation, partnership, or individual as may fit the particular party.

10. This Guaranty shall bind and inure to the benefit of the parties hereto and their respective heirs, administrators, executors and successors, shall be construed equally between the parties.

11. This Guaranty, the Agreement, and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) Operator and Shareholders consent and agree that the following courts shall have personal jurisdiction over Operator and Shareholders in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waives any defense of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) Operator and Shareholders consent and agree that venue shall be proper in any of the following courts in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waive any defense of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished,

Operator and Shareholders agree that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator or Shareholders against Company relating to or arising out of this Guaranty, the Agreements, and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator or Shareholders may be filed in any of the courts named in this Section (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits and actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements, Operator and Shareholders consent and agree that they may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator and Shareholders hereby waive any defense of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

**For Perkins® Restaurant Unit Number:** \_\_\_\_\_

**Operator:** FRANCHISEE NAME  
a STATE ENTITY TYPE

IN WITNESS WHEREOF, the undersigned hereto have duly executed this Agreement under seal on the date written below.

SHAREHOLDERS

\_\_\_\_\_  
**FIRST PRINCIPAL**, individually (SEAL)

\_\_\_\_\_  
**SECOND PRINCIPAL**, individually (SEAL)

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

## MEMBERS' GUARANTY AND AGREEMENT

This Members' Guaranty and Agreement ("Guaranty") made as of even date as the Agreements referenced below, for the benefit of PERKINS LLC (hereinafter known as "Company"), by the undersigned (if more than one, jointly and severally), (hereinafter collectively known as "Members").

### WITNESSETH:

WHEREAS, Members desire to induce Company to enter into a Franchise Agreement and related documents with the individual or the legal entity identified as the Operator on the signature page of this Guaranty (hereinafter known as "Operator"), concerning the operation of the Perkins® Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith and made a part hereof by reference and (hereinafter called "Premises"), said Franchise Agreement and related documents being hereinafter collectively known as "Agreements", and

WHEREAS, Company is willing to enter into said Agreements only if Members agree to comply with the terms and conditions of this Guaranty.

NOW THEREFORE, for and in consideration of the sum, of Ten Dollars (\$10.00) paid to Company by Members, for the purpose of inducing Company to enter into the Agreements with Operator and for other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed and contracted as follows:

1. Members hereby jointly and severally unconditionally guarantee the prompt and complete performance by Operator of all the covenants and conditions contained in the Agreements and the payment of all damages, costs and expenses which by virtue of the Agreements might become recoverable by Company from Operator.
2. Members hereby jointly and severally covenant and agree that they shall not sell, assign, mortgage, pledge or otherwise hypothecate, make a gift or otherwise dispose of any or all of their ownership interest in Operator without the written consent of Company.
3. Members do hereby covenant and agree that they shall cause a reference to this restriction to appear on each and every certificate of ownership of Operator owned by them.
4. Members do hereby covenant and agree to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of Members shall survive any expiration or termination of this Guaranty or the Agreement. Members acknowledge that he or she is one of the owners of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).
5. Members do hereby acknowledge a financial interest in Operator and do represent that as to them the Agreements constitute a benefit.
6. This Guaranty shall continue in full force and effect so long as the Agreements remain in force and effect and Members shall not be released from their obligations hereunder so long as any claim of Company against Operator is not settled or discharged in full.

7. It is agreed that Company shall have the full right, in its sole discretion, and without any notice to or consent from the Members, from time to time, and at any time, and without affecting, impairing or discharging in whole or in part, the liability of Members hereunder:

(a) To make any change, amendment or modification whatsoever in any of the terms and conditions of the Agreements;

(b) To extend in whole or in part by renewal or otherwise, and on one or any number of occasions, the term of the Agreements;

(c) To settle, compromise, release, surrender, modify or impair, and to enforce and exercise or fail or refuse to enforce or exercise any claims, rights, or remedies of any kind or nature against Operator or any other Members or Operator's debts or transactions, or any collateral or security held by Company; and

(d) To enter into any alteration or modification of the Agreements regardless of whether said alteration or modification would increase the extent of Members' obligations hereunder, or make performance by Operator more difficult.

8. Members waive presentment, demand, notice of dishonor, protest and all other notices whatsoever and agree that Company, may proceed by suit against any Members hereunder, or Operator and without first or contemporaneously suing such other person or persons, or otherwise seeking or preceding to collect from them.

9. The term "Members" as used in this Guaranty or any pronoun used in place thereof shall include male, female, singular and plural, corporation, partnership, or individual as may fit the particular party.

10. This Guaranty shall bind and inure to the benefit of the parties hereto and their respective heirs, administrators, executors and successors, shall be construed equally between the parties.

11. This Guaranty, the Agreements, and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) Operator and Members consent and agree that the following courts shall have personal jurisdiction over Operator and Members in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waives any defense Members may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) Operator and Members consent and agree that venue shall be proper in any of the following courts in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waive any defense of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator and Members agree that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts

which are not so abolished. All lawsuits filed by Operator or Members against Company relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator or Members may be filed in any of the courts named in this Section (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits and actions for equitable relief relating to or arising out of the Agreement and related agreements, Operator and Members consent and agree that they may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator and Members hereby waive any defense of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

**Operator:** FRANCHISEE NAME  
a STATE ENTITY TYPE

**For Perkins® Restaurant Unit Number:** \_\_\_\_\_

IN WITNESS WHEREOF, the undersigned hereto have duly executed this Agreement under seal on the date written below.

MEMBERS

---

FIRST PRINCIPAL, individually

---

SECOND PRINCIPAL, individually

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

STATE OF GEORGIA

COUNTY OF FULTON

**GUARANTY AGREEMENT**

This Guaranty Agreement (“**Guaranty**”) made as of even date as the Agreements referenced below, for the benefit of PERKINS LLC (hereinafter known as “**Company**”), the undersigned (hereinafter known as “**Guarantor**”).

WITNESSETH:

WHEREAS, Guarantor desires to induce Company to enter into a Franchise Agreement and related documents with the individual or the legal entity identified as the Operator on the signature page of this Guaranty (hereinafter known as “**Operator**”), concerning the operation of the Perkins® Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith and made a part hereof by reference and (hereinafter called “**Premises**”), said Franchise Agreement and related documents being hereinafter collectively known as “**Agreements**”, and

WHEREAS, Company is willing to enter into said Agreements only if Guarantor agrees to execute and comply with the terms and conditions of this Guaranty; and

WHEREAS, Guarantor desires to execute and deliver this Guaranty because Guarantor has a substantial interest in Operator and will receive a direct benefit by Company entering into the Agreements with Operator;

NOW THEREFORE, for and in consideration of Company to entering into the Agreements with Operator and for other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed and contracted as follows:

1. Guarantor hereby unconditionally guarantees the prompt and complete performance by Operator of all the covenants and conditions contained in the Agreements and the payment of all damages, costs and expenses which by virtue of the Agreements might become recoverable by Company from Operator (the “**Guaranteed Obligations**”).
2. Guarantor does hereby acknowledge that this Guaranty constitutes a legal, valid and binding obligation of Guarantor, and is fully enforceable according to its terms.
3. Guarantor does hereby acknowledge a financial interest in Operator and does represent that as to them the Agreements constitute a benefit.
4. Guarantor does hereby acknowledge that its liability under this Guaranty is present, absolute, unconditional, continuing, primary, direct and independent of the obligations of Operator. Company shall not be required to pursue any other remedies before invoking the benefits of this Guaranty, including, without limitation, its remedies under the Agreements. With regard to any rights which may accrue to Company under or in connection with the Agreements, Company may, at its option, look to Guarantor for the performance of the Guaranteed Obligations to the extent provided herein, without having first commenced any action or proceeding against Operator or any other party, and without having first obtained any judgment against Operator or any other party.

5. The liability of Guarantor shall remain and continue in full force and effect notwithstanding (a) the non-liability of Operator for any reason whatsoever of payment or performance of the Guaranteed Obligations or any part thereof, (b) the release of Operator from the observance of any of the covenants, terms, or conditions contained in the Agreements by operation of law, (c) any defenses or rights of set off or counterclaims which Operator may assert, (d) any failure of Company to inform Guarantor of any facts Company may now or hereafter know about Operator, the Agreements or the franchise contemplated in connection therewith, it being understood and agreed that Company has no duty to so inform; it being the intention that Guarantor shall remain liable hereunder until the Guaranteed Obligations of Operator shall have been fully paid, performed and observed by Operator.

6. It is agreed that Company shall have the full right, in its sole discretion, and without any notice to or consent from the Guarantor, from time to time, and at any time, and without affecting, impairing or discharging in whole or in part, the liability of Guarantor hereunder:

- (a) To make any change, amendment or modification whatsoever in any of the terms and conditions of the Agreements;
- (b) To extend in whole or in part by renewal or otherwise, and on one or any number of occasions, the term of the Agreements;
- (c) To settle, compromise, release, surrender, modify or impair, and to enforce and exercise or fail or refuse to enforce or exercise any claims, rights, or remedies of any kind or nature against Operator or any other party or Operator's debts or transactions, or any collateral or security held by Company;
- (d) To enter into any alteration or modification of the Agreements regardless of whether said alteration or modification would increase the extent of Guarantor's obligations hereunder, or make performance by Operator or Guarantor more difficult; and
- (e) To take other guarantees, collateral or security with respect to the Guaranteed Obligations.

7. Guarantor hereby waives (a) any right to require Company to proceed against Operator or to pursue any other remedy or collateral to which Company may be entitled, as Guarantor agrees that Company may proceed by suit against Guarantor or Operator, and without first or contemporaneously suing such other person or persons, or otherwise seeking or preceding to collect from them, (b) notice of acceptance, presentment, demand, protest, nonpayment, default, dishonor and all other notices whatsoever, and (c) the defenses of novation, increase in risk, release or compounding of any other guarantor.

8. Guarantor hereby covenants and agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of Guarantor shall survive any expiration or termination of this Guaranty or the Agreement. Guarantor acknowledge that it is owner or affiliate of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).

9. No failure, omission or delay on the part of Company in exercising any rights hereunder or in taking any action to collect or enforce performance of the Guaranteed Obligations or in enforcing performance of any covenant, term or condition to be performed under the Agreements, either against Operator or any other party, shall operate as a waiver of any such right or in any manner prejudice the rights of Company against Guarantor.

10. The term "Guarantor" as used in this Guaranty or any pronoun used in place thereof shall include male, female, singular and plural, corporation, partnership, or individual as may fit the particular party.

11. This Guaranty shall bind and inure to the benefit of the parties hereto and their respective heirs, administrators, executors and successors, shall be construed equally between the parties.

12. This Guaranty, the Agreements, and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

13. The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) The following courts shall have personal jurisdiction over Guarantor in all lawsuits relating to or arising out of this Guaranty and the Agreements and hereby waives any defense Guarantor may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) Venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Guaranty and the Agreements and Guarantor hereby waives any defense it may have of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Guarantor agrees that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Guarantor against Company relating to or arising out of this Guaranty, the Agreements, and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Guarantor may be filed in any of the courts named in this subparagraph (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits relating to or arising out of this Guaranty and the Agreements, Guarantor consents and agrees that it may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Guarantor hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(d) Guarantor shall pay all reasonable attorneys' fees and associated costs incurred by Company in the enforcement of this Guaranty.

14. No provision hereof shall be modified or limited except by written agreement signed by Company and Guarantor.

15. In case any one or more provisions of this Guaranty shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**Operator:** FRANCHISEE NAME  
a STATE ENTITY TYPE

**For Perkins® Restaurant Unit Number:** \_\_\_\_\_

IN WITNESS WHEREOF, the undersigned hereto have duly executed this Agreement under seal on the date written below.

GUARANTOR

[ENTITY NAME],  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY, TITLE

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

## TRAINING AGREEMENT

THIS TRAINING AGREEMENT (the "Agreement") is entered into as of the Effective Date of the Franchise Agreement, which is described below, by and between PERKINS LLC, a Delaware limited liability company, (hereinafter known as "**Company**") and the individual or legal entity identified as the Operator on the signature page of this Agreement (hereinafter known as "**Operator**").

### WITNESSETH:

WHEREAS, the Operator has entered into or is about to enter into a Perkins Franchise Agreement with Company (the "**Franchise Agreement**"), pursuant to which Company will authorize Operator to operate the Perkins® Restaurant Unit Number identified on the signature page of this Agreement.

WHEREAS, pursuant to such Franchise Agreement, the Operator agrees to participate in a training program (the "**Training Program**") conducted by Company to provide training to the Operator and/or its designated manager (the "**Employees**"); and

WHEREAS, in order to conduct the Training Program, Company will permit the Employees to work and/or participate in the operation of a restaurant either owned and operated by Company or by another franchisee of Company (the "**Third Party Franchisee**"); and

WHEREAS, Company and the Operator desire to clarify the status of such Employees while they are working and/or participating in such restaurant operations; and

WHEREAS, Company desires to confirm that Operator has been satisfactorily trained by Company's Training Program to operate its licensed restaurant and Company seeks Operator's acknowledgment of the same;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operator and Company hereby agree as follows:

1. Indemnification. The Operator shall be responsible for all loss or damage originating from, or in connection with, the activities of the Employees while participating in the operation of any restaurants owned and/or operated by Company or a Third Party Franchisee and for all claims or demands for damages to property or for the injury, illness, or death of persons directly or indirectly resulting therefrom. The Operator agrees to defend, indemnify, and hold harmless Company and any Third Party Franchisee from and against any and all losses, liabilities, damages, costs, expenses (including, but not limited to, any reasonable attorneys' fees incurred by Company or any such Third Party Franchisee) and claims arising from injury or damage to (which shall include, without limitation, the loss of) any person or property occasioned by any act or acts, omissions, or commissions of the Operator or any of its employees, agents, or contractors (including, but not limited to, the Employees) with respect to, or arising out of, or related to, the activities, presence, or participation in such restaurant operations by the Employees at restaurants owned and/or operated by Company and any Third Party Franchisee, including, but not limited to, claims by any of the Employees for injuries, wages, or benefits. The obligation of the Operator to defend, indemnify, and hold Company or a Third Party Franchisee harmless as set forth in this Section 1 shall survive the termination of the training pursuant to this Agreement and shall survive the termination of this Agreement.

2. Insurance. With respect to the activities, presence, or participation in restaurant operations by the Employees at restaurants owned and/or operated by Company or a Third Party Franchisee, the Operator agrees to obtain a commercial general liability policy at its own cost with such limits as the

Operator shall from time to time determine, which limits shall be not less than One Million Dollars (\$1,000,000) per each Occurrence and Two Million Dollars (\$2,000,000) General Aggregate, Two Million Dollars (\$2,000,000) Products/Completed Operations Aggregate, One Million Dollars (\$1,000,000) Personal Injury and Advertising Injury, and Fifty Thousand Dollars (\$50,000) for property damage, which shall further specifically insure the Operator's obligation to indemnify Company and any Third Party Franchisee under this Agreement. The Operator hereby agrees that Company and any Third Party Franchisee shall be named as additional insureds under each of such policies and the Operator shall provide to Company, prior to the commencement of training of the Operator's Employees pursuant to this Agreement, an insurance certificate specifying Company and Third Party Franchisee as additional insureds with respect to liability arising out of the operations of the named insured or the performance of this Agreement. All such policies shall contain endorsements requiring the insurance company to give Company and any Third Party Franchisee at least thirty (30) days' written notice before terminating, canceling, or altering the terms of any such policy. The Operator also shall obtain, at its own cost, the worker's compensation insurance policy covering the Employees as required by applicable law. If the Operator at any time fails or refuses to maintain any insurance coverage required by Company or to furnish satisfactory evidence thereof, Company, at its option and in addition to its other rights and remedies, may obtain, but shall not be obligated to obtain, such insurance coverage on behalf of the Operator, and the Operator shall reimburse Company on demand for any costs and premiums incurred by Company in connection with obtaining such insurance. Notwithstanding the existence of any insurance, the Operator, as agreed above, is and shall be responsible for all loss or damages originating from or in connection with the activities, presence, or participation in restaurant operations of the Operator's Employees at restaurants owned and/or operated by Company or a Third Party Franchisee, and for all claims or demands for damages to property or for injury, illness, or death of persons directly or indirectly resulting therefrom.

3. Training Fees and Reimbursement to Company. Operator agrees to pay Company's then-current training fee, which amount is non-refundable and due in full to Company before Operator's Employees begin to participate in the Training Program. The Operator hereby agrees to reimburse Company or a Third Party Franchisee for any costs and expenses paid or advanced by Company or a Third Party Franchisee in connection with the training of the Operator's Employees hereunder, including, without limitation, wages, F.I.C.A., federal withholding taxes, and any other taxes or payments withheld from or required to be paid with respect to wages.

4. Acknowledgment of Training. The Operator hereby agrees that upon completion of the Training Program, Operator shall execute an Acknowledgment of Training stating that Operator has received satisfactory training to operate its licensed restaurant. If Operator believes that it has not been adequately trained pursuant to the Training Program, Operator agrees that it will notify Company of the same immediately upon completion, or premature termination, of the Training Program and that it will either (i) repeat the Training Program or (ii) designate a substitute individual to attend the Training Program.

5. Employee Benefits. The Operator hereby agrees and acknowledges that the Operator is solely responsible for obtaining and providing any and all employee benefits for the Employees including, but not limited to, health and disability insurance, life insurance, and any other employee benefits. Neither Company nor any Third Party Franchisee shall have any responsibility in that regard.

6. Default; Termination. The failure of the Operator to perform any of its agreements or covenants contained in this Agreement shall constitute a default under this Agreement and the Franchise Agreement and any further obligation of Company hereunder or under the Franchise Agreement may be terminated by Company, provided, however, that the obligations of the Operator pursuant to Sections 1 through 5 hereof shall survive termination of this Agreement and shall continue to be binding upon the Operator in consideration of Company's agreement to enter into this Agreement and the Franchise Agreement.

7. **Validity of Provisions.** In the event any provision or term of this Agreement should be determined to be invalid or unenforceable, all other provisions and terms of this Agreement and the application thereof to all persons and circumstances subject thereto shall remain unaffected and in full force and effect to the extent permitted by law. If any application of any provision or term of this Agreement to any person or circumstance should be determined to be invalid or unenforceable, the application of such provision or term to other persons and circumstances shall remain unaffected to the extent permitted by law.

8. **Construction.** As herein used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders, unless the context would clearly not admit such construction. This Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia. Section or paragraph headings are employed herein solely for convenience of reference, and such headings shall not in any way affect the meaning, validity, or enforceability of any term or provision of this Agreement. All references herein to "section" or "paragraph" shall mean the appropriate numbered section or paragraph of this Agreement except where reference is particularly made to some other instrument or document.

9. **Binding Effect.** This Agreement shall be binding upon the parties hereto and their successors and assigns. Any Third Party Franchisee is an intended third party beneficiary of this Agreement.

10. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the matters addressed herein and supersedes all prior agreements, either written or oral, that may have existed between them. No representation, promise, condition, warranty, or understanding, either express or implied, other than herein set forth, shall be binding upon any of the parties hereto. None of the provisions of this Agreement shall be waived, altered, or amended except in a writing signed by the party to be bound thereby; provided, however, the Employees covered by this Agreement may be identified by notice from Company to Operator without the requirement of Operator's signature.

**For Perkins® Restaurant Unit Number:** \_\_\_\_\_

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## LEASE AGREEMENT

THIS LEASE, effective the \_\_\_\_\_ (hereinafter called "**Effective Date**") between PERKINS LLC, a Delaware limited liability company, First Party (hereinafter called "**Lessor**"); and [FRANCHISEE NAME] Second Party (hereinafter called "**Lessee**").

WITNESSETH:

**1. Premises Leased.** Lessor does hereby rent and lease to the Lessee the building which is located on the real property more particularly described on Exhibit A attached hereto and made a part hereof by reference, and commonly known as [UNIT NO. AND ADDRESS WITH COUNTY] (hereinafter called "**Premises**"). Premises includes the [land, building, equipment, signs] or [except for equipment and signs] together with any improvements thereon. [Said equipment and signs are more particularly described in Exhibit D attached hereto.]

**2. Term of Lease.** The Lease shall commence on the "**Commencement Date**", being the date hereof [or the date improvements to the Premises as specified herein are properly and substantially completed and any Certificates of Occupancy required by local governmental authorities have been issued and received]. The initial term of the Lease shall end at 11:59 p.m. on [DATE], twenty (20) years after the last day of the month of the Commencement Date.

**3. Renewal.** If Lessee is not in default hereunder, it shall have the right to renew and extend this Lease for an additional one (1) ten (10) year period, upon the same terms and conditions as herein stated except as provided herein, if Lessee also on each occasion exercises any right it may have to renew the Perkins® Unit Franchise Agreement dated the [CLOSING DATE], by and between Lessee and Lessor (the "**Franchise Agreement**"), upon the same terms and conditions as herein stated. Written notice of Lessee's election to exercise this option shall be given to Lessor not less than six (6) months prior to the date of termination of the initial term or the date of termination of any renewal period hereof.

**4. Rental.** Lessee shall pay to Lessor at Lessor's office at the address for notices set forth below promptly on the first day of each month in advance, during the initial term of this Lease and during the term of any renewal term of this Lease, a monthly base rental ("Rent") as measured from the last day of the month of the Commencement Date, during years

| YEARS | MONTHLY RENT |
|-------|--------------|
|-------|--------------|

In addition, Lessee shall pay common area maintenance fees, management fees, apportioned Lessor costs of maintaining the Premises, capital improvements, expenditures and the like (collectively "**CAM**") each month when Rent is due, calculated by Lessor in installments equal to the estimated CAM charges for the current year. On or before the thirtieth (30th) day following the end of each calendar year and, on or before the thirtieth (30th) day following the expiration or earlier termination of this Lease, Lessor and Lessee shall make an adjustment to the CAM paid for any actual reconciliation.

Lessee shall pay a "Late Charge" of 5% of any rental due that is not paid within three (3) days of when due.

**5. Covenant of Quiet Enjoyment.** Lessee, upon payment of the rent herein reserved and upon the performance of all of the terms of this Lease, shall at all times during the lease term and during any extension or renewal term, peaceably and quietly enjoy the Premises without any disturbance from Lessor or from any other person claiming through Lessor.

**6. Use of Premises.** Premises shall be used solely for the operation of a Perkins® Restaurant pursuant to the Franchise Agreement and shall be operated subject to the terms and conditions of the Franchise Agreement. Premises shall not be used for any illegal purposes nor in violation of any valid regulation of any governmental body, nor in any manner to create any nuisance or trespass; nor in any manner to vitiate the insurance or increase the rate of insurance on Premises. Lessee agrees not to abandon or vacate Premises during the period of this Lease, and agrees to use said Premises for the purpose herein leased until the expiration hereof.

**7. Repairs.** Lessee agrees at his own expense to keep and maintain the Premises, and appurtenances and every part thereof in good order and repair during the term hereof, and Lessor shall not be responsible or liable for any repairs or replacements. Upon Lessee taking possession, Lessee shall be conclusively presumed to have accepted the Premises, in its then condition, as being suited for Lessee's use. Thereafter, Lessee shall effect and bear the expense of all necessary repairs, maintenance, operation and replacements. Lessee's obligation to repair and maintain shall include but shall not be limited to the following:

- a. The keeping of the heating, air conditioning, water, sewer, electrical and sprinkler systems (if any) together with all fixtures pertaining thereto in good order and repair; and
- b. The proper oiling of all equipment on the Premises and the replacement of Freon and filters; and
- c. The cleaning, keeping in good order and repair, and striping of the parking lot and driveway pavement; and
- d. All other repairs, maintenance, replacements, cleaning and upkeep of Premises of any kind or nature whatsoever.
- e. Lessor may inspect the Premises at any time for compliance with this provision. Within two (2) weeks from the termination, expiration, non-renewal, abandonment by Lessee, or any other reason the Lease is no longer in force or the Lessee is no longer open and operating at the Premises, Lessor will inspect ("Final Inspection") the Premises and notify Lessee of any deficiencies or default of this provision within two (2) weeks of performing the Final Inspection. Lessee will pay Lessor for the actual cost of any repairs, maintenance, and replacements for which Lessee is responsible pursuant to this provision within three (3) days of receiving said notice.

Lessee shall at all times maintain the Premises in a clean and sanitary condition, making or causing to be made, all repairs and performing all maintenance, painting, repairing and cleaning procedures as Lessor may reasonably deem necessary and proper. In the event that at any time, Lessee shall fail to maintain the Premises as herein required, such failure shall constitute a default under the terms of this Lease. In such event, Lessor shall have the right, at its election, (without being obligated to do so) to cause such work to be performed as it may deem reasonably necessary and proper and Lessee shall promptly pay the cost of such work to Lessor, together with interest at the rate of 12% per annum for all amounts so advanced. Lessee shall not attach, affix or exhibit, or permit to be attached, affixed or exhibited, on the Premises or any part thereof any articles of a permanent character or any signs without the written consent of Lessor. Lessee shall not make any changes or alterations in the Premises without the written consent of Lessor.

Lessee shall be responsible for and shall pay all costs and expenses of every kind and character resulting from, necessary to and/or arising out of the installation and connection of all restaurant equipment in the building on the Premises. Said costs shall include but shall not be limited to plumbing and electrical expenses.

## 8. Taxes.

a. In addition to base rent, Lessee shall pay, bear and discharge all federal, state, county and city taxes (including but not limited to ad valorem taxes, use tax, special assessments, governmental charges, sanitary, sewer, school district and fire district levies) upon Premises, and any improvements or additions thereto or thereon. In the event the Premises are less than the entire property assessed for such tax for any such tax year, then the tax for any such year applicable to the Premises shall be determined by proration on the basis that the area of the Premises bears to the area of the entire property assessed. If the first or final year of this Lease fails to coincide with the tax year, then said taxes shall be reduced by the prorata part of such tax before or beyond the Lease term. Should Lessee fail to pay said taxes within fifteen (15) days after notice of same being due, the said failure to pay shall be a default hereunder and Lessor may, at its option take such action as is herein provided for failure to pay rent hereunder.

b. In order to assure that Lessee complies with its obligations under sub-paragraph a. hereof, Lessee shall pay to Lessor a sum equal to all State, County and City taxes (including, but not limited to, ad valorem taxes, use taxes, special assessments and governmental charges and levies) imposed upon the Premises, and any improvements or additions, thereto or thereon, next due or accrued and as same shall accrue from tax period to tax period, divided by the number of months to elapse before one month prior to the date when such taxes will become delinquent, such sums to be held by Lessor to pay said taxes, payments shall be based on the taxes for the previous taxing period. Appropriate adjustments shall be made when the proper amount is known.

c. If the total of the payments made by Lessee under subparagraph b. above shall exceed the amount of payments actually made by Lessor for taxes, such excess shall be credited by Lessor on subsequent payments sufficient to pay the taxes when same shall become due and payable. If Lessee underpays the taxes made by Lessee under subparagraph b. above, then Lessee shall pay to Lessor any amount necessary to make up the deficiency, on or before the date when payment of such taxes be due.

d. Failure of Lessee to make the payments required by this section shall have the same consequences as failure to pay rent promptly when due.

e. PRIOR TO THE TIME PAYMENT OF TAXES IS ACTUALLY MADE BY LESSOR, THE LESSOR SHALL BE ENTITLED TO INTERMINGLE SUCH DEPOSITS WITH ITS OWN FUNDS AND TO USE SUCH SUMS FOR SUCH PURPOSES AS THE COMPANY MAY DETERMINE. THE LESSEE SHALL NOT BE ENTITLED TO ANY INTEREST ON THE TAX PAYMENT DEPOSIT.

**9. Tax Contest.** Lessee shall have the right, at its own costs and expense, and for its sole benefit, to initiate and prosecute any proceedings permitted by law for the purpose of obtaining an abatement of or otherwise contesting the validity or amount of taxes or charges assessed to or levied upon the demised Premises and required to be paid by Lessee hereunder and to defend any claim for lien that may be asserted against Lessor's estate, and, if required by law, Lessee may take such action in the name of Lessor, as agent of Lessor who shall cooperate with the Lessee to such extent as the Lessee may require to the end that such proceedings may be brought to a successful conclusion. Lessor shall also have the right to initiate and prosecute any proceedings permitted by law for the purpose of obtaining an abatement of or otherwise contesting the validity or amount of taxes or charges assessed to or levied upon the demised Premises and required to be paid by Lessee hereunder and to defend any claim for lien that may be asserted against Lessor's estate. Lessee agrees to reimburse the reasonable expenses of Lessor incident to such proceedings.

**10. Insurance.** Lessee agrees that he shall at all times during the term hereof, at his own expense, and in the name of and for the protection of himself, the Lessor, and such other persons as Lessor may designate, keep policies of insurance with an insurance company approved by the Lessor as follows:

a. The Premises and all additions, buildings and improvements thereon shall be fully insured against loss or damage by fire, lightning, windstorm and other casualties.

b. Public liability insurance in the usual form indemnifying the aforesaid parties against loss or damage occasioned by any incident or casualty occurring in, upon or about the Premises or the sidewalks, alleys or other property adjacent thereto and against any loss or damage resulting from events covered under the usual form of food and product liability insurance. Such policy or policies shall provide at least the following limits of coverage:

|                |  |
|----------------|--|
| \$2,000,000.00 | with respect to any injury to any one person;  |
| \$2,000,000.00 | with respect to injury resulting from any one occurrence giving rise to liability; and |
| \$ 750,000.00  | with respect to damage to property resulting from any one occurrence.                  |

c. Lessor shall be named as an additional insured with respect to liability arising out of the operations of the named insured or the performance of this Lease under the aforementioned policies and Lessee shall furnish Lessor with the policies or duly executed certificates of all required insurance, together with satisfactory evidence of the payment of the premiums therefor and upon renewals of such policies, not less than fifteen (15) days prior to the expiration of the term of such coverage. Lessee shall use its best efforts to see that all policies contain an undertaking by the insurers to notify Lessor in writing not less than thirty (30) days before any material change affecting the Premises, reduction in coverage, cancellation, or other termination thereof. If Lessee fails to procure and maintain said insurance, Lessor may, but shall not be obligated to obtain and procure the same, at the expense of Lessee.

**11. Destruction of or Damage to Premises.** If all or any part of the Premises is damaged or destroyed by fire, storm or other casualty, the Lessor shall repair and rebuild the Premises with reasonable diligence. It is provided, however, that if the Premises are damaged to the extent of fifty percent (50%) or more of the then replacement value thereof, during the last two (2) years of the initial term or any renewal term, Lessor may either elect to repair the damage or may cancel this Lease by notice of cancellation within sixty (60) days after such event, and thereupon this Lease shall expire, and Lessee shall vacate and surrender the Premises to Lessor. Lessor's obligations to repair and rebuild shall require the restoration of the Premises to substantially the same condition as existed prior to such casualty, inclusive of any alterations to, additions to, and improvements of the Premises. In every instance, the Lessee shall pay the deductible portion of expenses and assign to Lessor any and all rights the Lessee may have under insurance policies carried by the Lessee or by the Lessor with respect to such damage or destruction, as well as any rights the Lessee may have to be reimbursed for such damage or destruction pursuant to insurance coverage carried by others, if any, to the extent necessary to reimburse the Lessor for any sum or sums expended by Lessor for such repair or rebuilding.

**12. Utility Bills.** Lessee shall pay all bills including but not limited to water, gas, electricity, fuel, light, heat or power for Premises or used by Lessee in connection therewith. If Lessee does not pay the same, Lessor may, but shall not be required to, pay the same and such payments shall be added to the rental of Premises. In the event Lessee should fail to timely pay sums due hereunder, such failure shall constitute a breach of this Agreement. In such event Lessor shall have the right, at its election, without being obligated to do so, to pay said sums, and the amount or amounts paid therefore shall be paid immediately by Lessee to Lessor with interest at the daily equivalent of twelve percent (12%) per annum or the highest rate then permitted by applicable law.

**13. Compliance with Requirements of Public Authorities.** Lessee agrees at its own expense to

promptly comply with all requirements of any legally constituted public authority made necessary by reason of Lessee's occupancy of Premises.

**14. Indemnification.** Lessee shall indemnify Lessor and hold it harmless from any claims, demand, liabilities, actions, suits or proceedings asserted by third parties for damages to persons or property and arising out of the operation of Lessee's business or by reason of the use of the Premises or by reason of the occupancy of the Premises, and all expenses incurred by Lessor because thereof including attorney's fees and court costs.

**15. Condemnation.**

a. If the whole of the Premises shall be taken for any public or any quasi-public use under any statute or by right of eminent domain, or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that title shall be taken. If any part of the Premises shall be so taken as to render the remainder thereof unusable for the purposes for which the Premises were leased, then the Lessee shall have the right to terminate this Lease on thirty (30) days' notice to the Lessor given within ninety (90) days after the date of such taking. In the event that this Lease shall terminate or be terminated, the rental shall be accounted for between Lessor and Lessee as of the date of such notice.

b. If any part of the leased property shall be so taken and this Lease shall not terminate or be terminated under the provisions of subparagraph a. of this paragraph, then the rental shall be equitably apportioned according to the space so taken, and the Lessor shall, at its own cost and expense, restore the remaining portion of the Premises to the extent necessary to render it reasonably suitable for the purposes for which it was leased, and shall make all repairs to the Premises necessary to constitute the building thereon a complete architectural unit.

c. The provisions of subparagraphs a. and b. of this paragraph shall be without prejudice to the rights of either Lessor or Lessee to recover compensation and damage caused by the taking or condemnation. It is understood and agreed that neither the Lessee nor Lessor shall have any rights in any award to the other by any condemnation authority.

**16. Assignment and Sublease.**

a. By Lessee: Lessee shall not allow or permit any transfer of this Lease or any interest hereunder by operation of law, or assign, convey, mortgage, pledge or encumber this Lease or any interest hereunder or permit the use of the Premises or any part thereof by anyone other than Lessee, or sublet the Premises or any part thereof without in each case obtaining the prior written consent of Lessor. No assignment (with or without Lessor's consent) shall release Lessee from any of its obligations hereunder. Upon the death, physical incapacity or mental incompetency (as reasonably determined by an independent third party such as a licensed medical doctor) of Lessee or of any person with any direct or indirect interest in Lessee, the executor, administrator, or personal representative of Lessee shall transfer his interest to a third party approved by Lessor within six (6) months after the death, incapacity, or incompetency. Such transfer shall be subject to the same conditions as any inter vivos transfer of the franchise, in connection with which the Premises is to be used, as set forth in the Franchise Agreement. If the executor, administrator, or personal representative is unable or unwilling to meet the conditions set forth in the Franchise Agreement, Lessor may terminate this Lease.

b. By Lessor: Lessor may assign all its rights, title and interest in and to the Premises, this Lease and monies due and to become due to the Lessor hereunder. In such event, all the provisions of this Lease for the benefit of the Lessor shall inure to the benefit of and may be exercised by or on behalf of such assignee, and all rental payments due and to become due under this Lease and assigned to such assignee

shall be paid directly to such assignee, and the right of such assignee to the payment of assigned rentals hereunder shall not be subject to any defense, counterclaim, or set off which the Lessee may have against the Lessor, but shall be limited to any defense the Lessee or the Lessor may have against such assignee.

**17. Subrogation Waiver.** To the extent that they may lawfully do so, Lessor and Lessee hereby expressly waive and release any cause of action or right of recovery which either may have hereafter against the other for any loss or damage to the leased Premises or the contents thereof belonging to either, caused by fire, explosion or other risk covered by the standard form of fire and extended coverage policy (whether or not carried). The Lessor, to the extent it may lawfully do so, shall obtain a waiver from any insurance carrier, if any, with which Lessor carries fire insurance and/or extended coverage insurance covering the building and other improvements releasing its subrogation rights as against Lessee.

**18. Right of Entry.** Lessor shall have the right to enter upon the Premises to inspect the same, to see that Lessee is complying with Lessee's obligation hereunder, and to show the Premises to prospective Lenders or Purchasers at any and all times and from time to time beginning with the date possession of the Premises is accepted by Lessee.

**19. Contents of Lease Confidential.** Lessee does acknowledge that the contents of this Lease Contract are confidential in nature and does accordingly covenant and agree not to divulge the contents hereof to any third party, except Lessor's attorneys, financial advisors and lenders, without the written consent of the Lessor.

**20. Easement.** Lessor does hereby grant and convey to Lessee an easement for ingress, egress and parking over, upon and through all that tract or parcel of land of which Premises is a part, all of the real property which adjoins the Premises, and all the real property which adjoins the tract of land of which the Premises is a part; and which is owned or controlled by Lessor, if any, for the purpose of ingress and egress to and from each and every roadway that services or adjoins the Premises or the tract of land of which the Premises is a part if owned by Lessor and for the purpose of parking.

**21. Default.** If Lessee defaults for three (3) days after written notice thereof in paying Rent or any other amounts due under this Lease; or if Lessee defaults for five (5) days after written notice thereof in performing any other of his obligations hereunder; or if the Franchise Agreement expires and is not renewed or is terminated; or if Lessee fails to open within one hundred twenty days (120) from the Execution Date or fails to conduct business in the Premises as required by the Lease; or if Lessee abandons (defined as not being open for business full business hours for three (3) consecutive days); or if Lessee or any guarantor hereunder ("Guarantor") is adjudicated a bankrupt; or if a permanent receiver is appointed for Lessee's property, including Lessee's interest in Premises, and such receiver is not removed within forty five (45) days after written notice from Lessor to Lessee to obtain such removal; or if, whether voluntarily or involuntarily, Lessee or any Guarantor takes advantage of any debtor relief proceedings under any present or future law, whereby the Rent or any part thereof is, or any amount due under this Lease, or is proposed to be, reduced or payment thereof deferred; or if Lessee makes an assignment for benefit of creditors; or if Premises or Lessee's effects or interest therein should be levied upon or attached under process against Lessee, not satisfied or dissolved within five (5) days after such levy; then, any in any of said events, Lessor may at its option pursue any one or more of the following remedies, and any and all other rights or remedies accruing to Lessor by law or otherwise, without any notice or demand: commence dispossessory, or forcible detainer proceedings with or without the termination of this Lease; with or without terminating the lease, commence proceedings against Lessee for all amounts owed by Lessee to Lessor, whether as Rent, other amounts due under this Lease, damages or otherwise; terminate the term of this Lease, in which event Lessee shall immediately surrender the Premises to Lessor and immediately pay Lessor all loss and damage which Lessor may suffer by reason of the termination of the term under this Section or otherwise which loss and damage shall include, without limitation, an amount which, at the date of termination, represents

the present value, as computed using and eight percent (8%) per annum discount rate, of the excess, if any of (i) the Rent and all other amounts which would have otherwise been payable hereunder during the remainder of the term of this Lease over (ii) the aggregate reasonable net rental value of the Premises for the same period, after deducting all expenses expected to be incurred in re-letting the Premises. Upon acceleration of such amounts, Lessee agrees to pay the same at once, in addition to all other Rent and any other amounts theretofore due; provided, however, that such payment shall not constitute a penalty or forfeiture, but shall constitute liquidated damages for Lessee's failure to comply with the terms and provisions of this Lease (Lessor and Lessee agreeing that Lessor's actual damages in such event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof); with or without termination of this Lease, terminate Lessee's right of possession of the Premises and relet all or a portion of the Premises (either alone or together with additional space) on behalf of Lessee and receive directly the rent by reason of the reletting. Lessee agrees to pay Lessor on demand any deficiency that may arise by reason of any reletting of the Premises and Lessee agrees to reimburse Lessor upon demand for any expenditures made by it for remodeling or repairing in order to relet the Premises and for all other expenses incurred in connection with such reletting, including brokerage commissions and attorney's fees. Lessor shall use reasonable efforts to relet the Premises but shall have no obligation to treat preferentially the Premises compared to other Premises Lessor has available for lease, shall not be obligated to expend any efforts or any monies beyond those Lessor would expend in the ordinary course of leasing space, and shall be entitled to consider the term, rental, use and the reputation, experience and financial standing of prospective Lessees in evaluating a prospective reletting. Provided Lessor has used such reasonable efforts, Lessor shall not be liable for any failure to relet the Premises, in whole or in part, nor for any failure to collect any rent due from any such reletting; enter upon and take possession of the Premises, without being liable for prosecution of any claim for damages or for trespass or other tort. In the event that Lessor shall have taken possession of the Premises pursuant to the authority herein granted, then Lessor shall have the right to keep in place and use any additions, alterations and improvements thereto. Lessor shall also have the right to remove from the Premises (without the necessity of obtaining a distress warrant, writ of sequestration, or other legal process, all or any portion of such furniture, trade fixtures, equipment, and other personal property located thereon and place same in storage at any premises within the county in which the Premises is located. In such event, Lessee shall be liable to Lessor for the reasonable costs incurred by Lessor in connection with such removal and storage and shall indemnify and hold Lessor harmless from all loss, damage, cost, reasonable expense, and liability in connection with such removal and storage; do or cause to be done whatever Lessee is obligated to do under the terms of this Lease, in which case Lessee agrees to reimburse Lessor on demand for any and all costs or expenses which Lessor may thereby incur. Lessee agrees that Lessor shall not be liable for any damages resulting to Lessee from Lessor's effecting compliance with Lessee's obligations under this subsection, whether caused by the negligence of Lessor or otherwise; enforce the performance of Lessee's obligations hereunder by injunction or other equitable relief (which remedy may be exercised upon any breach or default or any threatened breach or default of Lessee's obligations hereunder).

Anything hereinbefore contained to the contrary notwithstanding, if any default shall occur, other than the payment of money, which cannot with due diligence be cured within a period of ten (10) days, the Lessee prior to the expiration of ten (10) days from and after the giving of notice as aforesaid, commences to eliminate the cause of such default and proceeds diligently and with reasonable dispatch to take all steps and do all work required to cure such default, then Lessor shall not have the right to declare the said term ended by reason of such default as long as such default is cured as soon as possible.

**22. Reletting by Lessor.** Lessor, as Lessee's agent, without terminating this Lease, upon Lessee's breach of this Lease, in such a manner as to authorize termination as provided herein, may at Lessor's option enter upon and rent Premises at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Lessor deems proper. Lessor may, but shall not be required to,

make efforts to relet the Premises. Lessee shall be liable to Lessor for the deficiency, if any, between Lessee's rent hereunder and the price obtained by Lessor on reletting.

**23. Effect of Termination of Lease.** No termination of this Lease prior to the normal ending thereof by lapse of time or otherwise shall affect Lessor's right to collect rent for the period prior to termination thereof.

**24. Removal of Fixtures.** Lessee may (if not in default hereunder) prior to the expiration of this Lease or any renewal thereof, remove all equipment which Lessee has placed in Premises, which is the property of Lessee, provided Lessee restores Premises to their condition at the installation thereof and repairs all damages to the Premises caused by such removal. However, Lessee shall not place any furniture, fixtures or equipment on the Premises without the express written consent of the Lessor.

**25. Surrender of Premises.** At the expiration or termination of this Lease, Lessee shall surrender Premises and keys thereof to Lessor in the same condition as at commencement of term, natural wear and tear only excepted.

**26. Holding Over.** If Lessee remains in possession after expiration of the term hereof, with Lessor's acquiescence and without any express agreement of parties, Lessee shall be a tenant at will; and there shall be no renewal of this Lease by operation of law. The monthly rental during such holdover period shall be the greater of (i) the amount calculated if Lessee had exercised an option to renew, or (ii) 150% of the last full month's rental due in the immediately preceding term of the Lease.

**27. Entry for Carding, etc.** Lessor may card Premises "For Rent" or "For Sale" thirty (30) days before the termination of this Lease. Lessor may enter the Premises at any and all times to exhibit same to prospective purchasers or tenants; to inspect Premises to see that Lessee is complying with all his obligations hereunder; and to make repairs required of Lessor under the terms hereof, if any, or repairs to Lessor's adjoining property, if any.

**28. Compliance with Required Action.** If Lessee should fail to complete any action required of Lessee in this Lease within the time specified or within five (5) days if no time in terms of days is specified, Lessor may, but shall not be required to do so, take such action as may be possible for it to take and add the cost thereof to the payment of Rent or other payments due to Lessor under the terms of this Lease. This provision shall be cumulative and not restrictive of such other and further remedies as may be available to Lessor at law. It is further agreed that Lessee shall indemnify and save harmless the Lessor against all claims for damages, to persons or property and all expenses incurred by Lessor including attorney's fees and court costs arising out of the required action and/or the failure to take same from the time the condition which necessitates said action comes to the knowledge of the Lessor until such action is complete.

**29. Attorney's Fees and Homestead.** If any rent or other payments owing to Lessor under this Lease is collected by or through an attorney at law, Lessee agrees to pay fifteen (15%) percent thereof as attorneys' fees. Lessee waives all homestead rights and exemptions which Lessee may have under any law as against any obligation owing under this Lease. Lessee hereby assigns to Lessor his homestead and exemption.

**30. No Estate in Land.** This contract shall create the relationship of landlord and tenant between Lessor and Lessee; no estate shall pass out of Lessor; Lessee has only a usufruct, not subject to levy and sale.

**31. Notice.** If at any time after the execution of this Lease, it shall be required or become necessary or convenient for one of the parties hereto to serve any notice demand or communication upon the other party, such notice, demand or communication shall be in writing, signed by the party serving the same, sent by

nationally recognized courier, or deposited in registered or certified United States Mail, return receipt requested, postage prepaid and;

- (A) if intended for Lessor, shall be addressed to:

**Perkins LLC**  
**Attn: Legal Dept.**  
**5901-B Peachtree Dunwoody Road, Suite 450**  
**Sandy Springs, Georgia 30328**  
**(770) 325-1300**

and;

- (B) if intended for Lessee, shall be addressed to:

**Franchisee name**  
**Franchisee notice address**  
**Franchisee notice address line 2**  
**FRANCHISEE CITY, FRANCHISEE STATE**  
**FRANCHISEE ZIP CODE**  
**FRANCHISEE TELEPHONE NUMBER**

or, to such other addresses as either party may have furnished to the other in writing in the manner set forth herein as a place for service of notice.

**32. Captions.** The captions used in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Lease, nor in any way affect this Lease.

**33. Grammatical Use.** In construing this Lease, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms, shall be substituted for singular and singular for plural in any place in which the context so requires.

**34. Definitions.** "Lessor" as used in this Lease shall include Lessor, its, representatives, assigns, and successors in title to Premises; "Lessee", if this Lease shall be validly assigned or sublet, shall include his assignees and sublessees. Lessor and Lessee include male and female, singular and plural, corporations, partnership, or individual, as may fit the particular parties.

**35. All Rights Cumulative.** All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative but not restrictive of those given by law.

**36. Equal Construction and Time of Essence.** This Lease shall be construed equally between the parties and time is of the essence of this contract.

**37. Severability.** If any provision of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect.

**38. Rule Against Perpetuities.** If this Lease has not been previously terminated pursuant to the terms and provisions contained herein, and the term of this Lease and/or the accrual of rent hereunder shall not have commenced within ten (10) years from the date of this Lease, then and in that event this Lease shall thereupon become null and void and shall have no further force and effect whatsoever in law or equity.

**39. Entire Agreement.** This Lease contains the entire agreement of the parties and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force and effect. No failure of Lessor to exercise any power given Lessor hereunder, or to insist upon strict compliance by Lessee of any obligation hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Lessor's right to demand exact compliance with the terms hereof.

**40. Special Stipulation.** Insofar as the special stipulations more particularly set forth in Exhibit B attached hereto and incorporated herein by reference conflict with any of the foregoing provisions, the special stipulations shall control.

**41. Security Deposit.** Simultaneously with Lessee's execution of this Lease, Lessee shall deposit with Lessor, a security deposit equal to Lessee's monthly base rental applicable in the first year, which shall be security for the performance by Lessee of all of Lessee's obligations, covenants, conditions and agreements under this Lease. Lessor shall not be required to maintain such security deposit in a separate account. Except as may be required by law, Lessee shall not be entitled to interest on the security deposit. Provided Lessee is not in default under this Lease, within ninety (90) days after the expiration or termination of this Lease or Lessee's vacating the Premises, Lessor shall return such security deposit to Lessee, less such portion thereof as Lessor shall have appropriated to satisfy any of Lessee's obligations, or any default by Lessee, under this Lease. If there shall be any default by Lessee under this Lease, then Lessor shall have the right, but shall not be obligated, to use, apply or retain all or any portion of the security deposit for the payment of any (a) base rental, additional rent or any other sum as to which Lessee is in default, or (b) amount Lessor may spend or become obligated to spend, or for the compensation of Lessor for any losses incurred, by reason of Lessee's default (including, but not limited to, any damage or deficiency arising in connection with the reletting of the Premises). If any portion of the security deposit is so used or applied, then within three (3) business days after Lessor gives written notice to Lessee of such use or application, Lessee shall deposit with Lessor cash in an amount sufficient to restore the security deposit to the original amount, and Lessee's failure to do so shall constitute an Event of Default under this Lease. If Lessor transfers the security deposit to any purchaser or other transferee of Lessor's interest in this Lease, then Lessee shall look only to such purchaser or transferee for the return of the security deposit, and Lessor shall be released from all liability to Lessee for the return of such security deposit. Lessee shall not pledge, mortgage, assign or transfer the security deposit or any interest therein.

IN WITNESS WHEREOF, the parties have executed these presents in duplicate the day and year first above written affixing hereto their seals.

LESSOR

**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

EXHIBIT A

Legal Description

## EXHIBIT B

**1. Assumption of Obligations Under Lease.** The Lessee does hereby rent and sublease from Lessor that certain piece and tract of land described in Exhibit A, attached hereto and incorporated herein by reference subject to the following terms, conditions, and stipulations:

a. Lessee, as part of the consideration herein, assumes and agrees to perform each and every act, covenant, and duty required of Lessor by the terms, conditions, and stipulations of the Lease attached as Exhibit "C" and incorporated herein and made a part hereof by reference thereto, with the single exception of the rental amount, which will be paid to the owner directly by Perkins LLC (Lessor). Lessee further acknowledges that the Lease itself is governed by various Federal, State and Local rules, regulations, status, and ordinances, the failure to comply with which would adversely affect the Lease and the status of Perkins LLC as tenant therein. Therefore, Lessee agrees to comply with any and all required acts or refrain from such acts as may be promulgated and enacted by such governmental authority and Lessee further agrees to indemnify and save harmless Lessor, its successors and/or assigns, for any loss or damage arising out of Lessee's failure to do so.

b. It is therefore acknowledged by Lessee that Lessor has only a usufruct with regard to the above and that Lessee's interest shall be subject to the terms of the Lease as set forth in Exhibit C. Lessee and Lessor covenant and agree that Lessor shall not be held liable to Lessee for any damages caused by a breach by Lessor, its heirs and/or assigns, of the Lease as set forth in Exhibit C.

**EXHIBIT C**  
**UNDERLYING LEASE**

## EXHIBIT D

[INVENTORY OF EQUIPMENT AND SIGNS WILL BE INSERTED HERE IF APPLICABLE]

## COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, the legal entity identified as Assignor on the signature page of this Collateral Assignment of Lease, ("Assignor") hereby assigns, transfers and sets over unto PERKINS LLC, a Delaware limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under those certain leases, identified on Attachment 1 attached hereto (the "Lease") with lessor ("Lessor") respecting premises being more particularly described on Exhibit A, attached hereto ("Premises"). This Agreement is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of Lease unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder. Any possession of the Premises by Assignee shall be deemed to be under a month-to-month tenancy and Assignee shall not be deemed to have assumed any obligations of Assignor, except for the payment of the monthly rental payments set forth in the Lease during such period of occupancy by Assignee.

### 1. General Terms.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under the Franchise Agreement for a Perkins Unit between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or financing for the Franchised Business, or in the event the Franchise Agreement is not renewed, expires or is terminated for any reason, or after the Lease is not renewed, expires or is terminated for any reason (with term remaining), or in the event that Assignor does not notify Assignee in writing at least six (6) months prior to the expiration of the Franchise Agreement of Assignor's intent to renew the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor represents and warrants to Assignee that the Lease is for a term which, with renewal options exercisable by Assignor, are coterminous the initial term and any renewal terms of the Franchise Agreement.

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

### 2. Terms Applicable when Lease is with Affiliated Lessor. The following terms and conditions apply only if the Lessor is, or becomes an Affiliated Lessor (as defined below).

If Lessor is or becomes the same as or under common control with or affiliated with Assignor or its owners and/or members (an "**Affiliated Lessor**"), the Affiliated Lessor under the afore described Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Affiliated Lessor of written notice thereof in accordance with Section 2(a) above;

(c) Consents to this Collateral Assignment and agrees that if Assignee (or an affiliate of Assignee designated by Assignee) shall take possession of the Premises demised by the Lease and confirms to Affiliated Lessor the assumption of the Lease by Assignee (or, if applicable, an affiliate of Assignee) as tenant thereunder, Affiliated Lessor shall recognize Assignee (or, if applicable, an affiliate of Assignee) as tenant under the Lease;

(d) Agrees that Assignee (or Assignee's designated affiliate) without the consent of Affiliated Lessor may further assign or sublet the Lease to a person, firm or corporation who is a Perkins franchise owner, or to an affiliate of Assignee;

(e) Agrees that if Assignee exercises its right for Assignee, or an affiliate of Assignee, to become the tenant on the Premises pursuant to Section 2(c) hereof, and does not further assign or sublet the lease pursuant to Section 2(d) hereof, Assignee (or, if applicable, Assignee's designated affiliate) each of the following terms shall apply:

(i) The rent payable by Assignee to the Affiliated Lessor for the Premises will be fair market value rent, provided that in no event will the rent exceed eight percent (8%) of Net Sales (as defined in the Franchise Agreement) per month based on the average monthly Net Sales of the Unit operated by Assignor during the previous twelve (12) months (and to the extent the rent otherwise to be charged exceeds the fair market value, then Assignor shall be responsible for payment of the amount in excess the fair market value). If Affiliated Lessor and Assignee (or, if applicable, Assignee's designated affiliate) have not agreed upon a fair market value for rent within ten (10) days after notice by Assignee of its exercise of its rights to become a tenant of the Premises, then the fair market value for rent will be determined according to Section 2(e)(iv) below.

(ii) Assignee shall have the continuing option during the term of the Lease and renewals thereof, if any, to purchase Affiliated Lessor's interest in the Premises, including without limitation the building and land constituting the Premises, at fair market value purchase price. If Affiliated Lessor and Assignee have not agreed upon a fair market value within thirty (30) days after notice by Assignee of its preliminary intent to purchase, then the fair market value purchase price will be determined according to the terms of Section 2(e)(iv) below. Within ten (10) days after Assignee has been notified of fair market value purchase price (once determined pursuant to Section 2(e)(iv)), Assignee may exercise its option to purchase by notice to Affiliated Lessor, for cash or upon terms agreed upon, with closing to be held no sooner than fifteen (15) days from the date Assignee notified Affiliated Lessor that it is prepared to proceed with the closing and no later than ninety (90) days thereafter; otherwise such option shall expire.

(iii) Assignor and Affiliated Lessor further agree that if Assignee designates an affiliate to exercise Assignee's right under Sections 2(e)(i) or 2(e)(ii) above, the terms of this Section shall apply with respect to such affiliate as if Assignee were directly exercising such right.

(iv) For a period of up to seven (7) days of the expiration of the time period specified above to mutually agree upon (as applicable) the fair market value purchase price or fair market value rent, Affiliated Lessor and Assignee will attempt to mutually agree upon an appraiser to determine such fair market value. If Affiliated Lessor and Assignee do not mutually appoint an appraiser within that seven (7) day period, Assignee, within seven (7) days thereafter, shall notify Affiliated Lessor of the names of two appraisers or firms having the capacity to perform or engage others to perform appraisals of the Premises for determining, as applicable, the fair market value for purchase or rent. Affiliated Lessor shall select, within seven (7) days after such notification by Assignee, one of such appraisers or firms to be responsible for determining the applicable fair market value; otherwise, Assignee shall select one such appraiser or firm to be responsible for determining the applicable fair market value and such appraiser's or firm's decision shall be binding. Each party shall divide equally the cost of any appraiser or firm.

IN WITNESS WHEREOF Assignor has signed, sealed and delivered the within Collateral Assignment of Lease this the date written below.

For Perkins® Restaurant Unit Number: \_\_\_\_\_

ASSIGNOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

ASSIGNEE  
**PERKINS LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY IS INSERTED HERE

**ATTACHMENT 1**  
**SCHEDULE OF LEASE**

1. Lease dated \_\_\_\_\_ by and between LANDLORD NAME, a STATE LANDLORD\_ENTITY, as Lessor and FRANCHISEE NAME, as Lessee.

**ATTACHMENT 2**  
**CONSENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the afore described Lease hereby:

(a) Consents to the foregoing Collateral Assignment and agrees that if Assignee (or an affiliate of Assignee designated by Assignee) shall take possession of the Premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee (or, if applicable, an affiliate of Assignee) as tenant thereunder, Lessor shall recognize Assignee (or, if applicable, an affiliate of Assignee) as tenant under the Lease;

(b) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(c) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within twenty (20) days after delivery by Lessor of written notice thereof in accordance with Section (b) above;

(d) Agrees that Assignee (or Assignee's designated affiliate) without the consent of Lessor may further assign or sublet the Lease to a person, firm or corporation who is a Perkins franchise owner, or to an affiliate of Assignee;

(e) Agrees that if Assignee exercises its right for Assignee, or an affiliate of Assignee, to become the tenant on the Premises pursuant to Section (a) hereof, and does not further assign or sublet the lease pursuant to Section (d) hereof, Assignee (or, if applicable, Assignee's designated affiliate) each of the following terms shall apply:

(i) Assignee shall have the continuing option during the term of the Lease and renewals thereof, if any, to purchase Lessor's interest in the Premises, including without limitation the building and land constituting the Premises, at fair market value purchase price. If Lessor and Assignee have not agreed upon a fair market value within thirty (30) days after notice by Assignee of its preliminary intent to purchase, then the fair market value purchase price will be determined according to the terms of Section (e)(iii) below. Within ten (10) days after Assignee has been notified of fair market value purchase price (once determined pursuant to Section (e)(iii)), Assignee may exercise its option to purchase by notice to Lessor, for cash or upon terms agreed upon, with closing to be held no sooner than fifteen (15) days from the date Assignee notified Lessor that it is prepared to proceed with the closing and no later than ninety (90) days thereafter; otherwise such option shall expire.

(ii) Assignor and Lessor further agree that if Assignee designates an affiliate to exercise Assignee's right under Sections (e)(i) above, the terms of this Section shall apply with respect to such affiliate as if Assignee were directly exercising such right.

(iii) For a period of up to seven (7) days of the expiration of the time period specified above to mutually agree upon (as applicable) the fair market value purchase price, Lessor and Assignee will attempt to mutually agree upon an appraiser to determine such fair market value. If Lessor and Assignee do not mutually appoint an appraiser within that seven (7) day period, Assignee, within seven (7) days thereafter, shall notify Lessor of the names of two appraisers or firms having the capacity to perform or engage others to perform appraisals of the Premises for determining, as applicable, the fair market value for purchase. Lessor shall select, within seven (7) days after such notification by Assignee, one of such appraisers or firms to be responsible for

determining the applicable fair market value; otherwise, Assignee shall select one such appraiser or firm to be responsible for determining the applicable fair market value and such appraiser's or firm's decision shall be binding. Each party shall divide equally the cost of any appraiser or firm.

(f) Represents and warrants that the Lease is for a term which, with renewal options exercisable by Assignor, are coterminous the initial term and any renewal terms of the Franchise Agreement.

IN WITNESS WHEREOF Lessor and Assignee have signed, sealed and delivered the within Collateral Assignment of Lease as of the date written below.

For Perkins® Restaurant Unit Number: \_\_\_\_\_

LESSOR  
**LANDLORD NAME**, a  
STATELANDLORD\_ENTITY

By: \_\_\_\_\_  
**LANDLORD SIGNATORY, LANDLORD**  
**SIGNATORY TITLE**

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

ASSIGNEE  
**PERKINS LLC**,  
a Delaware limited liability company

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

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

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

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

STATE OF GEORGIA

UNIT NUMBER \_\_\_\_\_

COUNTY OF FULTON

UNIT CITY, STATE

MONTH, YEAR

\$ \_\_\_\_\_

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned FRANCHISEE NAME, a STATE ENTITY TYPE, and FRANCHISEE SIGNATORY1, an individual resident of STATE, each individually, and jointly and severally promises to pay to the order of PERKINS LLC ("Holder") the principal sum of AMOUNT and 00/100 Dollars (\$##,###.##) plus interest from MONTH DAY, YEAR at AMOUNT percent (##%) per annum until paid for a total amount of \$###,###.##. The undersigned hereby agree(s) to pay the total amount \$###,###.## in \_\_\_\_\_ (\_\_\_\_\_) [Note: number of payments] equal, consecutive monthly installments of \$\_\_\_\_\_ each, on the first day of each month, commencing on MONTH, DAY, YEAR.

All installments of principal and interest are payable at the offices of Perkins LLC at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia, 30328 or at such other place as the Holder hereof may designate in writing, in lawful money of the United States of America.

Upon the occurrence of any event of Default (as defined below), the payee or Holder may at its option, without notice or demand, accelerate the loan and call the entire loan due and payable should any payment be past due for a period of ten (10) days or more. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent Default. The undersigned further agree(s) to pay a late charge of five percent (5%) of any amount that is not paid within five (5) days after when due, plus all costs of collection, including fifteen percent (15%) attorneys' fees if collected by law or through an attorney-at-law.

Any of the following events shall constitute an event of default ("Default"): (1) for any reason, any of said payments due under this Note are not made promptly on the date due; and (2) the maker of this Note, or any of the maker's owners, affiliates and/or subsidiaries, default on any other agreement with Holder, or any affiliate or parent corporation of Holder, or any lender to market relating to your "Perkins" franchised business, including, without limitation, any franchise agreement, sign lease, equipment lease, premises lease, or financing document, and such default is not cured in accordance with the terms of such other agreement. A Default under this Note shall also constitute a Default under any other agreements between Holder and maker.

Each of us, whether principal, surety, endorser, or other party hereto, hereby severally waives and renounces, each for himself and family, any and all homestead or exemption rights either of us may have under or by virtue of the Constitution or Laws of Georgia, any other state, or the United States, as against this debt or any renewal thereof; and the undersigned, as well as all sureties, endorsers, guarantors, or other parties to this Note, jointly and severally transfer, convey and assign to the payee or holder hereof, a sufficient amount of any homestead or exemption that may be allowed to the undersigned, or either of them, including such homestead or exemption as may be set apart in bankruptcy, to pay the Note in full, with all costs of collection, and the undersigned hereby directs the Trustee in Bankruptcy, to pay the Note in full, with all costs of collection, and the undersigned hereby directs the Trustee in Bankruptcy having possession of such homestead or exemption, to deliver to the holder of this Note a sufficient amount of property or money set apart as exempt to pay off the indebtedness evidenced hereby.

The makers and endorsers hereof each further waive(s) demand, notice of demand, protest, notice of protest and nonpayment, and presentment for payment. Each of us further agree(s) that this Note or any installment may be renewed or extended and any security may be released or substituted without notice to us and without affecting our liability. This loan is for business and commercial purposes only. There is no pre-payment penalty.

In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently paid by the undersigned or inadvertently received by the Holder, then such excess sum shall be credited as a payment of principal, unless the undersigned elects to have such excess sum returned to it forthwith. It is the express intent hereof that the undersigned not pay and the Holder not receive, directly or indirectly, in any manner whatsoever interest in excess of that which may be legally paid by the undersigned under applicable law.

In the event any one or more of the provisions contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of Perkins LLC or other holder hereof, not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

The covenants and agreements herein contained shall bind and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

(SIGNATURES FOLLOW ON NEXT PAGE)

Given under the hand and seal of each party.

**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

and

\_\_\_\_\_  
FRANCHISEE SIGNATORY1, Individually

## NON-DISTURBANCE, SUBORDINATION AND ATTORNMENT AGREEMENT

This Agreement, made and entered into as of \_\_\_\_\_, by and among the entity identified on the "Mortgagee" signature page of this Agreement (hereinafter known as "**Mortgagee**"), the individual or legal entity franchisee identified on the "Tenant" signature page of this Agreement (hereinafter known as "**Tenant**"), the entity identified on the "Landlord" signature page of this Agreement (hereinafter known as "**Landlord**"), and PERKINS LLC, a Delaware limited liability company (hereinafter known as "**Optionee**").

WITNESSETH:

WHEREAS, Landlord and Tenant desire to enter into a Lease Agreement (known as "**Lease**") covering the real property on the legal description attached hereto as Exhibit A; and

WHEREAS, Mortgagee holds a security interest in said real property; and

WHEREAS, Optionee has certain rights and interest in said real property and may, under certain conditions, succeed Tenant hereunder; and

WHEREAS, Tenant and Optionee will not complete this transaction and subordinate their respective interest to Mortgagee in the absence of the execution of this Agreement;

NOW THEREFORE, the parties hereto, for and in consideration of the promises herein contained, the covenants expressed, for the purpose of inducing Tenant to complete its Lease with Landlord; and for and in consideration of Ten (\$10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby covenant and agree as follows:

### 1. DEFINITIONS.

**"Landlord"** as used in this Agreement shall include the Landlord, its heirs, representatives, assigns, and successors in title to Premises.

**"Optionee"** as used in this Agreement shall include Perkins LLC, its successors and assigns, or an affiliate of Perkins LLC as Perkins LLC may designate.

**"Tenant"** as used in this Agreement shall include the Tenant, its heirs and representatives, and if the Lease shall be validly assigned or sublet, shall include successors and assigns of the Tenant.

Landlord and Tenant shall be deemed to include male and female, singular and plural, individuals, corporations, partnership, or other artificial entities, as the context so requires.

2. NON-DISTURBANCE. So long as no event of default on the part of the Tenant under the Lease shall exist which would entitle Landlord to terminate the Lease, or if such an event of default shall exist, so long as Tenant's time to cure same shall not have expired (a) Mortgagee will not at any time join Tenant as a party defendant in any action or proceeding to foreclose the security interest or any extension, renewal, consolidation or replacement of same, unless such joinder is a prerequisite to the institution or prosecution of any such action or proceeding, and (b) the term of the Lease shall not be terminated or modified in any respect whatsoever, Tenant's right of possession to the demised premises and its other rights arising out of the Lease will all be fully recognized and protected by Mortgagee and shall not be disturbed,

cancelled, terminated or otherwise affected by reason of the security interest or any action or proceeding instituted by Mortgagee to foreclose the security interest or any extension, renewal, consolidation or replacement of the same, irrespective of whether Tenant shall have joined in any such action or proceeding.

**3. PURCHASE OPTION.** So long as no event of default on the part of the Tenant under the Lease shall exist which would entitle Landlord to terminate the Lease, or if such an event of default shall exist, so long as Tenant's time to cure same shall not have expired the purchase option rights of Tenant will be fully recognized and protected by Mortgagee and shall not be disturbed, cancelled, terminated or otherwise affected by reason of the security interest or any action or proceeding instituted by Mortgagee to foreclose the security interest or any extension, renewal, consolidation or replacement of the same, irrespective of whether Tenant shall have joined in any such action or proceeding.

**4. ATTORNMENT.** In the event that Mortgagee takes possession of the Entire Premises, either as the result of foreclosure of the security interest or accepting a deed to the Entire Premises in lieu of foreclosure, or otherwise, or the Entire Premises shall be purchased at such foreclosure by a third party, Tenant shall attorn to Mortgagee or such third party as its landlord under the Lease and Mortgagee or such third party will recognize and accept Tenant as its tenant thereunder, whereupon, the Lease shall continue in full force and effect as direct lease between Mortgagee or such third party and Tenant for the full term thereof, together with all extensions and renewals thereof, and Mortgagee or such third party shall thereafter assume and perform all of Landlord's obligations, as Landlord under the Lease with the same force and effect as if Mortgagee or such third party were originally named therein as Landlord; provided, however, that if conflicting claims should be made to the rent payable under the Lease, Tenant shall have the right to institute an interpleader suit for the purpose of determining who is entitled to payment of such rent and to pay the rent in accordance with the judicial determination rendered in such proceeding.

**5. SUBORDINATION.** Subject to and upon all the terms and conditions set forth in this Agreement, Tenant hereby subordinates its right, title and interest by virtue of the Lease to the right, title and interest of Mortgagee by virtue of the security interest and all renewals and extensions thereof.

**6. DEFAULT OF LANDLORD TO TENANT.** Tenant agrees to concurrently furnish Mortgagee by certified mail with copies of all notices and demands served by Tenant upon Landlord. Tenant further agrees that with respect to any notice of default served upon Landlord, if Landlord shall have failed to cure such default within the time provided for therein, then Mortgagee shall have an additional sixty (60) days within which to cure such default, or if such default cannot be cured within that time, then such additional time as may be necessary if within such sixty (60) days Mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure), in which event the Lease shall not be terminated while such remedies are being so diligently pursued.

**7. DEFAULT OF LANDLORD TO MORTGAGEE.** Landlord agrees that the rent payable under the Lease shall be paid directly by Tenant to Mortgagee upon the occurrence of a default by Landlord under the security deed, deed of trust or mortgage. After notice is given by Mortgagee to Tenant that the rent under the Lease shall be paid to Mortgagee, Tenant shall pay to Mortgagee (or in accordance with the directions of Mortgagee), all rent and other sums then due and thereafter to become due to Landlord under the Lease; subject, however, to the terms of payment under the Lease and to the rights of Tenant under the Lease. Tenant shall have no responsibility to ascertain whether or not such demand by Mortgagee is permitted under the Security Deed. Landlord hereby waives any claim or demand it may now or hereafter have against Tenant by reason of such payment to Mortgagee. Landlord agrees that any payment made to

Mortgagee by Tenant pursuant to the terms of this Paragraph shall discharge the obligations of Tenant, under the Lease or otherwise, to make such payment to Landlord.

8. **MORTGAGEE AS SUCCESSOR IN INTEREST.** In the event that Mortgagee shall succeed to the interest of Landlord under the Lease, Mortgagee shall not be:

liable for any act or omission of Landlord; or

liable for the return of any security deposit; or

subject to any offsets or defenses which Tenant might have against Landlord; or

bound by any rent or additional rent which Tenant might have paid for more than the current month to Landlord; or

bound by any amendment or modification of the Lease made without its consent.

9. **POSITION OF PERKINS LLC.** This Agreement shall inure to the benefit of Perkins LLC, its successors and assigns, in the event it should ever become the Tenant on said real property.

10. **CAPTIONS.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Agreement, nor in any way affect this Agreement.

11. **NOTICE.** If at any time after the execution of this Agreement, it shall be required or become necessary or convenient for one of the parties hereto to serve any notice demand or communication upon the party, such notice, demand or communication shall be in writing, signed by the party serving the same, deposited in registered or certified United States Mail, return receipt requested, postage prepaid, or by a reputable commercial overnight carrier that provides a receipt and;

if intended for **Landlord**, shall be addressed to:

**LANDLORD NAME**

**LANDLORD STREET ADDRESS**

**LANDLORD CITY, STATE 00000**

**(123) 123-1234**

if intended for **Tenant**, shall be addressed to:

**FRANCHISEE NAME**

**FRANCHISEE STREET ADDRESS FOR NOTICES**

**FRANCHISEE CITY, STATE 00000**

**(555) 555-5555**

if intended for **Mortgagee**, shall be addressed to:

**LENDER NAME**  
**LENDER STREET ADDRESS**  
**LENDER CITY, STATE 00000**  
**(111) 111-1111**

if intended for **Optionee** shall be addressed to:

**PERKINS LLC**  
**5901-B Peachtree Dunwoody Road, Suite 450**  
**Sandy Springs, Georgia 30328**  
**(770) 325-1300**

or, to such other addresses as any party may have furnished to the other in writing as a place for service of notice.

**12. ENTIRE AGREEMENT.** This Agreement contains the entire agreement of the parties with regard to the subordination of the Lease and the interest of Tenant thereunder to the lien or charge in favor of Mortgagee pursuant to security deed, deed of trust, mortgage or UCC-1 Financing Statement, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force and effect. No failure of any party to exercise any power given such party hereunder, or to insist upon strict compliance by any other party of any obligation hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of such party's right to demand exact compliance with the terms hereof.

**13. AMENDMENTS.** No term or provision of this Agreement shall be modified or amended except in writing and signed by the party against whom enforcement of any such modification or amendment is sought. This Agreement shall not be modified by the parties without the express written consent of Perkins, LLC.

**14. SEVERABILITY.** If any provision of this Agreement shall be declared invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect.

**15. APPLICABLE LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of STATE.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each individual party hereto has caused his or her hand and seal to be affixed and each corporate, partnership or other legal entity hereto have caused its duly authorized officers, partners, or agents to execute and affix its seal to this instrument on the day and year first above written.

TENANT

**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me a Notary Public in and for said county, personally appeared **FRANCHISEE SIGNATORY 1** and **FRANCHISEE SIGNATORY 2** and known to me to be the persons who as **President and Secretary or Members for LLC** respectively of **FRANCHISEE NAME, A STATE FRANCHISE\_ENTITY**, which executed the foregoing instrument, signed the same, and acknowledge to me that they do so sign said instrument in the name and upon behalf of said **FRANCHISEE\_ENTITY** as such officers respectively; that the said **FRANCHISEE\_ENTITY**; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the seal of said **FRANCHISEE\_ENTITY**.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at \_\_\_\_\_  
County, \_\_\_\_\_, this \_\_\_\_\_.

My commission expires:

---

[NOTARY SEAL]

---

NOTARY PUBLIC

LANDLORD

**LANDLORD NAME,**  
a STATE LANDLORD\_ENTITY

By: \_\_\_\_\_  
LANDLORD SIGNATORY, LANDLORD  
SIGNATORY TITLE

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

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me a Notary Public in and for said county, personally appeared LANDLORD SIGNATORY and known to me to be the persons who as LANDLORD SIGNATORY TITLE of, a STATE\_LANDLORD\_ENTITY, the company which executed the foregoing instrument, signed the same, and acknowledge to me that they do so sign said instrument in the name and upon behalf of said LANDLORD\_ENTITY as such LANDLORD SIGNATORY TITLE; that the same is his/her free act and deed as such LANDLORD SIGNATORY TITLE, and the free act and deed of said LANDLORD\_ENTITY: and that he/she was duly authorized thereunto to do so.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at \_\_\_\_\_ County, \_\_\_\_\_, this \_\_\_\_\_.

My commission expires:

\_\_\_\_\_ [NOTARY SEAL]

\_\_\_\_\_ NOTARY PUBLIC

MORTGAGEE

**LENDER NAME,**  
a STATE LENDER\_ENTITY

By: \_\_\_\_\_  
LENDER SIGNATORY, LENDER SIGNATORY  
TITLE

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

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me a Notary Public in and for said county, personally appeared **LENDER SIGNATORY** and known to me to be the persons who **LENDER SIGNATORY TITLE** OF **LENDER NAME** a STATE **LENDER\_ENTITY**, the company which executed the foregoing instrument, signed the same, and acknowledge to me that they do so sign said instrument in the name and upon behalf of said **LENDER\_ENTITY** as such **LENDER SIGNATORY TITLE**; that the same is his/her free act and deed as such **LENDER SIGNATORY TITLE**, and the free act and deed of said **LENDER\_ENTITY**; and that he/she was duly authorized thereunto to do so.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at \_\_\_\_\_  
County, \_\_\_\_\_ this \_\_\_\_\_.

My commission expires:

---

[NOTARY SEAL]

---

NOTARY PUBLIC

## OPTIONEE

**PERKINS LLC**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me a Notary Public in and for said county, personally appeared \_\_\_\_\_ and known to me to be the person who, as \_\_\_\_\_, of PERKINS LLC, a Delaware limited liability company the corporation which executed the foregoing instrument, signed the same, and acknowledge to me that he/she did so sign said instrument in the name and upon behalf of said corporation as such officer; that the same is his/her free act and deed as such officer, and the free and corporate act and deed of said corporation; that he/she was duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at \_\_\_\_\_  
County, \_\_\_\_\_ this \_\_\_\_\_.

My commission expires:

---

[NOTARY SEAL]

---

NOTARY PUBLIC

## EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY IS INSERTED HERE

**EXHIBIT B**  
**LIST OF STATE ADMINISTRATORS**

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

|  |  |
|--|--|
| <b>CALIFORNIA</b><br>Commissioner of Business Oversight<br>Department of Business Oversight<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free: (866) 275-2677  | <b>NEW YORK</b><br>New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21 <sup>st</sup> Floor<br>New York, New York 10005<br>(212) 416-8236                                 |
| <b>HAWAII</b><br>Commissioner of Securities of the State of Hawaii<br>Department of Commerce & Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 205<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | <b>NORTH DAKOTA</b><br>North Dakota Securities Department<br>State Capitol<br>Department 414<br>600 East Boulevard Avenue, Fifth Floor<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712                |
| <b>ILLINOIS</b><br>Illinois Office of the Attorney General<br>Franchise Bureau<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465   | <b>RHODE ISLAND</b><br>Department of Business Regulation<br>Securities Division, Building 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9527 |
| <b>INDIANA</b><br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681  | <b>SOUTH DAKOTA</b><br>Division of Insurance<br>Securities Regulation<br>124 South Euclid Avenue, Suite 104<br>Pierre, South Dakota 57501<br>(605) 773-3563  |
| <b>MARYLAND</b><br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360   | <b>VIRGINIA</b><br>State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219<br>(804) 371-9051                           |
| <b>MICHIGAN</b><br>Michigan Attorney General’s Office<br>Corporate Oversight Division, Franchise Section<br>525 West Ottawa Street<br>G. Mennen Williams Building, 1 <sup>st</sup> Floor<br>Lansing, Michigan 48913<br>(517) 335-7567                          | <b>WASHINGTON</b><br>Department of Financial Institutions<br>Securities Division – 3 <sup>rd</sup> Floor<br>150 Israel Road, Southwest<br>Tumwater, Washington 98501<br>(360) 902-8760                       |
| <b>MINNESOTA</b><br>Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, Minnesota 55101<br>(651) 539-1600  | <b>WISCONSIN</b><br>Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139  |

**EXHIBIT C**  
**AGENTS FOR SERVICE OF PROCESS**

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

|  |   |
|--|---|
| <b>CALIFORNIA</b><br>Commissioner of Business Oversight<br>Department of Business Oversight<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free: (866) 275-2677  | <b>NEW YORK</b><br>New York Secretary of State<br>New York Department of State<br>One Commerce Plaza,<br>99 Washington Avenue, 6 <sup>th</sup> Floor<br>Albany, New York 12231-0001<br>(518) 473-2492   |
| <b>HAWAII</b><br>Commissioner of Securities of the State of Hawaii<br>Department of Commerce & Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 205<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | <b>NORTH DAKOTA</b><br>North Dakota Securities Commissioner<br>State Capitol<br>600 East Boulevard Avenue, Fifth Floor<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712   |
| <b>ILLINOIS</b><br>Illinois Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465   | <b>RHODE ISLAND</b><br>Director of Department of Business Regulation<br>Department of Business Regulation<br>Securities Division, Building 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9527 |
| <b>INDIANA</b><br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681  | <b>SOUTH DAKOTA</b><br>Division of Insurance<br>Director of the Securities Regulation<br>124 South Euclid Avenue, Suite 104<br>Pierre, South Dakota 57501<br>(605) 773-3563   |
| <b>MARYLAND</b><br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360  | <b>VIRGINIA</b><br>Clerk of the State Corporation Commission<br>1300 East Main Street, 1 <sup>st</sup> Floor<br>Richmond, Virginia 23219<br>(804) 371-9733  |
| <b>MICHIGAN</b><br>Michigan Attorney General’s Office<br>Corporate Oversight Division, Franchise Section<br>525 West Ottawa Street<br>G. Mennen Williams Building, 1 <sup>st</sup> Floor<br>Lansing, Michigan 48913<br>(517) 335-7567                          | <b>WASHINGTON</b><br>Director of Department of Financial Institutions<br>Securities Division – 3 <sup>rd</sup> Floor<br>150 Israel Road, Southwest<br>Tumwater, Washington 98501<br>(360) 902-8760  |
| <b>MINNESOTA</b><br>Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, Minnesota 55101<br>(651) 539-1600  | <b>WISCONSIN</b><br>Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139   |

## **EXHIBIT D**

### **LIST OF FRANCHISE OWNERS AND FORMER FRANCHISEES**

#### **LIST OF FRANCHISE OWNERS**

The following lists the names, addresses and telephone numbers of Perkins Standard Unit franchisees in the Perkins System as of April 28, 2020.

| Franchisee Name              | Unit # | Address                       | City             | State | Zip        | Unit Phone Number |
|------------------------------|--------|-------------------------------|------------------|-------|------------|-------------------|
| Houseworth Restaurants, Inc. | 3826   | 1121 E Main St                | Blytheville      | AR    | 72315      | (870) 763-6797    |
| Rick Griffith Enterprises    | 2448   | 2250 Highway 95               | Bullhead City    | AZ    | 86442      | (928) 763-1960    |
| CyHawk Hospitality, Inc      | 2654   | 3295 E. Platte Avenue         | Colorado Springs | CO    | 80909      | (719) 633-8962    |
| CyHawk Hospitality, Inc      | 2555   | 2051 N. Main                  | Longmont         | CO    | 80501-1406 | (303) 772-1410    |
| CyHawk Hospitality, Inc      | 2554   | 2222 W Eisenhower Blvd        | Loveland         | CO    | 80537-3148 | (970) 663-1944    |
| Seravalli, Inc.              | 3664   | 700 Capital Trail             | Newark           | DE    | 19711      | (302) 737-3500    |
| Northcott Company            | 3628   | 6023 14th Street W            | Bradenton        | FL    | 34207-4105 | (941) 755-2658    |
| Clearwater Gulf To Bay, LLC  | 3550   | 2626 Gulf To Bay Blvd         | Clearwater       | FL    | 33759-3901 | (727) 799-2019    |
| K Investments Limited        | 2557   | 20320 Grande Oak Shoppes Blvd | Esterio          | FL    | 33928-7663 | (239) 498-8773    |
| P1131 LLC                    | 2668   | 6825 W Newberry Road          | Gainesville      | FL    | 32605      | (352) 331-0388    |
| P1218 LLC                    | 2666   | 17080 Hwy 441                 | Mt Dora          | FL    | 32757      | (352) 735-5191    |
| K Investments Limited        | 2382   | 4335 Tamiami Trail E          | Naples           | FL    | 34112-6719 | (239) 775-8200    |
| K Investments Limited        | 2472   | 3585 Pine Ridge Road          | Naples           | FL    | 34109      | (239) 596-0700    |
| Northcott Company            | 2420   | 5921 Fruitville Rd.           | Sarasota         | FL    | 34232-6436 | (941) 342-6655    |
| P8601, LLC                   | 3891   | 4685 Commercial Way           | Spring Hill      | FL    | 34606-1923 | (352) 596-2223    |
| Northcott Company            | 3652   | 1331 South 41 Bypass          | Venice           | FL    | 34292      | (941) 497-1154    |
| Loompy, LC                   | 2364   | 8200 N. Wickham Rd            | Viera            | FL    | 32940-7991 | (321) 752-5200    |
| K&R Invesco LLC              | 2656   | 701 E. SR 434                 | Winter Springs   | FL    | 32708      | (407) 542-7976    |
| Blue Heron Enterprises, Inc. | 2446   | 3-A Gateway Blvd. S.          | Savannah         | GA    | 31419      | (912) 961-0424    |
| CyHawk Hospitality, Inc      | 2650   | 2621 Adventureland Dr.        | Altoona          | IA    | 50009      | (515) 957-9900    |

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| CyHawk Hospitality, Inc        | 2644 | 714 SE Oralabor Road    | Ankeny      | IA | 50021      | (515) 965-6800 |
| CyHawk Hospitality, Inc        | 2637 | 511 South 32nd Street   | Fort Dodge  | IA | 50501      | (515) 302-8031 |
| KRMM Hospitality, LLC          | 2613 | 2400 N Avenue           | Milford     | IA | 51351      | (712) 338-4060 |
| CyHawk Hospitality, Inc        | 2484 | 5925 Gordon Drive       | Sioux City  | IA | 51106      | (712) 274-6839 |
| CyHawk Hospitality, Inc        | 3859 | 501 Gordon Drive        | Sioux City  | IA | 51101-1705 | (712) 277-4765 |
| CyHawk Hospitality, Inc        | 2639 | 4045 Hammond Ave        | Waterloo    | IA | 50701      | (319) 888-4309 |
| Burley Inn Inc.                | 3892 | 800 N Overland Avenue   | Burley      | ID | 83318-3442 | (208) 678-1304 |
| Potato Cakes, Inc.             | 3841 | 2000 Channing Way       | Idaho Falls | ID | 83404-8032 | (208) 529-9955 |
| Bannock Cakes, Inc.            | 3795 | 1600 Pocatello Creek Rd | Pocatello   | ID | 83201-2340 | (208) 233-0006 |
| Twin Falls Family Restaurant,  | 2357 | 1564 Blue Lakes Blvd N  | Twin Falls  | ID | 83301      | (208) 736-8417 |
| GLS Associates, LLC            | 3315 | 5033 Scatterfield Rd.   | Anderson    | IN | 46013-2913 | (765) 642-2332 |
| R.J. Ebbole Restaurants., Inc. | 2413 | 107 Northpointe Blvd.   | Elkhart     | IN | 46514-6716 | (574) 264-2541 |
| P Noblesville, Inc.            | 2483 | 250 Noble Creek Dr.     | Noblesville | IN | 46060-3116 | (317) 776-2800 |
| P Hamilton, Inc.               | 2648 | 11316 Tegler Drive      | Noblesville | IN | 46060      | (317) 773-8210 |
| El Obbe's, Inc.                | 2370 | 423 S Dixie Highway     | South Bend  | IN | 46637-3323 | (574) 272-0655 |
| CyHawk Hospitality, Inc        | 2651 | 2000 E. Santa Fe        | Gardner     | KS | 66030      | (913) 884-4700 |
| Great Bend Hospitality LC      | 3819 | 2920 10th St.           | Great Bend  | KS | 67530-4260 | (620) 792-4386 |
| DGE Partnership LP             | 3868 | 1711 W 23rd Street      | Lawrence    | KS | 66046-2745 | (785) 842-9040 |
| CyHawk Hospitality, Inc        | 2645 | 3050 Riffel Dr          | Salina      | KS | 67401      | (785) 404-2150 |
| Mid-America Hospitality LLC    | 2406 | 1720 SW Wanamaker Rd.   | Topeka      | KS | 66604-3813 | (785) 273-0300 |
| Market Square Services, Inc.   | 2576 | 24584 Garrett Highway   | McHenry     | MD | 21541      | (301) 387-5800 |
| Northcott Company              | 3714 | 2340 10th St.           | Menominee   | MI | 49858-2002 | (906) 863-1565 |
| Torgerson Properties           | 3817 | 701 17th Ave            | Austin      | MN | 55912-1839 | (507) 433-6720 |
| Northcott Company              | 4311 | 1120 Paul Bunyan Dr.    | Bemidji     | MN | 56601-4122 | (218) 751-7850 |
| JLC Foods of Rochester, Inc.   | 3876 | 801 Central Avenue      | Buffalo     | MN | 55313-1757 | (763) 682-5085 |

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| Summit Ventures, LLC           | 2478 | 140 North Garfield St.    | Cambridge       | MN | 55008      | (763) 552-5000 |
| D & S Development, Inc.        | 4322 | Big Lake Drive & Hwy. 33  | Cloquet         | MN | 55720      | (218) 879-8380 |
| M&D, Inc.                      | 3698 | 1302 Miller Trunk Highway | Duluth          | MN | 55811-5612 | (218) 727-4188 |
| D & S Development, Inc.        | 4305 | 2502 London Road          | Duluth          | MN | 55812      | (218) 728-3619 |
| D & S Development, Inc.        | 4310 | 4005 W Michigan St.       | Duluth          | MN | 55807-2708 | (218) 628-1038 |
| Pinnacle Foods Limited Part    | 3895 | 18838 Dodge St NW         | Elk River       | MN | 55330-5708 | (763) 441-5066 |
| Torgerson Properties           | 4335 | I-90 & Hwy 15             | Fairmont        | MN | 56031-0922 | (507) 238-4500 |
| QFS Of Minnesota, Inc.         | 2441 | 333 Western Ave.          | Faribault       | MN | 55021-5647 | (507) 332-7997 |
| Apex Associates, LLC           | 2410 | 201 16th St. NE           | Little Falls    | MN | 56345-3389 | (320) 632-5610 |
| KRMM Hospitality, LLC          | 2670 | 1790 Madison Ave          | Mankato         | MN | 56001      | (507) 385-1595 |
| DLP Foods Inc.                 | 3788 | 1829 N Saint Paul Rd.     | Maplewood       | MN | 55109-4707 | (651) 770-6540 |
| KRMM Hospitality, LLC          | 2468 | 908 E Main Street         | Marshall        | MN | 56258      | (507) 532-7381 |
| Robert Yanish Restaurants, Inc | 2632 | 8586 Rock Ridge Drive     | Mountain Iron   | MN | 55768      | (218) 741-3325 |
| Pat Holmes Enterprises, Inc.   | 4332 | 1727 S. Broadway          | New Ulm         | MN | 56073-3751 | (507) 354-6688 |
| KRMM Hospitality, LLC          | 2669 | 1123 Range Street         | North Mankato   | MN | 56003-2214 | (507) 345-5021 |
| E&R Services of Northfield Inc | 2604 | 1401 Riverview Drive      | Northfield      | MN | 55057      | (507) 645-4830 |
| Torgerson Properties           | 3744 | 812 Withers Harbor Dr     | Red Wing        | MN | 55066-2090 | (651) 385-0783 |
| Sartell Foods, Inc.            | 2609 | 2291 Connecticut Avenue   | Sartell         | MN | 56377      | (320) 258-0213 |
| Q.F.S of Savage, Inc.          | 2673 | 14435 Trunk Highway 13    | Savage          | MN | 55378      | (952) 440-1276 |
| JLC Food Systems, Inc.         | 4309 | 30 Park Avenue            | St Cloud        | MN | 56301-3711 | (320) 253-0300 |
| Daigle Enterprises, Inc.       | 4326 | 2050 W. Frontage Rd.      | Stillwater      | MN | 55082-0194 | (651) 430-1033 |
| Robert Yanish Restaurants, Inc | 4312 | 1045 County Road E        | Vadnais Heights | MN | 55110-5162 | (651) 426-1643 |
| KRMM Hospitality, LLC          | 4331 | 2645 South 1st Street     | Willmar         | MN | 56201-4217 | (320) 235-5957 |
| JLC Foods of Rochester, Inc.   | 3845 | 956 1/2 Mankato Avenue    | Winona          | MN | 55987-4869 | (507) 452-1618 |
| Northcott Company              | 4325 | 1445 Darling Dr.          | Worthington     | MN | 56187-1712 | (507) 372-7761 |

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| CyHawk Hospitality, Inc      | 2641 | 3939 S. Bolger Rd.           | Independence   | MO | 64055      | (816) 478-0444 |
| Yellowstone Cakes, Inc.      | 3636 | 765 South 20th St West       | Billings       | MT | 59102-6463 | (406) 656-6640 |
| Rimrock Cakes, Inc.          | 3696 | 825 N 27th Street            | Billings       | MT | 59101-1116 | (406) 248-8320 |
| Double O of Montana, Inc.    | 3801 | 2900 Harrison Avenue         | Butte          | MT | 59701-3693 | (406) 494-2490 |
| Lorine Twedt                 | 2313 | 526 2nd Ave N                | Great Falls    | MT | 59401-2548 | (406) 453-2411 |
| Helena Cakes, LLC            | 2432 | 1803 Cedar Street            | Helena         | MT | 59601-1111 | (406) 442-5757 |
| Big Mountain Restaurants     | 3886 | 1390 US Highway 2 East       | Kalispell      | MT | 59901-3221 | (406) 257-7375 |
| Northcott Company            | 2352 | 188 W. Museum Dr.            | Dickinson      | ND | 58601-3930 | (701) 227-3001 |
| OB Enterprises, Inc.         | 3842 | 1305 S Columbia Road         | Grand Forks    | ND | 58201-4011 | (701) 746-0493 |
| Magic City Cakes, Inc.       | 4333 | 405 20th Ave SW              | Minot          | ND | 58701-6434 | (701) 838-2020 |
| Northcott Company            | 2480 | 106 Wilmar Ave.              | Grand Island   | NE | 68803      | (308) 384-7060 |
| CyHawk Hospitality, Inc      | 2652 | 3709 Osborne Drive West      | Hastings       | NE | 68901      | (402) 834-3580 |
| Northcott Company            | 3823 | 609 S 2nd Street             | Kearney        | NE | 68848-0038 | (308) 234-7375 |
| CyHawk Hospitality, Inc      | 2672 | 7301 Husker Circle           | Lincoln        | NE | 68504      | (402) 937-7042 |
| CyHawk Hospitality, Inc      | 2643 | 1229 Omaha Avenue            | Norfolk        | NE | 68701      | (402) 371-0777 |
| Northcott Company            | 3797 | 2302 South Jeffers Street    | North Platte   | NE | 69101-9696 | (308) 534-7375 |
| CyHawk Hospitality, Inc      | 2662 | 2545 Abbott Plaza            | Omaha          | NE | 68110      | (402) 933-3311 |
| Patrick J. Doyle             | 2523 | 303 Hwy 26 West              | Scottsbluff    | NE | 69361      | (308) 635-2035 |
| Northcott Company            | 2492 | 655 Cabela Dr.               | Sidney         | NE | 69162      | (308) 254-7044 |
| AuClair Corp.                | 2361 | 1009 St. Georges Ave.        | Colonia        | NJ | 7067       | (732) 634-7112 |
| MSPN, LLC                    | 2588 | 286 Route 18                 | East Brunswick | NJ | 08816-1905 | (732) 698-1811 |
| Independent Restaurant Group | 2614 | 50 Princeton Hightstown Road | East Windsor   | NJ | 8520       | (609) 443-0722 |
| 113 South Main Street, Inc.  | 2607 | 113 South Main Street        | Forked River   | NJ | 8731       | (609) 242-3193 |
| Muffin, Inc.                 | 3827 | 3445 Route 9                 | Freehold       | NJ | 07728-3286 | (732) 462-5983 |
| Numero-III, Inc.             | 2375 | 297 U.S. Hwy 22 East         | Green Brook    | NJ | 08812-1701 | (732) 424-9191 |

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| Pites, Inc.                    | 2353 | 1396 State Route 36            | Hazlet             | NJ | 07730-1716 | (732) 739-4600 |
| Fille, Inc.                    | 3899 | 401 W Route 38                 | Moorestown         | NJ | 08057-3235 | (856) 866-1443 |
| PTR Associates, LLC            | 2575 | 149 Route 37                   | Toms River         | NJ | 8753       | (732) 473-1733 |
| Rajumaanar Enterprises, Corp   | 2308 | 7664 State Route 434           | Apalachin          | NY | 13732      | (607) 258-0033 |
| Lady Jayne Hotels, Inc.        | 2628 | 2 Locust Avenue                | Cortland           | NY | 13045      | (607) 753-8084 |
| A&A Food Systems, Inc.         | 2481 | 1421 Route 300                 | Newburgh           | NY | 12550      | (845) 566-4045 |
| K Investments Limited          | 3531 | 2728 West State Street         | Olean              | NY | 14760-1827 | (716) 373-3610 |
| Christopher's Restaurant, Inc. | 2602 | 411 Route 3                    | Plattsburgh        | NY | 12901      | (518) 561-6222 |
| Jampaan Corporation            | 3890 | 1409 Hylan Blvd.               | Staten Island      | NY | 10305-1903 | (718) 979-9180 |
| A & A Food Systems, Inc.       | 2535 | 1576 Route 9 - Unit 11         | Wappingers Falls   | NY | 12590      | (845) 296-1575 |
| Oak Ridge Development Co.      | 3381 | 20040 Harrisburg Westville Rd. | Alliance           | OH | 44601-8901 | (330) 821-9600 |
| K Investments Limited          | 3382 | 658 US Route 250 E             | Ashland            | OH | 44805-9754 | (419) 496-0008 |
| K Investments Limited          | 3794 | 5550 Interstate Blvd Rt 46     | Austintown         | OH | 44515-1166 | (330) 544-2282 |
| Candlestick Foods, Inc.        | 2493 | 1503 Traveler's Pointe         | Avon               | OH | 44011      | (440) 934-3663 |
| K Investments Limited          | 3650 | 7108 Hamilton Avenue           | Cincinnati         | OH | 45231-5219 | (513) 728-2170 |
| K Investments Limited          | 3660 | 1451 Rome Hilliard Road        | Columbus           | OH | 43228-9778 | (614) 870-7744 |
| K Investments Limited          | 3661 | 1235 South Main Street         | Englewood          | OH | 45322-2822 | (937) 836-2726 |
| K Investments Limited          | 3791 | 745 Nilles Road                | Fairfield          | OH | 45014-3603 | (513) 939-1819 |
| Candlestick Foods, Inc.        | 2509 | 130 W. Streetsboro, Unit 1     | Hudson             | OH | 44236      | (330) 655-1665 |
| Micalo, Inc.                   | 3414 | 1197 Mt Vernon Avenue          | Marion             | OH | 43302-5698 | (740) 389-5200 |
| K Investments Limited          | 3697 | 5579 St Rt 741                 | Mason              | OH | 45040-2342 | (513) 398-0096 |
| K Investments Limited          | 3508 | 175 Byers Road                 | Miamisburg         | OH | 45342-3612 | (937) 866-2799 |
| K Investments Limited          | 3709 | 7175 Engle Road                | Middleburg Heights | OH | 44130-3426 | (440) 234-7393 |
| Candlestick Foods, Inc.        | 3426 | 700 Mentor Avenue              | Painesville        | OH | 44077-2590 | (440) 354-6644 |
| RGS, Inc.                      | 2572 | 4710 Milan Rd.                 | Sandusky           | OH | 44870      | (419) 625-2614 |

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| Cedar Fair, L.P.              | 2635 | One Cedar Point Drive      | Sandusky         | OH | 44870      | (419) 627-2344 |
| Eight K'S Enterprises, Inc.   | 2376 | 1955 Michigan Street       | Sidney           | OH | 45365-9075 | (937) 492-3131 |
| K Investments Limited         | 2474 | 1953 Niles-Cortland Road   | Warren           | OH | 44484      | (330) 505-1166 |
| K Investments Limited         | 3495 | 3870 Elm Road NE           | Warren           | OH | 44483-2648 | (330) 372-6660 |
| K Investments Limited         | 3670 | 804 Boardman-Poland Road   | Youngstown       | OH | 44512-5115 | (330) 758-9416 |
| K Investments Limited         | 2623 | 3214 Hamilton Blvd.        | Allentown        | PA | 18103-4535 | (610) 820-5767 |
| K Investments Limited         | 2631 | 3400 Lehigh Street         | Allentown        | PA | 18103-7039 | (610) 965-5241 |
| K Investments Limited         | 2439 | 3300 Pleasant Valley Blvd. | Altoona          | PA | 16602      | (814) 941-2100 |
| CRP, Inc.                     | 3540 | 954 Gap Newport Pike       | Avondale         | PA | 19311      | (610) 268-3513 |
| K Investments Limited         | 2626 | 3940 Nazareth Pike         | Bethlehem        | PA | 18020      | (610) 868-1411 |
| K Investments Limited         | 2630 | 205 W 3rd Street           | Bethlehem        | PA | 18015      | (610) 867-0262 |
| K Investments Limited         | 3699 | 23 Ricky Avenue            | Bloomsburg       | PA | 17815-8453 | (570) 784-1140 |
| K Investments Limited         | 3883 | 1324 Lincoln Hwy E         | Chambersburg     | PA | 17201-3083 | (717) 263-1112 |
| K Investments Limited         | 3346 | 78 Perkins Road            | Clarion          | PA | 16214-8528 | (814) 226-4410 |
| K Investments Limited         | 2411 | 346 Meadow Lane            | Danville         | PA | 17821-0030 | (570) 275-1529 |
| K Investments Limited         | 2610 | 4319 Swamp Rd.             | Doylestown       | PA | 18901-1032 | (215) 348-2133 |
| Drexel Hill Restaurants, Inc. | 3897 | 706 Lansdowne Ave.         | Drexel Hill      | PA | 19026-1511 | (610) 622-4531 |
| Jaggi Dynasty, Inc.           | 3566 | 1289 East DuBois Avenue    | Du Bois          | PA | 15801      | (814) 371-6500 |
| A & A Food Systems, Inc.      | 2582 | 5163 Milford Rd.           | East Stroudsburg | PA | 18301      | (570) 223-0600 |
| K Investments Limited         | 3458 | 4334 Buffalo Road          | Erie             | PA | 16510-2114 | (814) 898-1212 |
| K Investments Limited         | 3459 | 4403 Peach Street          | Erie             | PA | 16509-1317 | (814) 864-0497 |
| K Investments Limited         | 2363 | 859 York Rd.               | Gettysburg       | PA | 17325-7501 | (717) 337-1923 |
| K Investments Limited         | 2365 | 300 Eisenhower Drive       | Hanover          | PA | 17331-5223 | (717) 630-2990 |
| RBT Realty Associates, LLC    | 2431 | 7833 Linglestown Rd.       | Harrisburg       | PA | 17112-9392 | (717) 545-5650 |
| K Investments Limited         | 3716 | 50 State Route 93          | Hazleton         | PA | 18202      | (570) 455-0313 |

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| K Investments Limited            | 3466 | 1871 Oakland Avenue           | Indiana       | PA | 15701-3304 | (724) 463-0400 |
| K Investments Limited            | 3894 | 505 Galleria Drive            | Johnstown     | PA | 15904-8901 | (814) 262-0266 |
| K Investments Limited            | 2390 | 7 Erford Rd.                  | Lemoyne       | PA | 17043      | (717) 763-0595 |
| K Investments Limited            | 3762 | 340 International Drive       | Lewisburg     | PA | 17837-1334 | (570) 523-7733 |
| K Investments Limited            | 2642 | 96 Dorsett Heights Dr.        | Mansfield     | PA | 16933      | (570) 662-2546 |
| A & K Systems, Inc.              | 3815 | 103 Westfall Town Drive       | Matamoras     | PA | 18336      | (570) 491-4341 |
| K Investments Limited            | 3604 | 18276 Conneaut Lake Road      | Meadville     | PA | 16335-3758 | (814) 336-6000 |
| K Investments Limited            | 2505 | 3267 Route 940                | Mt. Pocono    | PA | 18344      | (570) 839-0300 |
| Seravalli Restaurants Five, Inc. | 2409 | 1681 Grant Ave.               | Philadelphia  | PA | 19115-3149 | (215) 676-4077 |
| K Investments Limited            | 2393 | 304 Route 315                 | Pittston      | PA | 18640      | (570) 883-5682 |
| K Investments Limited            | 3885 | 1130 Ravine St.               | Scranton      | PA | 18508-1356 | (570) 963-1115 |
| K Investments Limited            | 2389 | 1394 N. Susquehanna Trail     | Selinsgrove   | PA | 17870-7768 | (570) 743-8181 |
| K Investments Limited            | 2647 | 525 Benner Pike               | State College | PA | 16801      | (814) 237-0307 |
| K Investments Limited            | 2425 | 1215 Main Street              | Stroudsburg   | PA | 18360-1392 | (570) 421-6263 |
| K Investments Limited            | 2570 | 615 State Route 6E            | Tunkhannock   | PA | 18657      | (570) 996-0157 |
| Seravalli Restaurants Two, Inc   | 2599 | 705 York Road                 | Warminster    | PA | 18974-2003 | (215) 441-8010 |
| K Investments Limited            | 3863 | 1085 Wilkes-Barre Township Bl | Wilkes-Barre  | PA | 18702-9999 | (570) 823-7264 |
| K Investments Limited            | 2419 | 160 Via Bella St.             | Williamsport  | PA | 17701-6517 | (570) 323-4114 |
| Dwight's of SC, Inc.             | 2574 | 1700 Old Trolley Road         | Summerville   | SC | 29485      | (843) 875-8680 |
| Seitz Management, Inc.           | 3619 | 1401 6th Avenue Southwest     | Aberdeen      | SD | 57401      | (605) 225-9050 |
| JB Enterprises Inc.              | 3625 | 2205 E 6th Street             | Brookings     | SD | 57006      | (605) 692-4400 |
| Riverwinds, Inc.                 | 2627 | 217 East Hustan Avenue        | Ft. Pierre    | SD | 57532      | (605) 223-2470 |
| JB Enterprises Inc.              | 3856 | 1301 South Burr               | Mitchell      | SD | 57301-4758 | (605) 990-3646 |
| Northcott Company                | 2655 | 1300 N. Elk Vale Rd           | Rapid City    | SD | 57703      | (605) 348-4301 |
| Northcott Company                | 3641 | 1715 North Lacrosse St.       | Rapid City    | SD | 57701-0705 | (605) 341-3810 |

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| Northcott Company            | 4313   | 2305 Mount Rushmore Rd.       | Rapid City     | SD    | 57701-5337 | (605) 341-5225    |
| KRMM Hospitality, LLC        | 2325   | 2604 W 41st Street            | Sioux Falls    | SD    | 57105-6101 | (605) 339-1310    |
| CyHawk Hospitality, Inc      | 2663   | 5835 East Arrowhead Place     | Sioux Falls    | SD    | 57110      | (605) 271-4896    |
| JB Enterprises Inc.          | 3825   | 3400 Gateway Blvd             | Sioux Falls    | SD    | 57106-1556 | (605) 361-7543    |
| Patrick J. Doyle             | 3834   | 2301 Colorado Blvd.           | Spearfish      | SD    | 57783      | (605) 642-8535    |
| Patrick J. Doyle             | 3884   | 600 9th Ave SE                | Watertown      | SD    | 57201-5221 | (605) 882-3700    |
| CyHawk Hospitality, Inc      | 2659   | 2216 Broadway St              | Yankton        | SD    | 57078      | (605) 260-8962    |
| Franchisee Name              | Unit # | Address                       | City           | State | Zip        | Unit Phone Number |
| Franchisee Name              | Unit # | Address                       | City           | State | Zip        | Unit Phone Number |
| Karestco, Inc.               | 3830   | 501 Patriot Dr., P.O. Box 945 | Dandridge      | TN    | 37725-0945 | (865) 397-8903    |
| L&E Management Co.           | 3829   | 1340 So Germantown Pkwy       | Germantown     | TN    | 38138-2226 | (901) 759-5938    |
| L&E Management Co.           | 2436   | 999 Vann Dr.                  | Jackson        | TN    | 38305-2093 | (731) 661-9224    |
| Northcott Company            | 2395   | 4618 Fort Henry Drive         | Kingsport      | TN    | 37663-2617 | (423) 239-4225    |
| L&E Management Co.           | 2524   | 5112 Park Avenue              | Memphis        | TN    | 38117      | (901) 682-2777    |
| Hunt Services, Inc.          | 2629   | 15301 South 1st Street        | Milan          | TN    | 38358      | (731) 686-0222    |
| Hunt Services, Inc.          | 2640   | 181 Bre Avenue Suite A        | Pulaski        | TN    | 38478      | (931) 347-4704    |
| Status Hospitality MGMT, LLC | 4604   | 230 North Admiral Byrd Rd     | Salt Lake City | UT    | 84116-3773 | (801) 355-4488    |
| Northcott Company            | 3881   | 102 E Bristol Rd.             | Bristol        | VA    | 24202-5500 | (276) 669-7737    |
| C & D Vaden                  | 2499   | 711 Millwood Ave.             | Winchester     | VA    | 22601      | (540) 678-4015    |
| Haberkraft, Inc.             | 2315   | 1504 Hwy 97                   | Ellensburg     | WA    | 98926-9329 | (509) 925-4662    |
| Riverpoint Family Rest, Inc. | 3813   | 12 East Olive Avenue          | Spokane        | WA    | 99202      | (509) 747-9111    |
| SFR III Holdings, LLC        | 2456   | 585 N Barker Rd.              | Brookfield     | WI    | 53045-5918 | (262) 798-1061    |
| SFR III Holdings, LLC        | 2519   | 2400 Milwaukee St.            | Delafield      | WI    | 53018      | (262) 646-7915    |
| SFR III Holdings, LLC        | 2521   | 1312 E. Geneva St.            | Delavan        | WI    | 53115      | (262) 740-1783    |
| SFR III Holdings, LLC        | 2487   | 5265 N. Port Washington Rd.   | Glendale       | WI    | 53217-4902 | (414) 962-0623    |

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| Northcott Company           | 3812 | 2306 East Mason Street          | Green Bay        | WI | 54302      | (920) 468-1688 |
| C&H Foodservice, Inc.       | 2578 | 15551 Railroad Street           | Hayward          | WI | 54843      | (715) 934-4460 |
| RBS Foods, LLC              | 2600 | 1040 Pearson Drive              | Hudson           | WI | 54016      | (715) 386-9441 |
| SFR III Holdings, LLC       | 2518 | 11710 74th Place                | Kenosha          | WI | 53142      | (262) 857-9344 |
| Northcott Company           | 3768 | 4525 Calumet Avenue             | Manitowoc        | WI | 54220      | (920) 684-8003 |
| C&H Foodservice, Inc.       | 3738 | 1720 North Broadway             | Menomonie        | WI | 54751      | (715) 235-2234 |
| New London Corporation      | 3606 | 2005 W 9th Ave                  | Oshkosh          | WI | 54904      | (920) 233-6074 |
| C&H Foodservice, Inc.       | 2465 | 2023 Cenex Dr.                  | Rice Lake        | WI | 54868      | (715) 736-0282 |
| Telumi, Inc.                | 3632 | 1398 East Green Bay             | Shawano          | WI | 54166-0462 | (715) 524-2900 |
| SFR III Holdings, LLC       | 2516 | 3627 Washington Ave.            | Sheboygan        | WI | 53081      | (920) 451-0782 |
| Northcott Company           | 3630 | 143 Division Street             | Stevens Point    | WI | 54481-1150 | (715) 341-5044 |
| D & S Development, Inc.     | 3543 | 103 E 2nd Street                | Superior         | WI | 54880-3005 | (715) 392-8544 |
| C&H Foodservice, Inc.       | 2362 | I-94 & Hwy 21                   | Tomah            | WI | 54660      | (608) 374-0550 |
| SFR III Holdings, LLC       | 2485 | 2878 S. 108th St.               | West Allis       | WI | 53227-3224 | (414) 545-0569 |
| Northcott Company           | 3582 | 811 Frontage Road               | Wisconsin Dells  | WI | 53965-9604 | (608) 254-6424 |
| Northcott Company           | 2475 | 2311 8th Street S.              | Wisconsin Rapids | WI | 54494-5268 | (715) 423-4443 |
| C&H FoodService, Inc.       | 2403 | 195 Hwy 51 North                | Woodruff         | WI | 54568-9501 | (715) 356-9155 |
| K Investments Limited       | 2579 | 105 N. Lafayette Avenue         | Moundsville      | WV | 26041      | (304) 845-2290 |
| K Investments Limited       | 2564 | 680 National Road               | Wheeling         | WV | 26003      | (304) 232-5772 |
| Sugarland Enterprises, Inc. | 3849 | 4710 East Second St.            | Casper           | WY | 82609      | (307) 265-7339 |
| Sugarland Enterprises, Inc. | 3860 | 1730 Dell Range Blvd            | Cheyenne         | WY | 82009-4945 | (307) 634-7577 |
| Sugarland Enterprises, Inc. | 4327 | 2510 South Douglas              | Gillette         | WY | 82718-6441 | (307) 682-6887 |
| Sugarland Enterprises, Inc. | 2621 | 204 S 30th Street               | Laramie          | WY | 82070-5133 | (307) 721-3800 |
| Sugarland Enterprises, Inc. | 4321 | 1373 Coffeen Ave<br>PO Box 7279 | Sheridan         | WY | 82801-7028 | (307) 674-9336 |

|                                |      |                          |               |     |         |                |
|--------------------------------|------|--------------------------|---------------|-----|---------|----------------|
| Canada                         |      |                          |               |     |         |                |
| Dixon International Hospitalit | 2415 | 600 Dixon Road           | Toronto       | ONT | M9W 1J1 | (416) 240-9741 |
| 1401 Paris Sudbury Hospitality | 2586 | 1401 Paris Street        | Sudbury       | ONT | P3E 3B6 | (705) 522-3220 |
| 2554301 Ontario, Inc.          | 2606 | 1097 Kingston Road       | Pickering     | ONT | L1V 1BS | (905) 492-1745 |
| Hampton Restaurants of Niagara | 3838 | 4800 Bender Hill Avenue  | Niagara Falls | ONT | L2E 6W7 | (905) 371-8688 |
| 1019491 Ontario Ltd.           | 3867 | 89 Meadowvale Drive      | St Catharines | ONT | L2N 3Z8 | (905) 935-4522 |
| Canadian Diners LP             | 3878 | 1130 St Laurent Blvd.    | Ottawa        | ONT | K1K 3B6 | (613) 747-9190 |
| 101173049 Saskatchewan Ltd.    | 2581 | 1800 Prince of Wales Dr. | Regina        | SAS | S4Z 1A4 | (306) 790-2111 |

**Franchisees with Signed Franchise Agreements or Development Agreements but Units Not Yet Open as of April 28, 2020**

| Franchisee Name   | Unit # | Contact Address                | City        | State | Zip Code | Contact Number |
|---|--------|--------------------------------|-------------|-------|----------|----------------|
| RJG Hospitality, LLC  | 2671   | 3125 Stockton Hill Road        | Kingman     | AZ    | 86401    | N/A            |
| Pusan Investments, LLC* (include units to be located in Maryland) | 2661   | 205 Cunane Circle Warwick Road | Middletown  | DE    | 19709    | N/A            |
| Hamad Mazhir Mazhir Group Holdings, LLC*                          |        | 6825 West Newberry Road        | Gainesville | FL    | 32605    |                |
| CyHawk Hospitality, Inc.*   |        | 1271 NE Highway 99W, Suite 504 | McMinnville | OR    | 97128    |                |
| K Investments Limited*  |        | 1388 State Route 487           | Bloomsburg  | PA    | 17851    |                |

\*Currently under an area development agreement.

### **PERKINS LLC – COMPANY OWNED RESTAURANTS**

The following lists the Perkins Restaurants that Perkins owns and operated as of April 28, 2020

|                             | Unit Number | Address                       | City           | State | Zip        |
|-----------------------------|-------------|-------------------------------|----------------|-------|------------|
| Perkins Restaurant & Bakery | 1284        | 1995 S Colorado Blvd.         | Denver         | CO    | 80222-7901 |
| Perkins Restaurant & Bakery | 1037        | 9202 S Federal Highway        | Port St. Lucie | FL    | 34952-4207 |
| Perkins Restaurant & Bakery | 1038        | 1405 N. Woodland Blvd.        | DeLand         | FL    | 32720-2212 |
| Perkins Restaurant & Bakery | 1049        | 27811 US Route 27             | Leesburg       | FL    | 34748      |
| Perkins Restaurant & Bakery | 1066        | 6001 S. Salford Blvd          | North Port     | FL    | 34287      |
| Perkins Restaurant & Bakery | 1080        | 989 West Orange Blossom Trail | Apopka         | FL    | 32712      |
| Perkins Restaurant & Bakery | 1129        | 215 West Highway 436          | Altamonte Spgs | FL    | 32714-4201 |
| Perkins Restaurant & Bakery | 1132        | 5170 W Irlo Bronson Hwy       | Kissimmee      | FL    | 34746-5346 |
| Perkins Restaurant & Bakery | 1133        | 7451 W Irlo Bronson Hwy       | Kissimmee      | FL    | 34747-1722 |
| Perkins Restaurant & Bakery | 1134        | 6813 Sand Lake Rd             | Orlando        | FL    | 32819-9302 |
| Perkins Restaurant & Bakery | 1140        | 13620 N Cleveland Avenue      | Ft Myers       | FL    | 33903-4307 |
| Perkins Restaurant & Bakery | 1142        | 12559 State Road 535          | Orlando        | FL    | 32836-6724 |
| Perkins Restaurant & Bakery | 1192        | 27941 Crown Lake Blvd         | Bonita Springs | FL    | 34135-4240 |
| Perkins Restaurant & Bakery | 1203        | 2700 Lee Blvd                 | Lehigh Acres   | FL    | 33971-1418 |
| Perkins Restaurant & Bakery | 1226        | 1286 Saxon Blvd.              | Orange City    | FL    | 32763-8463 |
| Perkins Restaurant & Bakery | 1230        | 6425 University Blvd.         | Winter Park    | FL    | 32792-7404 |
| Perkins Restaurant & Bakery | 1242        | 905 Bichara Blvd              | Lady Lake      | FL    | 32159      |
| Perkins Restaurant & Bakery | 1245        | 14801 S Tamiami Trail         | Ft Myers       | FL    | 33912      |
| Perkins Restaurant & Bakery | 1249        | 1700 Tamiami Trail            | Port Charlotte | FL    | 33948      |
| Perkins Restaurant & Bakery | 1250        | 1502 Cape Coral Pkwy          | Cape Coral     | FL    | 33904      |
| Perkins Restaurant & Bakery | 1251        | 1551 Del Prado Boulevard S.   | Cape Coral     | FL    | 33990      |

|                             |      |                           |                 |    |            |
|-----------------------------|------|---------------------------|-----------------|----|------------|
| Perkins Restaurant & Bakery | 1280 | 150 E Van Fleet Dr        | Bartow          | FL | 33830      |
| Perkins Restaurant & Bakery | 1003 | 3310 Southgate Court SW   | Cedar Rapids    | IA | 52404-5413 |
| Perkins Restaurant & Bakery | 1014 | 819 1st Ave               | Coralville      | IA | 52241-2105 |
| Perkins Restaurant & Bakery | 1025 | 325 S Duff Ave.           | Ames            | IA | 50010-6643 |
| Perkins Restaurant & Bakery | 1028 | 2000 SW McKinley Ave.     | Des Moines      | IA | 50315-4463 |
| Perkins Restaurant & Bakery | 1033 | 2425 E Euclid Ave.        | Des Moines      | IA | 50317-3657 |
| Perkins Restaurant & Bakery | 1043 | 3102 South Center Street  | Marshalltown    | IA | 50158-4712 |
| Perkins Restaurant & Bakery | 1052 | 2201 4th St SW            | Mason City      | IA | 50401-4606 |
| Perkins Restaurant & Bakery | 1057 | 4601 Merle Hay Rd.        | Des Moines      | IA | 50322-1962 |
| Perkins Restaurant & Bakery | 1065 | 1207 North 25th Street    | Clear Lake      | IA | 50428-0602 |
| Perkins Restaurant & Bakery | 1088 | 3300 Agency Rd            | Burlington      | IA | 52601-1966 |
| Perkins Restaurant & Bakery | 1096 | 1505 W 19th St S          | Newton          | IA | 50208-6004 |
| Perkins Restaurant & Bakery | 1102 | 8601 Hickman Road         | Des Moines      | IA | 50322-4323 |
| Perkins Restaurant & Bakery | 1115 | 2785 Plaza Drive          | Dubuque         | IA | 52003      |
| Perkins Restaurant & Bakery | 1175 | 315 Collins Road NE       | Cedar Rapids    | IA | 52402-3118 |
| Perkins Restaurant & Bakery | 1233 | 1224 Jordan Creek Parkway | West Des Moines | IA | 50266-5825 |
| Perkins Restaurant & Bakery | 1114 | 2999 N Monroe St.         | Decatur         | IL | 62526-3265 |
| Perkins Restaurant & Bakery | 1177 | 1810 W War Memorial Dr    | Peoria          | IL | 61614-6728 |
| Perkins Restaurant & Bakery | 1185 | 1850 N. Henderson Street  | Galesburg       | IL | 61401-1323 |
| Perkins Restaurant & Bakery | 1202 | 1214 West University Ave  | Urbana          | IL | 61801-2338 |
| Perkins Restaurant & Bakery | 1002 | 8324 Lyndale Ave South    | Bloomington     | MN | 55420-2263 |
| Perkins Restaurant & Bakery | 1005 | 4917 Eden Ave             | Edina           | MN | 55424-1331 |
| Perkins Restaurant & Bakery | 1006 | 11300 Highway 7           | Minnetonka      | MN | 55305-6916 |
| Perkins Restaurant & Bakery | 1008 | 1206 Vermillion Street    | Hastings        | MN | 55033-2847 |

|                             |      |                                   |               |    |            |
|-----------------------------|------|-----------------------------------|---------------|----|------------|
| Perkins Restaurant & Bakery | 1018 | 696 W County Rd D                 | New Brighton  | MN | 55112-3518 |
| Perkins Restaurant & Bakery | 1019 | 5420 W Broadway Avenue            | Crystal       | MN | 55428-3506 |
| Perkins Restaurant & Bakery | 1021 | 2945 Empire Ln N                  | Plymouth      | MN | 55447-5316 |
| Perkins Restaurant & Bakery | 1022 | 2215 E Main Street                | Albert Lea    | MN | 56007-3922 |
| Perkins Restaurant & Bakery | 1031 | 623 Frontier Drive                | Fergus Falls  | MN | 56537-1025 |
| Perkins Restaurant & Bakery | 1041 | 7520 University Ave NE            | Fridley       | MN | 55432-2614 |
| Perkins Restaurant & Bakery | 1051 | 2009 County Road D E              | Maplewood     | MN | 55109-5313 |
| Perkins Restaurant & Bakery | 1055 | 700 Pine Street                   | Monticello    | MN | 55362-8575 |
| Perkins Restaurant & Bakery | 1059 | 4201 W 78th St.                   | Bloomington   | MN | 55435-5488 |
| Perkins Restaurant & Bakery | 1060 | 7620 150th St W                   | Apple Valley  | MN | 55124-7188 |
| Perkins Restaurant & Bakery | 1061 | 4920 Hwy 29 S                     | Alexandria    | MN | 56308-2905 |
| Perkins Restaurant & Bakery | 1071 | 6920 Wayzata Blvd.                | Golden Valley | MN | 55426-1718 |
| Perkins Restaurant & Bakery | 1084 | 1495 County Road B West           | Roseville     | MN | 55113      |
| Perkins Restaurant & Bakery | 1097 | 12545 Ulysses St. NE              | Blaine        | MN | 55434-4861 |
| Perkins Restaurant & Bakery | 1116 | 11801 73rd Ave N                  | Maple Grove   | MN | 55369-5596 |
| Perkins Restaurant & Bakery | 1159 | 623 W Washington Street           | Brainerd      | MN | 56401-2930 |
| Perkins Restaurant & Bakery | 1184 | 1345 Town Centre Drive            | Eagan         | MN | 55123-2309 |
| Perkins Restaurant & Bakery | 1215 | 1365 S Robert Street              | West St Paul  | MN | 55118-3141 |
| Perkins Restaurant & Bakery | 1216 | 1818 S. Broadway                  | Rochester     | MN | 55904      |
| Perkins Restaurant & Bakery | 1220 | 1200 Interstate Hwy 35            | Owatonna      | MN | 55060-0587 |
| Perkins Restaurant & Bakery | 1221 | 17387 Kenyon Avenue               | Lakeville     | MN | 55044      |
| Perkins Restaurant & Bakery | 1223 | 8585 Aspen Lane N                 | Brooklyn Park | MN | 55445-1842 |
| Perkins Restaurant & Bakery | 1258 | 1155 West Broadway                | Forest Lake   | MN | 55025-1416 |
| Perkins Restaurant & Bakery | 1290 | Chaska Commons 184<br>Pioneer Trl | Chaska        | MN | 55318      |

|                             |      |                           |                 |    |            |
|-----------------------------|------|---------------------------|-----------------|----|------------|
| Perkins Restaurant & Bakery | 1074 | 3901 Frederick Avenue     | Saint Joseph    | MO | 64506-3022 |
| Perkins Restaurant & Bakery | 1087 | 6292 North Oak St.        | Gladstone       | MO | 64118-2234 |
| Perkins Restaurant & Bakery | 1164 | 1001 S E Hamblen Road     | Lees Summit     | MO | 64081-2937 |
| Perkins Restaurant & Bakery | 1196 | 1722 Jefferson Street     | Jefferson City  | MO | 65109-2011 |
| Perkins Restaurant & Bakery | 1201 | 1100 South Limit Ave      | Sedalia         | MO | 65301-3655 |
| Perkins Restaurant & Bakery | 1026 | 1220 36th St S            | Fargo           | ND | 58103-2210 |
| Perkins Restaurant & Bakery | 1083 | 1100 Interstate Avenue    | Bismarck        | ND | 58501-0553 |
| Perkins Restaurant & Bakery | 1174 | 100 E Bismarck Expressway | Bismarck        | ND | 58504-6334 |
| Perkins Restaurant & Bakery | 1204 | 2125 N 14th St            | Ponca City      | OK | 74601-1830 |
| Perkins Restaurant & Bakery | 1118 | 3455 Poplar Avenue        | Memphis         | TN | 38111-4654 |
| Perkins Restaurant & Bakery | 1269 | 960 W. Poplar Avenue      | Collierville    | TN | 38017-2546 |
| Perkins Restaurant & Bakery | 1012 | N6209 Oasis Rd.           | Blk River Falls | WI | 54615      |
| Perkins Restaurant & Bakery | 1029 | 2025 Highland Avenue      | Eau Claire      | WI | 54701-4316 |
| Perkins Restaurant & Bakery | 1042 | 100 N Military Ave.       | Green Bay       | WI | 54303-3202 |
| Perkins Restaurant & Bakery | 1046 | 2975 W College Ave        | Appleton        | WI | 54914-2912 |
| Perkins Restaurant & Bakery | 1048 | 1410 Damon Rd             | Madison         | WI | 53713-2354 |
| Perkins Restaurant & Bakery | 1069 | 1200 N Central Avenue     | Marshfield      | WI | 54449-1505 |
| Perkins Restaurant & Bakery | 1099 | 4863 Hayes Rd.            | Madison         | WI | 53704-3260 |
| Perkins Restaurant & Bakery | 1225 | 9428 Highway 16           | Onalaska        | WI | 54650-8540 |
| Perkins Restaurant & Bakery | 1238 | 3030 East College Ave.    | Appleton        | WI | 54915      |

## **FORMER FRANCHISEES**

The following lists the names, city and state, and current business telephone numbers or if unknown, the last known home telephone) of Perkins Standard Unit franchisees that had a franchise terminated, cancelled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under its Franchise Agreement during Perkins' most recently completed fiscal which ended April 28, 2020. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Note 1 – Indicates that these franchisees left the system after October 22, 2019, which is the Acquisition Date when Perkins became the franchisor of the System. All other former franchisees listed in this Exhibit left the system prior to the Acquisition Date.

Note 2 - Indicates that these franchisees continue to operate other Perkins restaurants.

### **Former Franchisees of Units that Ceased Operating:**

| Franchisee Name  | Unit # | Address                          | City       | State | Zip   | Phone Number |
|--|--------|----------------------------------|------------|-------|-------|--------------|
| SFR III Holdings, LLC (Pat Correll) (Note2)                  | 2457   | 321 Townparke Circle             | Louisville | KY    | 40243 | 570-784-5023 |
| Northcott Company (Paul Kirwin) (Note 2)                     | 3517   | 600 Market Street, Suite 230     | Chanhassen | MN    | 55317 | 952-294-5291 |
| JLC Food Systems, Inc. (Adam Zimny) (Notes 1 and 2)          | 4308   | 118 6 <sup>th</sup> Avenue South | ST Cloud   | MN    | 56301 | 412-513-8826 |
| US Bozeman, LLC (Ray Ueland) (Note 1)                        | 3657   | 8 West Park, Suite 203           | Butte      | MT    | 59701 | 406-494-4279 |
| US of Missoula, LLC (Ken Sanders) (Note 1)                   | 2355   | 2275 N Reserve Street            | Missoula   | MT    | 59808 | 412-513-8826 |
| Andlau, Inc. (Teddy Petrou) (Note 2)                         | 2426   | 24 Route 34 South                | Colts Neck | NJ    | 7722  | 908-770-6660 |
| K Investments Limited of Ohio, LP (Doug Klingerman) (Note 2) | 3394   | 1388 State Route 487             | Bloomsburg | PA    | 17815 | 570-784-5023 |
| K Investments Limited of Ohio, LP (Doug Klingerman) (Note 2) | 3583   | 1388 State Route 487             | Bloomsburg | PA    | 17815 | 570-784-5023 |
| 5171 Campbells Land Co. (William Kane) (Note 1)              | 3730   | 252 Fourth Avenue                | Rankin     | PA    | 15104 | 412-513-8826 |
| 5171 Campbells Land Co. (William Kane) (Note 1)              | 3573   | 252 Fourth Avenue                | Rankin     | PA    | 15104 | 412-513-8826 |
| 5171 Campbells Land Co. (William Kane) (Note 1)              | 3388   | 252 Fourth Avenue                | Rankin     | PA    | 15104 | 412-513-8826 |
| 5171 Campbells Land Co. (William Kane) (Note 1)              | 3731   | 252 Fourth Avenue                | Rankin     | PA    | 15104 | 412-513-8826 |
| 5171 Campbells Land Co. (William Kane) (Note 1)              | 3474   | 252 Fourth Avenue                | Rankin     | PA    | 15104 | 412-513-8826 |
| 5171 Campbells Land Co. (William Kane) (Note 1)              | 3460   | 252 Fourth Avenue                | Rankin     | PA    | 15104 | 412-513-8826 |

|   |      |                                    |                 |     |            |              |
|---|------|------------------------------------|-----------------|-----|------------|--------------|
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3448 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3523 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3525 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3463 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3844 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3464 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3383 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 2537 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| 5171 Campbells Land Co.<br>(William Kane) (Note 1)                  | 3572 | 252 Fourth Avenue                  | Rankin          | PA  | 15104      | 412-513-8826 |
| JB Enterprises, Inc.<br>(Robert Miller) (Notes 1<br>and 2)          | 2542 | 5120 S. Western Ave.,<br>Suite 102 | Sioux Falls     | SD  | 57108      | 412-513-8826 |
| <b>Canada:</b>  |      |                                    |                 |     |            |              |
| Jonily Investments LTD<br>(Gordon Both) (Note 2)                    | 3882 | 2 Desert Blume Crt SW              | Desert<br>Blume | ALB | T1B<br>0A4 | 306-628-7272 |
| Calgary Two Limited<br>Partnership (Chris<br>Manderscheid) (Note 2) | 2408 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| 4445172 Manitoba<br>Limited (Chris<br>Manderscheid) (Note 2)        | 2580 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| B. Andre Management II<br>Corp (Chris<br>Manderscheid) (Note 2)     | 3880 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| B. Andre Management III<br>Corp (Chris<br>Manderscheid) (Note 2)    | 3871 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| Canton Management 1,<br>Inc. (Chris Manderscheid)<br>(Note 1)       | 2649 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| 3760601 Manitoba Ltd<br>(Chris Manderscheid)<br>(Note 1)            | 2462 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| Andre's Management 1<br>Corp. (Chris<br>Manderscheid) (Note 1)      | 3879 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |
| 5218838 Manitoba Ltd.<br>(Chris Manderscheid)<br>(Note 1)           | 2615 | 2142 McPhillips Street             | Winnipeg        | MAN | R2V<br>3C8 | 403-813-6371 |

**Former Franchisees of Units that Perkins Reacquired:**

| <b>Former Franchisee Name</b> | <b>Unit #</b> | <b>Address</b> | <b>City</b> | <b>State</b> | <b>Zip Code</b> | <b>Phone Number</b> |
|-------------------------------|---------------|----------------|-------------|--------------|-----------------|---------------------|
| None                          |               |                |             |              |                 |                     |

**Former Franchisees Transferred Franchised Unit:**

| <b>Former Franchisee Name</b>  | <b>Unit #</b> | <b>Address</b>                 | <b>City</b> | <b>State</b> | <b>Zip</b> | <b>Phone Number</b> |
|--|---------------|--------------------------------|-------------|--------------|------------|---------------------|
| G&G Enterprises of Spring Hill, Inc. (Gary Brown) (Note 1)   | 3891          | 14100 Sandy Drive              | Brooksville | FL           | 34613      | 352-596-2223        |
| TJ Food Services (Mark Cory) (Note 1)  | 2600          | 1172 Red Fox Road              | Arden Hills | MN           | 55112      | 651-766-6703        |
| QFS of Savage, Inc. (Steve Ikeda)(Note 1)  | 2673          | 890 Bluebill Bay Road          | Burnsville  | MN           | 55306      | 612-207-8548        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 2474          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3346          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3382          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3458          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3459          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3466          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3495          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3531          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3604          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3670          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3709          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| 5171 Campbells Land Co, Inc. (William Kane) (Note 1)   | 3794          | 252 Fourth Avenue              | Rankin      | PA           | 15104      | 412-513-8826        |
| Queen City Family Pancakes, In. (Danny J. Green, Gary L. Anderson, Donald G.A. Anderson, Donald G. Abrahamson and Danny P. Oneil) (Note 1) | 3834          | PO Box 878                     | Spearfish   | SD           | 57783      | 605-642-4711        |
| Kuper Kakes, Inc. (Steve Kuper) (Note 1)   | 2325          | 2604 W 41 <sup>st</sup> Street | Sioux Falls | SD           | 57105      | 605-3391310         |

|  |      |                 |            |    |       |              |
|--|------|-----------------|------------|----|-------|--------------|
| Haberraft, Inc. (Richard<br>Haberman, Wendy<br>Haberman, James Kraft,<br>Mary Kraft) (Note 1). | 2315 | 1504 Highway 97 | Ellensburg | WA | 98926 | 509-925-4662 |
|--|------|-----------------|------------|----|-------|--------------|

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

**PERKINS LLC**  
**FINANCIAL STATEMENT**  
**AS OF APRIL 28, 2020 AND FOR THE PERIOD**  
**FROM OCTOBER 16, 2019 TO APRIL 28, 2020**

**PERKINS LLC*****Table of Contents******April 28, 2020***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Perkins LLC  
Atlanta, Georgia

We have audited the accompanying financial statements of Perkins LLC which comprises the balance sheet as of April 28, 2020 and the related statements of operations, member's equity, and cash flows for the period from October 16, 2019 (date of inception) to April 28, 2020, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statement***

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; this includes 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perkins LLC as of April 28, 2020 and the results of its operations and cash flows for the period from October 16, 2019 to April 28, 2020 in accordance with accounting principles generally accepted in the United States of America.

*Frazier & Deeter, LLC*

October 15, 2020

**PERKINS LLC**
***Balance Sheet***

**April 28, 2020**  
*(In Thousands)*

---

| <b>Assets</b>   |                  |
|---|------------------|
| Current Assets:   |                  |
| Cash  | \$ 10,347        |
| Franchisees receivables, net of allowance for doubtful accounts of \$2,404    | 1,341            |
| Credit card and delivery service receivables                                  | 243              |
| Due from related parties  | 58               |
| Inventories   | 1,343            |
| Prepaid expenses and other current assets                                     | <u>348</u>       |
| Total current assets  | <u>13,680</u>    |
| Property and equipment, net of accumulated depreciation of \$910              | <u>24,550</u>    |
| Other assets:   |                  |
| Intangibles, net of impairment of \$429 and accumulated amortization of \$445 | 26,561           |
| Other assets  | <u>719</u>       |
| Total other assets  | <u>27,280</u>    |
| Total Assets  | <u>\$ 65,510</u> |

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See notes to financial statements.

**PERKINS LLC**
***Balance Sheet - Continued***
**April 28, 2020**
*(In Thousands)*
**Liabilities and Member's Equity**
**Current Liabilities:**

|  |              |
|--|--------------|
| Accounts payable   | \$ 3,212     |
| Accrued expenses   | 4,896        |
| Due to related parties   | 7,093        |
| Franchisee deposits  | 283          |
| Current portion of long-term debt  | <u>2,625</u> |
| <br>Total current liabilities  | 18,109       |
| <br>Long-term debt, net of current portion and unamortized deferred financing costs of \$1,320 | 31,055       |
| Deferred supplier incentive fund   | 4,057        |
| Other liabilities  | <u>910</u>   |
| <br>Total liabilities  | 54,131       |

**Commitments**

|                                       |                  |
|---------------------------------------|------------------|
| Member's equity                       | <u>11,379</u>    |
| Total Liabilities and Member's Equity | <u>\$ 65,510</u> |

See notes to financial statements.

**PERKINS LLC**
***Statement of Operations***

**For the Period From October 16, 2019 to April 28, 2020**  
 (In Thousands)

---

|   |                   |
|---|-------------------|
| Revenues  | \$ 83,396         |
| <b>Cost and expenses:</b>                           |                   |
| Cost of food, supplies, rental, and equipment sales | 22,025            |
| Selling, general, and administrative expenses       | 61,579            |
| Depreciation and amortization                       | 1,355             |
| Impairment of intangibles                           | 429               |
| Transaction costs                                   | <u>3,230</u>      |
| Total cost and expenses                             | <u>88,618</u>     |
| Operating loss                                      | (5,222)           |
| <b>Other income (expense):</b>                      |                   |
| Other income  | 908               |
| Interest expense                                    | <u>(1,153)</u>    |
| Net loss  | <u>\$ (5,467)</u> |

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See notes to financial statements.

**PERKINS LLC*****Statement of Member's Equity***

**For the Period From October 16, 2019 to April 28, 2020**  
**(In Thousands)**

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|                                    |                  |
|------------------------------------|------------------|
| Member's equity - October 16, 2019 | \$ -             |
| Contributions                      | 16,846           |
| Net loss                           | <u>(5,467)</u>   |
| Member's equity - April 28, 2020   | <u>\$ 11,379</u> |

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See notes to financial statements.

**PERKINS LLC**
***Statement of Cash Flows***

**For the Period From October 16, 2019 to April 28, 2020**  
 (In Thousands)

**Increase in Cash**
**Cash flows from operating activities:**

|  |              |
|--|--------------|
| Net loss   | \$ (5,467)   |
| <b>Adjustments to reconcile net loss to net cash provided by operating activities:</b> |              |
| Depreciation and amortization  | 1,355        |
| Impairment of intangibles  | 429          |
| Amortization of deferred loan costs  | 244          |
| Provision for bad debts  | 1,050        |
| Changes in assets and liabilities, net of assets acquired:                             |              |
| Accounts receivable  | (649)        |
| Credit card and delivery receivables   | 1,966        |
| Due from related parties   | (58)         |
| Inventories  | 133          |
| Prepaid expenses and other current assets  | 428          |
| Other assets   | (595)        |
| Accounts payable   | (3,813)      |
| Accrued expenses   | 3,656        |
| Due to related parties   | 3,924        |
| Deferred supplier incentive fund   | 4,057        |
| Franchisee deposits  | 283          |
| Other liabilities  | 910          |
| Net cash provided by operating activities  | <u>7,853</u> |

**Cash flows from investing activities:**

|                                       |                 |
|---------------------------------------|-----------------|
| Purchase of property and equipment    | (645)           |
| Cash paid for business acquired       | <u>(47,143)</u> |
| Net cash used in investing activities | <u>(47,788)</u> |

**Cash flows from financing activities:**

|                                       |                |
|---------------------------------------|----------------|
| Capital contributions                 | 16,846         |
| Proceeds from senior debt borrowing   | 35,000         |
| Deferred loan costs incurred          | <u>(1,564)</u> |
| Net cash used in financing activities | <u>50,282</u>  |

Net increase in cash

10,347

**Cash, beginning of period**

 \$ 10,347
**Supplemental Disclosure of Cash Flow Information:**

|                        |               |
|------------------------|---------------|
| Cash paid for interest | \$ <u>778</u> |
|------------------------|---------------|

See notes to financial statements.

# PERKINS LLC

## *Notes to Financial Statement*

***As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020***

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### Note 1 - Description of business and summary of significant accounting policies:

Perkins LLC (the Company) was formed on October 16, 2019, to acquire certain assets of the franchise Perkins. The Perkins brand consists of family dining restaurants and bakeries. The Company is a wholly-owned subsidiary of EH Franchising Intermediateco, LLC. Unaudited system sales, including franchise locations and Company-owned locations, aggregated approximately \$232,205,000 for the period from October 22, 2019 to April 28, 2020. There are 89 company stores and 228 franchise stores as of April 28, 2020.

On October 22, 2019 (Closing Date), the Company purchased the assets of Perkins from Perkins & Marie Callender's Holding, LLC. The acquisition was funded with equity capital of approximately \$16,846,000 and borrowings from financial institutions of \$35,000,000. The acquisition was accounted for under the purchase method of accounting as prescribed by the Financial Accounting Standards Board (FASB) Codification (Codification). As of October 22, 2019, a valuation of the assets and liabilities included in the purchase price had not been formally completed, so the values have been retrospectively adjusted based on the valuation finalized during the period from October 22, 2019 to April 28, 2020.

#### Fair value of consideration transferred:

|                                      |                   |
|--------------------------------------|-------------------|
| Cash                                 | \$ 45,652,000     |
| Final net working capital adjustment | <u>1,491,000</u>  |
|                                      | <u>47,143,000</u> |

#### Fair value of identifiable assets acquired and liabilities assumed:

|                               |                     |
|-------------------------------|---------------------|
| Current assets                | 6,203,000           |
| Land, property, and equipment | 24,815,000          |
| Intangible assets             | 27,435,000          |
| Other assets                  | 124,000             |
| Current liabilities           | <u>(11,434,000)</u> |

Net identifiable assets 47,143,000

Goodwill \$ -

Transactions costs incurred in conjunction with the acquisition totaled \$3,230,000.

# PERKINS LLC

## *Notes to Financial Statement - Continued*

*As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020*

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### Note 1 - Description of business and summary of significant accounting policies - continued:

The following table represents the preliminary allocation of the fair values of assets and liabilities assumed as of the Closing Date (as previously reported) and the allocation of the fair values of the assets and liabilities assumed as of the Closing Date following the completion of the valuation during the period from October 16, 2019 to April 28, 2020 (as restated):

|                         | As<br>Previously<br>Reported | As Restated             | Change             |
|-------------------------|------------------------------|-------------------------|--------------------|
| Current assets          | \$ 6,210                     | \$ 6,203                | \$ 7               |
| Property and equipment  | 24,816                       | 24,815                  | 1                  |
| Goodwill                | 29,871                       | -                       | 29,871             |
| Intangible assets       | -                            | 27,435                  | (27,435)           |
| Other                   | <u>124</u>                   | <u>124</u>              | <u>-</u>           |
|                         | <u>61,021</u>                | <u>58,577</u>           | <u>2,444</u>       |
|                         |                              |                         |                    |
| Current liabilities     | 13,213                       | 11,434                  | 1,779              |
| Long-term debt          | -                            | -                       | -                  |
| Unearned franchise fees | <u>664</u>                   | <u>-</u>                | <u>664</u>         |
|                         | <u>13,877</u>                | <u>11,434</u>           | <u>2,443</u>       |
|                         |                              |                         |                    |
| Net assets acquired     | <u><u>\$ 47,144</u></u>      | <u><u>\$ 47,143</u></u> | <u><u>\$ 1</u></u> |

The methodology used in allocating the total consideration to the acquired assets and liabilities assumed is a) the book value of current assets and accrued liabilities were determined to approximate their value due to their short term nature; b) accounts receivable (portion of current assets) were recorded at their estimated fair values based on expected collectability; c) the fair value of property and equipment was valued at the net book value; d) franchise agreements were valued by a third-party using the Discounted Cash Flow Method; e) trade names were assessed using the Relief from Royalty Method; and f) other assets and long-term liabilities were valued by a third-party using the Market Method.

During the period from October 16, 2019 through April 28, 2020, the Company paid the net working capital adjustment that was accrued as of October 16, 2019 of \$1,491,000.

# PERKINS LLC

## *Notes to Financial Statement - Continued*

*As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020*

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### Note 1 - Description of business and summary of significant accounting policies - continued:

As a result of the reallocation of the fair values of the assets and liabilities assumed as of the Closing Date as discussed above, the balance sheet as of October 22, 2019 was restated as follows:

|   | As<br>Previously<br>Reported | As<br>Restated   | Change             |
|---|------------------------------|------------------|--------------------|
| Franchise receivables                     | <u>\$ 1,753</u>              | <u>\$ 1,742</u>  | <u>\$ (11)</u>     |
| Inventories                               | <u>1,468</u>                 | <u>1,476</u>     | <u>8</u>           |
| Prepaid expenses and other current assets | <u>\$ 780</u>                | <u>\$ 776</u>    | <u>\$ (4)</u>      |
| Property and equipment                    | <u>\$ 24,816</u>             | <u>\$ 24,815</u> | <u>\$ (1)</u>      |
| Goodwill                                  | <u>\$ 29,871</u>             | <u>\$ -</u>      | <u>\$ (29,871)</u> |
| Intangible assets                         | <u>\$ -</u>                  | <u>\$ 27,435</u> | <u>\$ 27,435</u>   |
| Accounts payable                          | <u>\$ 8,606</u>              | <u>\$ 7,025</u>  | <u>\$ (1,581)</u>  |
| Accrued expenses                          | <u>\$ 1,752</u>              | <u>\$ 1,240</u>  | <u>\$ (512)</u>    |
| Franchise advertising contributions       | <u>\$ 827</u>                | <u>\$ -</u>      | <u>\$ (827)</u>    |
| Gift card liability                       | <u>\$ 2,028</u>              | <u>\$ -</u>      | <u>\$ (2,028)</u>  |
| Due to related parties                    | <u>\$ -</u>                  | <u>\$ 3,169</u>  | <u>\$ 3,169</u>    |
| Other long-term liabilities               | <u>\$ 664</u>                | <u>\$ -</u>      | <u>\$ (664)</u>    |

### Basis of presentation

The Company has adopted the FASB Codification, which is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities. All of the Codification's content carries the same level of authority.

# PERKINS LLC

## ***Notes to Financial Statement - Continued***

***As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020***

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Note 1 - Description of business and summary of significant accounting policies - continued:

### Use of estimates in the preparation of the balance sheet

The preparation of the financial statement 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 statement. Actual results could differ from those estimates.

### Operating cycle

The Company's fiscal year is the 52- or 53-week period ending the Tuesday nearest to the final day of April. The period from October 16, 2019 to April 28, 2020 included 27 weeks.

### Receivables and credit policies

Accounts receivables are uncollateralized franchisee obligations due under normal trade terms requiring payment within 15 days from the invoice date. Franchisee account balances not paid within payment terms are considered delinquent and may include interest.

The Company carries accounts receivable at amounts deemed to be collectible by management. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Accounts are written off when the account is determined to be uncollectible. Recoveries are recognized in the period they are received. The ultimate collectibility of the accounts receivable may differ from that estimated by management. At April 28, 2020, the Company has recorded an allowance for doubtful accounts of \$2,404,000.

### Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by applying the first-in, first-out valuation method.

### Property and equipment

Property and equipment are recorded at cost. Depreciation of property and equipment are provided using the straight-line method over the following estimated useful lives:

|                        |  |
|------------------------|--|
| Leasehold improvements | Shorter of 3 - 10 years or life of lease |
| Equipment              | 3 - 10 years                             |

# PERKINS LLC

## *Notes to Financial Statement - Continued*

***As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020***

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Note 1 - Description of business and summary of significant accounting policies - continued:

### Property and equipment - continued

Expenditures for maintenance and repairs are charged to expense as incurred. Additions and betterments are capitalized. The cost of properties sold or otherwise disposed of, and the accumulated depreciation thereon is eliminated from the property and reserve accounts, and gains and losses are reflected in the statement of operations.

The Company reviews annually, or more frequently if circumstances require, the lives and depreciation methods assigned to long lived assets, such as property and equipment. The Company reviews long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable (based on estimates of future undiscounted cash flows). In the event of impairment, the asset is written down to its fair value. No impairments of property and equipment was recognized for the period from October 16, 2019 to April 28, 2020.

### Intangible assets

Intangible assets principally include trade names and franchise agreements. Intangible assets have been recorded at their estimated fair value based upon the valuation performed in the period from October 22, 2019 to April 28, 2020. Trade names are considered to have an indefinite life and are not subject to amortization. The franchise agreements are being amortized based upon estimated underlying cash flows, which approximates the straight-line method over the average remaining life of the franchise agreements of nine years. If impairment is indicated, the Company assesses recoverability of amortizable intangibles from future operations using undiscounted cash flows derived from the lowest appropriate asset groupings. Impairments, if indicated, are recognized in operating results to the extent that the carrying value exceeds fair value, which is generally determined based on the net present value of estimated future cash flows or market data for comparable companies.

The Company determined that the Coronavirus (COVID-19) outbreak resulted in a significant net loss during the year ended April 28, 2020, which represented a triggering event. The Company, with the help of a third-party appraisal firm, performed an impairment test to recalculate the fair value of the intangible assets as of April 28, 2020 based on the income, market and cost approach. The income method was performed using the Relief From Royalty Method. Based on this valuation it was determined that the carrying value of the trade name was impaired. As such, the Company recorded an impairment in the amount of \$429,000 during the period from October 16, 2019 through April 28, 2020.

## PERKINS LLC

### ***Notes to Financial Statement - Continued***

#### ***As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020***

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##### Note 1 - Description of business and summary of significant accounting policies - continued:

###### Revenue recognition

Revenue at the restaurants is recorded when customers pay for products and services at the time of sale. Royalty income is estimated during each period and is adjusted when actual amounts are reported by franchisees. Franchise fees are recognized as revenue when the related units begin operation or renew their term. The Company recognized \$5,957,000 of royalty revenue for the period from October 22, 2019 to April 29, 2020. Revenue recognized from company operated restaurant sales total \$77,439,000.

###### Vendor discounts

The Company has certain agreements with vendors that generally provide discounts to the Company on purchases. Such discounts are accrued when related purchases are received and are classified as a reduction of product cost.

###### Franchisee deposits

Franchisee deposits represent funds received in advance for future franchise location openings, which are recognized as revenue when the franchise location opens.

###### Advertising

The Company expenses all advertising costs as incurred. Advertising costs were \$780,000 for the period from October 22, 2019 to April 28, 2020.

The Company owned and franchised restaurants are required to join an advertising cooperative, PR&B Marketing Fund, LLC. (Perkins Marketing Fund). Each member restaurant contributes a percentage of sales to the Perkins Marketing Fund for market-wide programs, such as television, radio, and digital and print advertising. The rate of the contribution and uses of the monies collected are determined by management.

The Company owned and franchised restaurants are required to accept gift cards sold by its affiliate, PCSF LLC. The gift card contain no expiration dates or inactivity fees and are paid by PCSF LLC to the applicable franchisee or corporate owned store upon redemption. Revenue is not recognized by the Company on gift card redemptions at franchisees and corporate owned stores recognize revenue on these transaction at the time the gift card is redeemed. The estimated gift card liability recorded by PCSF LLC as of April 28, 2020 was \$1,807,000.

# PERKINS LLC

## *Notes to Financial Statement - Continued*

*As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020*

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Income taxes

The Company was formed as a limited liability company and is treated as a partnership for federal income tax purposes. As such, no provision or credit has been made in the accompanying financial statements for federal or state income taxes, as the member includes the profits or losses in their tax return.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authority, based on the technical merits of the position. All federal and state income tax positions taken or anticipated to be taken in the income tax returns are attributable to the member and not to the entity. As of April 28, 2020, there are no known items which would result in a material accrual related to where the Company has federal or state attributable tax positions.

#### Deferred financing costs

The Company incurred deferred financing costs in connection with obtaining debt. The Company incurred deferred financing costs of \$1,487,000 in connection with obtaining new debt. During the period from October 22, 2019 to April 28, 2020, the Company incurred \$77,000 of additional deferred financing costs. These costs are being capitalized as a reduction of the related debt and will be amortized using the straight-line method over the term of the related debt. As of April 28, 2020, the Company had deferred financing costs totaling \$1,564,000 and accumulated amortization of \$244,000.

#### Subsequent events

The Company has evaluated subsequent events through October 15, 2020, which is the date this financial statement was available to be issued. All subsequent events, if any, requiring recognition as of April 28, 2020, have been incorporated into this financial statement.

### Note 2 - Liquidity and going concern:

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's operations are primarily dependent upon royalty fees and restaurant sales at the Company-owned stores. Royalty fees and Company-owned restaurant sales have decreased significantly due to the COVID-19 pandemic and the government's order to shelter in place which has had a negative impact on operations, cash flows, and meeting current obligations. As a result, the Company may require additional financial resources to continue to meet their current obligations.

# PERKINS LLC

## *Notes to Financial Statement - Continued*

*As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020*

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### Note 2 - Liquidity and going concern - continued:

Management's plans with regard to this matter include re-opening all Company-owned locations with necessary precautions to prevent the spread of COVID-19; restructuring current debt facilities with current lenders; as well as renegotiating vendor contracts and delaying discretionary spending. However, due to the uncertainty of the length and depth of the pandemic impact, there is no assurance that the Company will be successful in obtaining sufficient financing to meet their financial obligations and the failure of the Company to obtain sufficient funds, when needed, could have a material adverse effect on the Company's business and financial condition. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Note 3 - New accounting pronouncements:

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). In May 2020, as a result of the COVID-19 pandemic, the FASB amended the guidance to defer the effective date of this standard by one year. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company is currently evaluating the requirements of the new standard to ensure that it has the processes, systems, and internal controls in place to collect the necessary information to implement the standard. The Company is currently evaluating the effect that ASU 2014-09 will have on the financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842): Amendments to the FASB Accounting Standards Codification (Update 2016-02), which requires an entity to recognize lease assets and lease liabilities on the balance sheet and to disclose key qualitative and quantitative information about the entity's leasing arrangements. This update is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. A modified retrospective approach is required. Upon adoption of this new standard, the Company will recognize significant right of use assets and lease obligation liabilities on the balance sheets as a result of its operating lease obligations. Operating lease expense will still be recognized on a straight-line basis over the remaining life of the lease. The Company is currently evaluating the effect that ASU 2016-02 will have on the financial statement and related disclosures.

# PERKINS LLC

## *Notes to Financial Statement - Continued*

*As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020*

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### Note 4 - Intangible assets:

Intangible assets as of April 28, 2020 are summarized as follows (in thousands):

|                         | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Impairment    | Net<br>Carrying<br>Value | Weighted-<br>Average<br>Amortization<br>Period |
|-------------------------|-----------------------------|-----------------------------|---------------|--------------------------|--|
| Franchise agreements    | \$ 8,006                    | \$ 445                      | \$ -          | \$ 7,561                 | 9 years  |
| Trademarks              | <u>19,429</u>               | <u>-</u>                    | <u>429</u>    | <u>19,000</u>            | Indefinite                                     |
| Balance, April 28, 2020 | <u>\$ 27,435</u>            | <u>\$ 445</u>               | <u>\$ 429</u> | <u>\$ 26,561</u>         |  |

Aggregate amortization expense for amortizing intangible assets for the period from October 22, 2019 to April 28, 2020 was \$445,000.

Future expected amortization expense for amortizing intangible assets are as follows at April 28, 2020:

| Fiscal Year: |                 |
|--------------|-----------------|
| 2021         | \$ 890          |
| 2022         | 890             |
| 2023         | 890             |
| 2024         | 890             |
| 2025         | 890             |
| Thereafter   | <u>3,111</u>    |
|              | <u>\$ 7,561</u> |

### Note 5 - Property and equipment:

Property and equipment as of April 28, 2020 is comprised of the following (in thousands):

|   |                  |
|---|------------------|
| Leasehold improvements                          | \$ 16,954        |
| Equipment                                       | <u>8,506</u>     |
|   | 25,460           |
| Less: Accumulated depreciation and amortization | <u>(910)</u>     |
| Net property, and equipment                     | <u>\$ 24,550</u> |

Depreciation expense totaled \$910,000 for the year ended April 28, 2020.

# PERKINS LLC

## *Notes to Financial Statement - Continued*

***As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020***

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### Note 6 - Long-term debt:

In conjunction with the formation of Perkins LLC on October 22, 2019 (see Note 1), the Company borrowed a total of \$35,000,000 under a long-term loan agreement. The loan matures on January 31, 2023 and bears interest at LIBOR or the Base Rate plus the applicable margin at the time of the borrowing. Principal payments are required to be paid on a quarterly basis beginning in November 2019. These quarterly payments require principal repayment of 1.25% of the borrowed amount through February 2021. Beginning May 2021, quarterly principal payments increase to 1.875% of the borrowed amount and end with a balloon payment on January 31, 2023. Borrowings under the facilities are collateralized by substantially all assets of the Company. As of April 28, 2020, the loan had an outstanding balance of \$35,000,000.

The loan agreement requires that in the event the Company received certain proceeds related to the disposal of assets, such proceeds must be used to prepay the loan balance. Additionally, the loan is to be repaid in the event of the sale of the Company or an initial public offering, as defined. The loan agreement (i) contains restrictions on the payment of dividends, the amount of capital expenditures, and share repurchases and (ii) requires the maintenance of certain financial covenants computed on a quarterly basis. The loan agreement is collateralized by substantially all assets of the Company. The Company was not in compliance with the financial covenants as of April 28, 2020.

On October 13, 2020, the fourth amendment and waiver to the loan agreement was executed which waived the existing events of default, including violations of restrictive and financial covenants, failure to timely file unaudited and audited financial statements, and failure to deliver a compliance certificate and calculation of Excess Cash Flow, as defined. The amendment also added required prepayments of Development Loans and other amounts upon consummation of certain Sales and Leaseback Transactions, as defined in the agreement. The amendment also revised the lease-adjusted leverage ratio and the fixed-charge coverage ratio and waived the calculation of these covenants until July 20, 2021. The agreement also added additional monthly financial covenants for minimum EBITDA and Minimum Liquidity, as defined in the agreement, that take effect as of November 10, 2020. Lastly, the amendment added additional restrictive covenants during the Amendment Period, as defined in the agreement.

Future maturities of long-term debt are as follows at April 28, 2020:

| <u>Year Ending April 28,</u> |                             |
|------------------------------|-----------------------------|
| 2021                         | \$ 2,625,000                |
| 2022                         | 2,625,000                   |
| 2023                         | <u>29,750,000</u>           |
|                              | <u><u>\$ 35,000,000</u></u> |

## PERKINS LLC

### *Notes to Financial Statement - Continued*

***As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020***

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#### Note 7 - Transactions with related parties:

Huddle House, Inc. (HH) performs administrative services for the Company. HH charges a monthly fee to the Company for these services based upon the percentage of total revenues generated between each company. The fees are included in selling, general, and administrative expenses on the statement of operations and totaled approximately \$4,702,000 for the period from October 22, 2019 to April 28, 2020.

The Company owned restaurants expensed and paid approximately \$927,000 to Perkins Marketing Fund for advertising costs. All such amounts were recorded within "Selling, general, and administrative expenses" in accompanying statement of operations.

A reconciliation of the amounts "due to" and "due from" related parties as of April 28, 2020 is as follows:

| Description                       | Due From<br>Related<br>Parties | Due to<br>Related<br>Parties |
|-----------------------------------|--------------------------------|------------------------------|
| Huddle House                      | \$ -                           | \$ 5,252,000                 |
| Huddle House Marketing Fund, Inc. | -                              | 17,000                       |
| PCSF LLC                          | -                              | 1,404,000                    |
| Perkins Marketing Fund            | -                              | 420,000                      |
| Employees                         | <u>58,000</u>                  | -                            |
| Total                             | <u>\$ 58,000</u>               | <u>\$ 7,093,000</u>          |

#### Note 8 - Deferred supplier incentive fund:

From time to time, the Company enters into incentive agreements with vendors to sell the vendor's products at all Perkins' locations. During the period ended April 28, 2020, the Company entered into an incentive contract whereby the Company was advanced \$5,018,000. The deferred contract liability is recognized as revenue based upon volume of products sold at all Perkins locations. During the year ended April 28, 2020, the Company recognized \$961,000 of the advance, of which \$908,000 and \$53,000 is included in other income and selling, general, and administrative expenses, respectively, on the statement of operations. Of the revenue recognized, the Company has agreed to pay Perkins Marketing Fund \$298,000, which is included as a component of due to related parties on the balance sheet and advertising expense on the statement of operations. As of April 28, 2020, the deferred supplier incentive fund totaled \$4,057,000.

## PERKINS LLC

### *Notes to Financial Statement - Continued*

*As of April 28, 2020 and for the Period From October 16, 2019 to April 28, 2020*

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#### Note 9 - Commitments and contingencies:

##### Operating leases

The majority of the Perkins restaurant leases have an initial term of 20 years. The leases generally provide for 2 or 4 renewal periods of 5 years each. Contingent rents are generally amounts due as a result of sales in excess of amounts stipulated in certain restaurant leases and are included in rent expense as they are incurred. Future minimum payments related to non-cancelable leases that have initial or remaining lease terms in excess of 1 year as of April 28, 2020 were as follows:

| <u>Year ending April 28:</u> |                           |
|------------------------------|---------------------------|
| 2021                         | \$ 10,496,000             |
| 2022                         | 10,428,000                |
| 2023                         | 10,448,000                |
| 2024                         | 10,552,000                |
| 2025                         | 10,614,000                |
| Thereafter                   | <u>74,995,000</u>         |
|                              | <br><u>\$ 127,533,000</u> |

##### Legal matters

The Company is involved in certain litigation and claims in the ordinary course of business. In management's opinion, the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

##### Significant franchisees

As of April 28, 2020, 3 Perkins franchisees otherwise unaffiliated with the Company owned 70 (or 31%) of the 228 franchised Perkins restaurants. Those franchisees make up 33% of the accounts receivable balance as of April 28, 2020.

## **UNAUDITED FINANCIAL STATEMENTS**

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

**Perkins LLC**  
**Balance Sheet**  
**As of August 18, 2020 in \$000s**

**Assets**

Current Assets

|                                      |              |
|--------------------------------------|--------------|
| Cash                                 | 7,102        |
| Accounts Receivable Trade            |              |
| Less Reserves For Bad Debt           | 1,556        |
| Accounts Receivable Non Trade        | (2,791)      |
| Inventory                            | 1,422        |
| Prepaid Expenses                     | <u>1,114</u> |
| Total Current Assets                 | 8,405        |
| PP&E                                 |              |
| Gross PP&E                           | 25,846       |
| Accumulated Depreciation             | <u>1,471</u> |
| Net PP&E                             | 24,375       |
| Long Term Assets                     |              |
| Notes Receivable                     | 89           |
| Deferred Financing Fees              | 1,564        |
| Franchise Acquisition & Other Assets | 622          |
| Goodwill                             | 25,953       |
| Intangibles                          | <u>-</u>     |
| Total Long Term Assets               | 28,227       |
|                                      |              |

Total Assets

61,007

**Liabilities**

Current Liabilities

|  |        |
|--|--------|
| Accounts Payable                       | 4,206  |
| Deposits From Franchisees              | 13     |
| Accrued Payroll & Related Taxes        | 3,653  |
| Accrued Employee Benefit Plans         | 12     |
| Accrued Interest                       | (813)  |
| Other Current Liabilities              | 11,422 |
| Current Portion of LT Debt (Term Loan) | 2,625  |

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|  |                |
|--|----------------|
| Total Current Liabilities                      | 21,118         |
| Long-Term Debt                                 |                |
| Bank Term Loan                                 | <u>30,625</u>  |
| Total Long- Term Debt                          | 30,625         |
| Other Long-Term Liabilities                    |                |
| Other LT Liabilities                           | 859            |
| Total Liabilities                              | 52,600         |
| Stockholder's Equity                           |                |
| Common Stock                                   | 13,616         |
| Retained Earnings                              | <u>(5,209)</u> |
| Total Stockholder's Equity                     | 8,407          |
| <br>Total Liabilities and Stockholder's Equity | <br>61,007     |

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**Perkins LLC**  
**Consolidated Income Statement**  
**For the 112 Days ending August 18, 2020 in \$000s**

|                                 | <u>Current Year</u> |
|---------------------------------|---------------------|
| Total Revenue                   | 35,173              |
| Costs of Goods Sold             | <u>8,456</u>        |
| Gross Profit                    | 26,717              |
| <i>% of Revenue</i>             | 76.0%               |
| Operating Expenses              | 30,998              |
| Depreciation                    | 570                 |
| Amortization                    | 0                   |
| Gain or (Loss) on Asset Sales   | (848)               |
| Interest Expense                | 497                 |
| Income Tax Provisions (Benefit) | <u>0</u>            |
| Net Income                      | (4,500)             |

## **EXHIBIT F**

### **TABLE OF CONTENTS TO ONLINE LEARNING SYSTEM**

| <b>Learning Program</b> | <b>Content</b>          |
|-------------------------|-------------------------|
| Bake                    | 4 courses               |
| Bus Training            | 1 course                |
| Certified Trainer       | 4 courses, 1 workbook   |
| Cook                    | 9 Courses               |
| CrunchTime: TM          | 6 Courses               |
| Development             | 2 Courses               |
| Dish Training           | 1 Course                |
| GM                      | 4 Courses, 1 workbook   |
| Host                    | 5 Courses               |
| Managers                | 16 Courses, 2 Workbooks |
| Menu Training           | 14 Courses              |
| Prep                    | 3 Courses               |
| Safety and Food Safety  | 6 Courses               |
| Server                  | 10 Courses              |
| Shift Leadership        | 10 Courses, 2 workbooks |

All Learning Programs includes training guides, position tests, and skills validation checklists

### **ADDITIONAL MATERIALS**

#### **Menu Tour**

#### **Menu Explosion and Point of Work Posters**

#### **Shift Standards Manual, which contains 32 pages**

#### **Operations Manual Table of Contents, which contains 130 pages**

| <u>Topic</u>                                     | <u>Page No.</u> |
|--|-----------------|
| About this Manual                                | 1               |
| Brand Pillars                                    | 2               |
| Image  | 3               |
| Training Materials                               | 5               |
| Training Overview: LMS and University of Perkins | 6               |
| Perkins Advisory Council                         | 8               |
| Remodel Standards                                | 10              |
| Event Guidelines and Holidays                    | 11              |
| Public Relations   Donations                     | 12              |
| Perkins Management Structure                     | 13              |
| Manager Priorities                               | 15              |

|  |     |
|--|-----|
| Decision Making  | 16  |
| Manager Schedules  | 17  |
| Managing Priorities and Time                                 | 18  |
| Perkins Promise and Quality Circles                          | 19  |
| Quality Assurance (QA)                                       | 21  |
| Manager Office Organization                                  | 22  |
| Perkins Cleaning System                                      | 27  |
| Health Department  | 28  |
| Security and Loss Prevention                                 | 30  |
| Safety   | 31  |
| Opening and Closing Procedures                               | 32  |
| Supply Chain Management                                      | 34  |
| Managing Food  | 36  |
| Managing Service   | 47  |
| Sales  | 59  |
| Bakery and Retail Management                                 | 60  |
| Marketing  | 61  |
| Accounting   | 67  |
| Payroll, Accounts Payable, Daily Sales and Cash, Daily Stats |     |
| Payment Card Industry Data Security Standard                 | 74  |
| Profit & Loss Statement                                      | 75  |
| Business Review  | 77  |
| Labor Cost Management  | 78  |
| Direct Operating Expense (DOE) Management                    | 83  |
| Repair and Maintenance                                       | 84  |
| <b>Franchise Section</b>                                     |     |
| Quality Assurance Inspections                                | 91  |
| Service Mark Standards                                       | 95  |
| National Advertising Policy                                  | 103 |

## **MENU RECIPE BINDER**

### **Table of Contents (2 pages)**

| <u>Topic</u>                 |  | <u>Pages</u> | <u>Total Pages</u> |
|------------------------------|--|--------------|--------------------|
| Menu Promo                   | Varies with promotional menu offerings | 1-14         | 16                 |
| TAB 1                        | Beverages & Desserts                   | 1-15         | 16                 |
| TAB 2                        | Biscuit Breakfasts, Skillets & Omelets | 1-12         | 13                 |
| TAB 3                        | Fresh Cracked Classics & Great Plates  | 1-14         | 15                 |
| TAB 4                        | Griddle Greats                         | 1-17         | 18                 |
| TAB 5                        | Hearty Extras & Sides                  | 1-37         | 38                 |
| TAB 6                        | Starters, Soups & Salads               | 1-16         | 17                 |
| TAB 7                        | Burgers, Melts, Sandwiches             | 1-18         | 19                 |
| TAB 8                        | Dinners                                | 1-17         | 18                 |
| TAB 9                        | 55+                                    | 1-13         | 14                 |
| TAB 10                       | Kids                                   | 1-14         | 15                 |
| <b>TOTAL PAGES IN MANUAL</b> |  |              | <b>20</b>          |

### **PREP RECIPE BINDER**

| <u>Topic</u> | <u>Pages</u>                               | <u>Total Pages</u> |
|--------------|--|--------------------|
| Prep Promo   | Varies with promotional menu offerings 1-6 | 6                  |
| Prep         |  | 176                |
|              | <b>TOTAL PAGES IN MANUAL</b>               | <b>182</b>         |

### **BAKE RECIPE BINDER**

| <u>Topic</u> | <u>Pages</u>                               | <u>Total Pages</u> |
|--------------|--|--------------------|
| Bake Promo   | Varies with promotional menu offerings 1-6 | 6                  |
| TAB 1        | Bakery                                     | 87                 |
|              | <b>TOTAL PAGES IN MANUAL</b>               | <b>93</b>          |

## **EXHIBIT G**

### **PERKINS LLC** **FRANCHISEE COMPLIANCE QUESTIONNAIRE**

As you know, Perkins LLC (“Perkins”) and you are preparing to enter into a Franchise Agreement and/or Market Development Agreement (as indicated in response to question #4 below) for the establishment and operation of one or more Perkins franchised businesses. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Perkins has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. I had my first face-to-face meeting with a representative of Perkins on \_\_\_\_\_, 20\_\_\_.
2. Have you received the Perkins Franchise Disclosure Document (“FDD”) that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes \_\_\_\_\_ No \_\_\_\_\_

4. At this time, you are entering into a (check as applicable):

Franchise Agreement. If so, have you received a fully completed copy (other than signatures) of the Franchise Agreement and each attached addendum and/or related agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

Market Development Agreement. If so, have you received a fully completed copy (other than signatures) of the Market Development Agreement and each attached addendum and/or related agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Do you understand that the success or failure of your Perkins franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Has any employee or other person speaking on behalf of Perkins made any statement or promise concerning the revenues, profits or operating costs of a Perkins franchised business operated by Perkins or its franchisees that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Has any employee or other person speaking on behalf of Perkins made any statement or promise regarding the amount of money you may earn in operating, or the likelihood of success you may achieve in operating, the franchised business that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Has any employee or other person speaking on behalf of Perkins made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that COMPANY will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. If you are entering into "Franchise Agreement", please answer the following (if not, and instead you are entering into a Market Development Agreement, please skip to Question 10):

- A. Have you entered into any binding agreement with Perkins concerning the purchase of this franchise prior to today (this does not refer to a Market Development Agreement signed with Perkins for the development of multiple franchises)?

Yes \_\_\_\_\_ No \_\_\_\_\_

- B. Have you paid any money to Perkins concerning the purchase of this franchise prior to today (this is not referring to any development fees paid under a Market Development Agreement signed with Perkins)?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. If you are entering into "Market Development Agreement", please answer the following (if not, please go to Question 11):

- A. Have you entered into any binding agreement with Perkins concerning the purchase of the development rights prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

- B. Have you paid any money to Perkins concerning the purchase of the development rights prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. If you have answered "Yes" to any one of questions 6-11, please provide a full explanation of each "Yes" answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of questions 6-11, please leave the following lines blank.

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12. I signed (check as applicable):

- Franchise Agreement (and addenda, if any) on \_\_\_\_\_, 20\_\_\_\_\_, and I acknowledge that no agreement or addendum is effective until signed and dated by Perkins.
- Market Development Agreement (and addenda, if any) on \_\_\_\_\_, 20\_\_\_\_\_, and I acknowledge that no agreement or addendum is effective until signed and dated by Perkins.

\* \* \*

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

APPLICANT

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\_\_\_\_\_ , 202\_\_\_\_

**EXHIBIT H**

**STATE SPECIFIC DISCLOSURE ADDENDA**

## California Disclosure Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Perkins LLC in connection with the offer and sale of franchisees for use in the State of California shall be amended to include the following:

1. Our website, [www.perkinsrestaurants.com](http://www.perkinsrestaurants.com), has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of the website may be directed to the California Department of Business Oversight at [www.dbo.ca.gov](http://www.dbo.ca.gov).

2. 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.

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

4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).

5. The following additional paragraph is added to the State Cover Page “Special Risks to Consider About This Franchise”:

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

6. In Item 3, “Litigation,” is amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

7. Item 5 “Initial Franchise Fees” is amended by the addition of the following:

The California Department of Business Oversight requires that all initial fees paid to Perkins LLC by the franchisee be held in escrow until Perkins LLC has completed its pre-opening obligations to the franchisee. The escrow agreement between Perkins LLC and Pacific Premier Bank, as the Escrow Agent, is on file at the California Department of Business Oversight.

8. Item 6, "Other Fees" is amended by the addition of the following paragraph in the row titled "Late Fees and Interest of Overdue Payments":

The maximum interest rate allowed in California is 10% per annum for some loans and in other circumstances.

9. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

The following notice is required to be inserted in this Disclosure Document by the state of California whenever an applicable provision is included in a Franchise Agreement. We reserve the right to attempt to enforce all of the provisions listed below in which we indicate that "this provision may not be enforceable under California law."

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchisee. This provision may not be enforceable under California law.

The Franchise Agreement contains a provision that may be interpreted as a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires that litigation be conducted in Atlanta, Georgia. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

10. Some of the categories of the financial performance figures in Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Perkins Franchised Business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information."

11. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000 - 31516, and the California Franchise Relations Act, Cal Bus. & Prof. Code §§ 2000 - 20043, are met independently without reference to this Addendum to the Disclosure Document.

## Illinois Disclosure Addendum

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 the Disclosure Document for Perkins LLC for use in the State of Illinois is amended as follows:

1. The “Summary” section of Item 17 (w), entitled Choice of Law, is amended by adding the following language:

However, except for federal law, Illinois law applies if the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

2. The following language is added to the end of **Item 17**, “Renewal, Termination, Transfer, and Dispute Resolution”:

“Sec. 705/4 of the Illinois Franchise Disclosure Act provides that ‘any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this state [Illinois] is void, provided that a franchise agreement may provide for arbitration in a forum outside of this state [Illinois].’”

The Franchisee’s rights upon non-renewal may be affected by Section 20 of the Illinois Franchise Disclosure Act of 1987. If the Franchisor refuses to renew the Franchise Agreement, the Franchisor will compensate the Franchisee if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act of 1987.

Conditions under which the Franchise Agreement can be terminated may be affected by Section 19 of the Illinois Franchise Disclosure Act of 1987.

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

3. Each section of this Addendum will be effective only to the extent (for that section) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (without reference to this Addendum).

## Indiana Disclosure

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, the Franchise Disclosure Document for Perkins LLC for use in the State of Indiana shall be amended as follows:

1. Item 8, "Restrictions on Sources of Products and Services," shall be amended by the addition of the following language:

Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

2. Item 12, "Territory," shall be amended by the addition of the following section:

We will not compete unfairly with you within a reasonable area.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following sections at the end of the Item:

The Indiana Deceptive Franchise Practices Act requires that any release executed by a Franchisee or transferor must not include any claims arising under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

The Indiana Deceptive Franchise Practices Act requires that Indiana law govern any cause of action which arises under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

4. No release language set forth in the Disclosure Document or the Franchise Agreement shall relieve us or any other person directly or indirectly from liability imposed by the laws concerning franchising of the State of Indiana.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum to the Disclosure Document.

## Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the Franchise Disclosure Document for Perkins LLC for use in the State of Maryland is amended as follows:

1. The Securities Commissioner of the State of Maryland requires that all initial fees paid to Perkins LLC by the franchisee be held in Escrow until Perkins LLC has completed its pre-opening obligations to the franchisee. The escrow agreement between Perkins LLC and EagleBank, as the Escrow Agent, is on file at the Maryland Securities Division.

2. The following language is added to the end of **Item 17**, “Renewal, Termination, Transfer and Dispute Resolution”:

“The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law. See **Exhibit MD-1** below for additional information regarding the release.

The Franchise Agreement permits you to sue only in the jurisdiction in which we maintain our principal place of business, except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, and for those claims, you may file suit in Maryland.

The Franchise Agreement and Market Development Agreement provide for termination upon bankruptcy of the franchisee. This provision may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. Section 101, *et seq.*).

Notwithstanding any provision of the Franchise Agreement or Market Development Agreement to the contrary, any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be commenced within three (3) years from the grant of the franchise or such action shall be barred.

3. The following language is added to the end of **Exhibit G**, “Franchisee Compliance Questionnaire”:

“The representations under this Franchisee Compliance Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

4. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this addendum to the Disclosure Document.

### Michigan Disclosure Addendum

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

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.
- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFeree IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFeree TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFeree TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

\* \* \* \*

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.

\* \* \* \*

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

\* \* \* \*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

\* \* \* \*

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE  
670 G. MENNEN WILLIAMS BUILDING  
LANSING, MICHIGAN 48913**

## Minnesota Disclosure Addendum

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for Perkins LLC for use in the State of Minnesota shall be amended to include the following:

1. The Minnesota Department of Commerce requires that all initial fees paid to Perkins LLC by the franchisee be held in Escrow until Perkins LLC has completed its pre-opening obligations to the franchisee. The escrow agreement between Perkins LLC and Minnesota National Bank, as the Escrow Agent, is on file at the Minnesota Department of Commerce.

2. Item 13, "Trademarks," shall be amended by the addition of the following paragraph at the end of the Item:

Pursuant to Minnesota Stat. Sec. 80C.12 (Subd. 1(g)), we are required to protect any rights which you have to use our Licensed Marks.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a licensee be given 90 days' notice of termination with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the license not be unreasonably withheld.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of 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. The Franchise Agreement contains a provision that may be interpreted as a liquidated damages clause under Minnesota law. Certain liquidated damages clauses are unenforceable.

5. No release language set forth in the Franchise Agreement shall relieve us or any other person directly or indirectly from liability imposed by the laws concerning franchising in the State of Minnesota.

6. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

## New York Disclosure Addendum

### ADDITIONAL RISK FACTORS:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISEE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

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

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for Perkins LLC for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," shall be supplemented by the addition of the following at the beginning of the Item:

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchisees under our trademark, 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.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchisees under our trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchisees under our trademark, is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or

national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective 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 franchisee as a real estate broker or sales agent.

Other than those actions described below, no litigation is required to be disclosed in this Disclosure Document.

2. Item 4, "Bankruptcy" shall be deleted in its entirety, and the following Item 4 shall be substituted in lieu thereof:

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting "d", "j", "w" and the following new "d", "j", "w" shall be substituted in lieu thereof:

| Provision                       | Selection in Franchise Agreement | Summary   |
|---------------------------------|----------------------------------|---|
| d. Termination by you           | None                             | Pursuant to New York General Business Law, the Franchisee may terminate the Agreement upon any grounds available by law.  |
| j. Assignment of contract by us | 13(a)                            | No assignment will be made except to an assignee who, in Franchisor's judgment, is willing and able to assume the Franchisor's obligation under the Franchise Agreement.                        |
| w. Choice of law                | 22(a)                            | The foregoing choice of law should not be considered as a waiver of any right conferred upon the Franchisor or the Franchisee by the General Business Law of the State of New York, Article 33. |

4. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchisee will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Modifications that we make to our Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

6. Provisions of general releases are mentioned in this Disclosure Document and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any cause of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and regulations issued under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York, Sections 687.4 and 687.5 be satisfied.

**STATEMENT OF DISCLOSURE DOCUMENT ACCURACY**

**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

## **North Dakota Disclosure Addendum**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Perkins LLC shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner requires that all initial fees paid to Perkins LLC by the franchisee be held in Escrow until Perkins LLC has completed its pre-opening obligations to the franchisee. The escrow agreement between Perkins LLC and EagleBank, as the Escrow Agent, is on file at the North Dakota Securities Commissioner.

2. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this Addendum to the Disclosure Document.

### **Rhode Island Disclosure Addendum**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document for Perkins LLC for use in the State of Rhode Island shall be amended as follows:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraph at the end of the Item:

§ 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. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this Addendum to the Disclosure Document.

## Virginia Disclosure Addendum

In recognition of the requirements of the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, the Franchise Disclosure Document for Perkins LLC (the “FDD”) for use in the State of Virginia shall be amended as follows:

1. Item 17.h. is amended by the addition of the following statements:

“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 grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. This Addendum to the FDD 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 this Addendum to the FDD.

## Washington Disclosure Addendum

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Perkins LLC in connection with the offer and sale of franchisees for use in the State of Washington shall be amended to include the following:

1. Item 5, "Initial Fees," is amended by the addition of the following at the end of the paragraph "Existing Franchisee Referral Program":

Franchisees who receive financial incentives to refer franchise prospects to the franchisor may be required to register as franchise brokers under the laws of Washington State.

2. In Item 17 "Renewal, Termination, Transfer and Dispute Resolution," row (d) "Termination by You" for the Franchise Agreement chart and the Market Development chart are amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law. Developers may terminate the Market Development Agreement under any grounds permitted by law.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following paragraphs at the conclusion of the Item:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

4. Each provision of this addendum to the Disclosure Document will 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 this addendum to the Disclosure Document. The Washington Franchise Investment Protection Act is located at Wash. Rev. Code §§ 19.100.010 to RCW 19.100.940.

**EXHIBIT I****STATE-SPECIFIC AGREEMENT AMENDMENTS**

## **California Franchise Agreement Amendment**

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the parties to the attached Perkins LLC Franchise Agreement (the “Agreement”) agree as follows:

1. **Section 5(a)** of the Agreement, under the heading “Initial Franchise Fee,” shall be amended by the addition of the following language:

The California Department of Business Oversight requires that all initial fees paid to Company by Operator be held in escrow until Company has completed its pre-opening obligations under this Agreement to Operator. The escrow agreement between Company and Pacific Premier Bank, as the Escrow Agent, is on file at the California Department of Business Oversight.

2. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

3. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

4. Franchisee must sign a general release if Franchisee renews or transfers Franchisee’s franchise. California Corporations Code 31512 voids a waiver of Franchisee’s rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee’s rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

5. Franchisee and Franchisor agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

6. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

7. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and California Franchise Relations Act are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **California Market Development Agreement Amendment**

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the parties to the attached Perkins LLC Market Development Agreement (the “Agreement”) agree as follows:

1. **Section 3.a** of the Agreement, under the heading “Development Fees,” shall be amended by the addition of the following language:

The California Department of Business Oversight requires that the Development Fees paid to Company by Developer be held in escrow until Company has completed its pre-opening obligations under this Agreement to Developer and Developer opens its first Perkins Restaurant to be developed under this Agreement. The escrow agreement between Company and Pacific Premier Bank, as the Escrow Agent, is on file at the California Department of Business Oversight.

2. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

3. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

4. Franchisee must sign a general release if Franchisee renews or transfers Franchisee’s franchise. California Corporations Code 31512 voids a waiver of Franchisee’s rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee’s rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

5. Franchisee and Franchisor agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

6. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

7. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and California Franchise Relations Act are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE  
  
By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Illinois Franchise Agreement Amendment**

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Perkins LLC Franchise Agreement (the “**Agreement**”) agree as follows:

1. The following new Section 3(d) is added to the existing **Section 3** of the Agreement, under the heading “Term”:

(d) If any of the provisions of this Section 3 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act will apply. If Company refuses to renew this Agreement, Company will compensate Operator if (and to the extent) compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

2. The following new **Section 14(e)** will be added to **Section 14** of the Agreement, under the heading “Default and Termination”:

(e) If any of the provisions of this Section 14 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then Illinois law will apply.

3. **Section 22(a)** of the Agreement, under the heading “Governing Law,” is deleted and replaced by the following new Section 22(a):

(a) Choice of Law. This Agreement and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws of the state of Illinois, which laws shall prevail in the event of any conflict; provided, however, (i) any provision not enforceable under Illinois law shall be construed in accordance with the laws of the State(s) where such restriction(s) is(are) to apply, (ii) any Illinois law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (iii) the laws of the state in which the Premises are located shall apply to the construction and enforcement of the obligations set forth in Sections 7(cc) and 12(b) hereof, without regard to its conflicts of laws.

4. The following language is added to the end of **Section 22(b)** of the Agreement, under the heading “Governing Law”:

Operator and Company agree that the preceding limitations of this Section 22(b) will not apply with respect to claims arising under the Illinois Franchise Disclosure Act, which provides that “any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this state [Illinois] is void.”

5. The following new **Section 22(d)** is added to **Section 22** of the Agreement, under the heading “Governing Law”:

(d) Nothing contained in this Section or elsewhere in this Agreement will constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

6. Each section of this Amendment will be effective only to the extent (for that section) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (without reference to this Amendment).

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Franchise Agreement Amendment on the same day as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Illinois Market Development Agreement Amendment**

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Perkins LLC Market Development Agreement (the “Agreement”) agree as follows:

1. The following new **Section 8(c)** is added to **Section 8** of the Agreement, under the heading “Termination”:

(c) If any of the provisions of this Section 8 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law shall apply.

2. **Section 16(d)** of the Agreement, under the heading “Miscellaneous Provisions,” is replaced by the following new Section 16(d):

(d) Governing Law/Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois. The parties agree and consent to personal jurisdiction of the Superior Court of Fulton County, Georgia, and the United States District Court for the Northern District of Georgia, Atlanta Division, with regard to any civil action relating to any claim arising under this Agreement, and agree that venue shall be proper in such courts for such action, except with respect to claims arising under the Illinois Franchise Disclosure Act. Operator and Company agree that the limitations of the preceding sentence will not apply with respect to claims arising under the Illinois Franchise Disclosure Act, which provides that “any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this state [Illinois] is void”) may be brought in Illinois. Nothing in this Section 16.d. is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Illinois to which it would not otherwise be subject.

3. The following new language is added to the end of **Section 16(e)** of the Agreement, under the heading “Miscellaneous Provisions”:

Nothing in this Section 16(e) or elsewhere in this Market Development Agreement will constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met).

4. Each section of this Amendment will be effective only to the extent (for that section) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (without reference to this Amendment).

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Market Development Agreement Amendment on the same day as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Maryland Amendment to Franchise Agreement**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached Perkins LLC Franchise Agreement (the “**Agreement**”) agree as follows:

1. **Section 5(a)** of the Agreement, under the heading “Initial Franchise Fee,” shall be amended by the addition of the following language:

The Securities Commissioner of the State of Maryland requires that all initial fees paid to Company by Operator be held in escrow until Company has completed its pre-opening obligations under this Agreement to Operator. The escrow agreement between Company and EagleBank, as the Escrow Agent, is on file at the Maryland Securities Division.

2. **Section 13(c)(vi)** of the Agreement, under the heading “Transfer and Assignment,” shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(vi) That any transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company, its parent, subsidiaries, affiliates and their respective officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement; excluding only such claims as the transferor may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233);

3. **Sections 22(b)(ii) and (iii)** of the Agreement, under the heading “Governing Law,” shall be supplemented by the addition of the following language at the end of each of those Sections:

Operator and Company agree that the preceding limitations of this Section 22(b) regarding jurisdiction and venue of actions shall not apply with respect to claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233), which may be brought in Maryland.

4. **Section 22(b)(v)** of the Agreement, under the heading “Governing Law,” shall be deleted in their entirety, and shall have no force or effect; and the following Section (v) shall be substituted in lieu thereof:

(v) Any and all claims and actions arising out of or relating to this Agreement, the relationship of Operator and Company (or Company’s affiliates), or Operator’s operation of the Franchised Business, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred; except that any and all claims arising under the Maryland Franchise Registration and Disclosure

Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) shall be commenced within three (3) years from the grant of the franchise.

5. **Section 23** of the Agreement, under the heading "Acknowledgments," shall be supplemented by the following:

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Maryland Market Development Agreement Amendment**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached Perkins LLC Market Development Agreement (the “**Agreement**”) agree as follows:

1. **Section 3(a)** of the Agreement, under the heading “Development Fees,” shall be amended by the addition of the following language:

The Securities Commissioner of the State of Maryland requires that the Development Fees paid to Company by Developer be held in escrow until Company has completed its pre-opening obligations under this Agreement to Developer and Developer opens its first Perkins Restaurant to be developed under this Agreement. The escrow agreement between Company and EagleBank, as the Escrow Agent, is on file at the Maryland Securities Division.

2. **Section 16(d)** of the Agreement, under the heading “Miscellaneous Provisions,” shall be supplemented by the addition of the language at the end of Section 16(d):

Operator and Company agree that the preceding limitations of this Section 16(d) regarding jurisdiction and venue of actions shall not apply with respect to claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233), which may be brought in Maryland.

3. **Section 16(e)** of the Agreement, under the heading “Miscellaneous Provisions” shall be deleted in its entirety, and shall have no force or effect; and the following shall be substituted in lieu thereof:

(e) **Time for Claims and Waivers.** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Developer and Company (or Company’s affiliates), or Developer’s development of Perkins Restaurants under this Agreement, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred; except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) shall be commenced within three (3) years from the grant of the franchise.

4. **Section 17** of the Agreement, under the heading “Developer’s Acknowledgments,” shall be supplemented by the following:

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Minnesota Franchise Agreement Amendment**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Perkins LLC Franchise Agreement (the “**Agreement**”) agree as follows:

1. **Section 5(a)** of the Agreement, under the heading “Initial Franchise Fee,” shall be amended by the addition of the following language:

The Minnesota Department of Commerce requires that all initial fees paid to Company by Operator be held in escrow until Company has completed its pre-opening obligations under this Agreement to Operator. The escrow agreement between Company and Minnesota National Bank, as the Escrow Agent, is on file at the Minnesota Department of Commerce.

2. **Section 6** of the Agreement, under the heading “Licensed Marks,” shall be amended by the addition of the following new **Section 6(f)**:

(f) Pursuant to Minnesota Stat. Sec. 80C.12 (Subd. 1(g)), Company is required to protect any rights Franchisee may have to Company’s Licensed Marks.

3. **Section 13(c)(vi)** of the Agreement, under the heading “Consent by Company to Proposed Transfer,” shall be deleted in its entirety and shall have no force or effect, and the following Section 13(c)(vi) shall be inserted in lieu thereof:

(vi) The transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company and its officers, directors, shareholders and employees, in their corporate and individual capacities, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. **Section 13** of the Agreement, under the heading “Consent by Company to Proposed Transfer,” shall be supplemented by the addition of the following new **Section 13(c)(xii)**:

(xii) Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (Subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

5. **Section 14** of the Agreement, under the heading “Default and Termination,” shall be supplemented by the following new **Section 14(f)**:

(f) Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (Subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure), and 180 days’ notice for non-renewal of the Franchise Agreement.

6. **Section 22** of the Agreement, under the heading “Governing Law”, shall be supplemented by the following **Section 22(d)**, which shall be considered an integral part of the Agreement:

(d) Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s), can abrogate or reduce any of 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.

7. Notwithstanding **Section 22(b)(v)**, under the heading “Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers”, in the event that a claim is brought pursuant to Minn. Stat. § 80C.17, that claim must be commenced no more than three (3) years after the cause of action accrues, pursuant to Minn. Stat. § 80C.17 (Subd. 5).

8. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Minnesota Market Development Agreement Amendment**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Perkins LLC Market Development Agreement (the “**Agreement**”) agree as follows:

1. **Section 3.a** of the Agreement, under the heading “Development Fees,” shall be amended by the addition of the following language:

The Minnesota Department of Commerce requires that the Development Fees paid to Company by Developer be held in escrow until Company has completed its pre-opening obligations under this Agreement to Developer and Developer opens its first Perkins Restaurant to be developed under this Agreement. The escrow agreement between Company and Minnesota National Bank, as the Escrow Agent, is on file at the Minnesota Department of Commerce.

2. **Section 13** of the Agreement, shall be supplemented by the addition of the following new

### **Section 13(f):**

(f) Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (Subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

3. **Section 8** of the Agreement, under the heading “Termination,” shall be supplemented by the following new **Section 8(c):**

(c) Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (Subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure), and 180 days’ notice for non-renewal of the Franchise Agreement.

4. **Section 16** of the Agreement, under the heading “Miscellaneous Provisions”, shall be supplemented by the following **Section 16(n)**, which shall be considered an integral part of the Agreement:

(n) Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of 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.

5. Notwithstanding **Section 16.e** of this Agreement, under the heading “Time for Claims”, in the event that a claim is brought pursuant to Minn. Stat. § 80C.17, that claim must be commenced no more than three (3) years after the cause of action accrues, pursuant to Minn. Stat. § 80C.17 (Subd. 5).

6. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and

Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **New York Franchise Agreement Amendment**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Perkins LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 13(c)(vi), under the heading "Transfer and Assignment," shall be deleted in its entirety, and shall have no force or effect; and the following shall be substituted in lieu thereof:

(vi) The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

2. Section 20 of the Agreement, under the heading "Enforcement," shall be supplemented by the addition of the following to Section 20:

(d) Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

3. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchisee will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

### **New York Market Development Agreement Amendment**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Perkins LLC Market Development Agreement (the "Agreement") agree as follows:

1. Section 16 of the Agreement, under the heading "Miscellaneous Provisions," shall be supplemented by the addition of the following to Section 16:

(n) Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

2. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchisee will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **North Dakota Franchise Agreement Amendment**

In recognition of the requirements of North Dakota Law and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Perkins LLC Franchise Agreement (the "Agreement") agree as follows:

1. **Section 5(a)** of the Agreement, under the heading "Initial Franchise Fee," shall be amended by the addition of the following language:

The North Dakota Securities Commissioner requires that all initial fees paid to Company by Operator be held in escrow until Company has completed its pre-opening obligations under this Agreement to Operator. The escrow agreement between Company and EagleBank, as the Escrow Agent, is on file at the North Dakota Securities Commissioner.

2. The Agreement shall be amended by the addition of the following **Section 24**:

24. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Any provision (i.e., Section 12) which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Restriction on Forum: Any provision (i.e., Section 22) requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

C. Liquidated Damages and Termination Penalties: Any provision (i.e., Sections 12(d)(ii) and 14(c)) requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

D. Applicable Laws: Any provision (i.e., Section 22) which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

E. Waiver of Trial by Jury: Any provision (i.e., Section 22(b)(iv)) requiring North Dakota franchisees to consent to the waiver of a trial by jury.

F. Waiver of Exemplary and Punitive Damages: Any provision (i.e., Section 22(b)(vi)) requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

G. General Release: Any provision (i.e., Section 13) requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

3. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this North Dakota Franchise Agreement Amendment on the same day as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **North Dakota Market Development Amendment**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Perkins LLC Market Development Agreement the “**Agreement**” agree as follows:

1. **Section 3(a)** of the Agreement, under the heading “Development Fees,” shall be amended by the addition of the following language:

The North Dakota Securities Commissioner requires that all Development Fees paid to Company by Developer be held in escrow until Company has completed its pre-opening obligations under this Agreement to Developer and Developer opens its first Perkins Restaurant to be developed under this Agreement. The escrow agreement between Company and EagleBank, as the Escrow Agent, is on file at the North Dakota Securities Commissioner.

2. The Agreement shall be amended by the addition of the following **Section 18**:

18. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Situs of Arbitration Proceedings: Any provision (i.e., Section 15) requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee’s business.

B. Restriction on Forum: Any provision (i.e., Section 16) requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

C. Liquidated Damages and Termination Penalties: Any provision (i.e., Sections 5(c)(v) and 6(c)(iii)) requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

D. Applicable Laws: Any provision (i.e., Section 16) which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

E. Waiver of Trial by Jury: Any provision (i.e., Section 16(f)) requiring North Dakota franchisees to consent to the waiver of a trial by jury.

F. Waiver of Exemplary and Punitive Damages: Any provision (i.e., Section 16(g)) requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

3. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this North Dakota Franchise Agreement Amendment on the same day as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

### **Rhode Island Franchise Agreement Amendment**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Perkins LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Section 13 of the Agreement contains a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Georgia law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under § 19-28.1-14.

3. Section 22(b)(ii) of the Agreement, under the heading “Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers,” will be amended by the addition of the following, which will be considered an integral part of this Agreement:

§ 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.”

4. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

5. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

6. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

### **Rhode Island Market Development Agreement Amendment**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Perkins LLC Market Development Agreement (the "Agreement") agree as follows:

1. This Agreement requires that it be governed by Georgia law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under § 19-28.1-14.

2. Section 16 of the Agreement, under the heading "Miscellaneous Provisions," will be amended by the addition of the following, which will be considered an integral part of this Agreement:

§ 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. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

4. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

5. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment Market Development Agreement Addendum on the same date as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **Washington Amendment to Franchise Agreement and Related Agreements**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Perkins LLC Franchise Agreement (the “Agreement”) agree as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply independently without referring to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

### **Washington Amendment to Market Development Agreement and Related Agreements**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Perkins LLC Market Development Agreement (the “Agreement”) agree as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply independently without referring to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Market Development Agreement on the same date as the Market Development Agreement was executed.

COMPANY  
**PERKINS LLC,**  
a Delaware limited liability company

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

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

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

OPERATOR  
**FRANCHISEE NAME,**  
a [STATE] [ENTITY TYPE]

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY1, TITLE

By: \_\_\_\_\_  
FRANCHISEE SIGNATORY2, TITLE

## **EXHIBIT J**

### **SAMPLE GENERAL RELEASE LANGUAGE**

Franchisee [Developer], its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Perkins LLC, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the “**Franchisor Group**”), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any or all members of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise [Development] Agreement, the relationship created by the Franchise [Development] Agreement, or the development, ownership, or operation of the Perkins Restaurant. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’, and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise [Development] Agreement or the Perkins Restaurant. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.

## **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>STATES</b> | <b>EFFECTIVE DATE</b> |
|---------------|-----------------------|
| California    | 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.

**EXHIBIT K**  
**RECEIPTS**

**ITEM 23 -- RECEIPT**

**(to be retained by Prospective Franchisee)**

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 Perkins LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that Perkins LLC gives 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 Perkins LLC gives you this Disclosure Document at least 10 days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Perkins LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency (identified on Exhibit B).

The franchisor is Perkins LLC, 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. Its telephone number is (770) 325-1300.

Issuance Date: October 16, 2020.

The franchise seller for this offering is Scott McIntosh, Director, Franchise Development, whose address is 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, and telephone number is (770) 325-1300. Additional franchise sellers involved in this franchise offering are listed on the attached page (if applicable).

Perkins LLC authorizes the agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a Disclosure Document dated October 16, 2020 that included the following Exhibits and other Attachments:

Exhibit A – Perkins Standard Contracts  
Exhibit B – List of Agents for Service of Process  
Exhibit C – List of State Administrators  
Exhibit D – List of Franchise Owners and Former Franchisees  
Exhibit E – Financial Statements

Exhibit F – Table of Contents to Manual  
Exhibit G – Franchisee Compliance Questionnaire  
Exhibit H – State-Specific Disclosure Addenda  
Exhibit I – State-Specific Agreement Amendments  
Exhibit J – Sample General Release Language  
State Effective Dates  
Exhibit K – Receipts

Signature: \_\_\_\_\_

Date FDD Received: : \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title/Position: \_\_\_\_\_

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

Company Name (if applicable): \_\_\_\_\_

**THIS COPY TO BE RETAINED BY PROSPECTIVE FRANCHISEE**

## **ITEM 23 -- RECEIPT**

### **(to be returned to COMPANY)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Michigan requires that Perkins LLC gives you this Disclosure Document at least 10 days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Perkins LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency (identified on **Exhibit B**).

The franchisor is Perkins LLC, 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. Its telephone number is (770) 325-1300.

Issuance Date: October 16, 2020.

The franchise seller for this offering is Scott McIntosh, Director, Franchise Development Officer, whose address is 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, and telephone number is (770) 325-1300. Additional franchise sellers involved in this franchise offering are listed on the attached page (if applicable).

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Exhibit H – State-Specific Disclosure Addenda  
Exhibit I – State-Specific Agreement Amendments  
Exhibit J – Sample General Release Language  
State Effective Dates  
Exhibit K – Receipts

Signature: \_\_\_\_\_

Date FDD Received: : \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title/Position: \_\_\_\_\_

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

Company Name (if applicable): \_\_\_\_\_

**RETURN THIS RECEIPT TO:**  
Perkins LLC  
5901B Peachtree Dunwoody Rd., Ste. 450  
Sandy Springs, GA 30328