# MASTER FRANCHISE AGREEMENT
# AREA DEVELOPMENT

KNOW ALL MEN BY THESE PRESENTS:

THIS Agreement is entered into by and between

**ROCKY MOUNTAIN CAFÉ, INC.**, a Philippine corporation duly registered and existing by virtue of the laws of the Republic of the Philippines; with office address at Suite 306, Prestige Tower, Emerald Avenue, Ortigas Center, Pasig City, Metro Manila,; represented herein by its President, Mr. Mr. Rodrigo Vagilidad, and herein after referred to as "RMC," "We," "Us," or "Own."

and

**TOP BLEND COFFEE SERVICES INC.**, a Philippine corporation duly registered and existing by virtue of the laws of the Republic of the Philippines; with office address at 194 Road 8 cor. Road 2, Pag-asa, Quezon City, Philippines; represented herein by its President, Ms. Maria Lani A. Singson, and herein after referred to as "Franchisee," "You," "Your."

**WITNESSETH: That:**

**WHEREAS**, we are in the business of granting franchise rights to operate "**Rocky Mountain Café Coffee Service Center" ("RMC Coffee Service Center"**, for brevity), that will use procedures, business methods and policies developed by us;

**WHEREAS**, you desire and intend to operate one (1) RMC Coffee Service Center under the rules and supervision of Rocky Mountain Cafe;

**NOW THEREFORE** for and in consideration of the mutual covenants and promises contained herein, we decided to award one (1) RMC Coffee Service Center to you subject to the following terms:

**DEFINTION OF TERMS**

As used in this Agreement, the Annexes attached to this Agreement and any other document signed incidental to this Agreement and any annexes to those documents, the following terms shall have the following meanings:

1. **"Advertising Contributions"** mean the payments described in Article 7
2. **"Affiliate"** means a company related to us such as but not limited to a parent corporation or subsidiary corporation.
3. **"Agreement"** means this Master Franchise Agreement, as it may be amended, supplemented or otherwise modified by an agreement in writing signed by you and us.
4. **"Agreement Date"** means the date of the signing of the Agreement.
5. **"Business Associate"** means any of our employees, officers, directors, agents, consultants, representatives, contactors, suppliers, distributors, franchisees or other business contacts
6. **"Business Day"** means a day other than Saturday, Sunday or Philippine National Holiday. Any time period ending on a Saturday, Sunday or Philippine National Holiday will be extended until 5:00 pm on the next Business Day.
7. **"Company Unit"** means a RMC Coffee Service Center operated under the system owned by us or any Affiliate.
8. **"Competitive Business"** means a business that is engaged, wholly or partially, directly or indirectly, in the sale of hot beverages.

9. **"Confidential Information"** means all information, knowledge, know-how and technologies that we reasonably designate as confidential, proprietary, or trade secrets. Confidential Information includes the Manual and Secret Recipe Products.
10. **"Designee"** means one or more of our representatives who are independent contractors and are appointed by us to perform certain of our duties under this Agreement as described in Article 2.
11. **"Development Area"** means the territory (Described in Annex B) where the Franchisee shall install, operate, and maintain a number of RMC Coffee Stations in good working conditions.
12. **"Event of Default"** means a breach of this Agreement.
13. **"Franchise"** means the totality of rights granted to you under this Agreement.
14. **"Franchise Unit"** means a RMC Coffee Service Center owned and operated under the System by a franchisee.
15. **"Generally Accepted Accounting Principles"** means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.
16. **"Gross Revenues"** means the entire amount of all your revenues from the ownership or operation of your RMC Coffee Service Center including catering and delivery, whether the revenues are evidenced by cash, credit, checks, gift certificates, excepting only the amount of any sales taxes that are collected and paid to the taxing authority (based on the cash method of accounting). Gross Revenues are deemed received by you at the time goods, products, merchandise or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first.
17. **"Manager"** means the Franchise Owner, unless we otherwise agree in writing.
18. **"Manual" or "RMC Manual"** means all documents or series of documents produced by us for your benefit that we have lent or will lend to you to include any revisions prepared for the internal and exclusive use of the RMC Coffee Service Center.
19. **"Marketing Fund"** means the fund to be set up such that Advertising Contributions will be deposited for use in regional and national marketing activated to promote the System.
20. **"Opening Date"** means the date your RMC Coffee Service Center is opened for business to the general public after being newly constructed.
21. **"Premises"** means the entire real property subleased by you, where your RMC Coffee Service Center will be located as described in Annex A.
22. **"Proprietary Marks"** means the service mark and logo "Rocky Mountain Cafe" and all other trademarks, service marks, trade names, logos and commercial symbols authorized by us as part of the System.
23. **"Proprietary Property" or Intellectual Property** means our Proprietary Marks, Confidential Information, copyrighted information, and all intellectual property rights that we or our Affiliates own and that you are entitled to use under this Agreement.
24. **"Protected Territory"** means an area where you have the exclusive rights to operate a RMC Coffee Service Center.
25. **"Reserved Area"** means the area where you will undertake your site selection process to submit proposed sites for our approval in accordance with our site approval process.
26. **"RMC Coffee Service Center"** means the service center you are authorized to establish and operate under this Agreement at the location described in Annex A.
27. **"Secret Recipe Products"** means all recipes and products created by us and deemed secret.
28. **"System"** means our business model or system governing the operation of a RMC Coffee Service Center. The System includes specific standards and procedures and Proprietary Information that may be changed as necessary.
29. **"Total Purchase of Supplies"** means the total value, exclude VAT, of supplies that you purchase from us for resale purposes, such supplies including coffee (whole beans or ground) and associated condiments (e.g. cups, lids, stirrers, sugar, sweetener, creamer, powder milk, chocolate, vanilla) and excluding stationery, forms, uniforms, promotion and advertising materials, items of a capital nature (such as coffee making machines and other equipment)

30. **"Trade Dress"** means the design and image we developed and own for RMC Coffee Service Center as it may be revised and developed by us. The Trade Dress currently emphasizes a red and blue color scheme throughout the RMC Coffee Service Center and includes the following features: coffee and mountain theme pictures.

## ARTICLE 1 - AREA SELECTION AND LOCATION

**Section 1.1 Grant of Franchise:** We grant you the right to operate one (1) RMC Coffee Service Center, and you undertake to strictly follow RMC operational rules and policies, subject to the terms of this Agreement.

1.1.1 Franchisee within thirty (30) days of execution of this Agreement, shall meet with RMC representatives and begin preparation of a Market Development Plan for the Development Area (identifying potential hosts in the Development Area) and all development pursuant to this Agreement shall be in accordance with this plan (the "Market Plan"). The Market Plan shall include proposed target venues for hosting RMC Coffee Stations where coffee stations could be located, ranked and prioritized by location and other information customarily utilized by market planners in the restaurant industry. Franchisee shall propose the Market Plan and RMC shall approve or disapprove the Market Plan in its reasonable discretion. The initial Market Plan shall be completed and approved by RMC and Franchisee no later than sixty (60) days from the date of execution of this Agreement. The parties recognize that demographics, market economics, real estate values, competition and other conditions may change in the Development Area over the term of this Agreement and that such changes may impact the Market Plan. Therefore, the parties agree that it is in their respective best interests to review the Market Plan periodically throughout the term of this Agreement. On the first anniversary of the approval of the initial Market Plan and at least once annually thereafter, Franchisee and RMC shall review the Market Plan and make such revisions as are required to maximize the successful development of Rocky Mountain brand in the Development Area..

1.1.2 From time to time, RMC may request updates, status reports, or other information from Franchisee regarding development of the Market Area. Franchisee shall respond promptly, accurately and completely to such requests within a reasonable time, but in no event more than 10 days after the request by RMC, provided always that the information so requested by RMC, in view of the amount, nature and complexity thereof, is capable of being provided within such a time, or at all, by the Franchisee in the ordinary course of the business and without undue cost of time and/or money to be incurred by the Franchisee. Without limiting the generality of the foregoing, the information requested may relate to demographics, market economics, real estate values, competition and other conditions in the Development Area.

1.1.3 RMC shall provide Franchisee with form contracts and Service Agreement and/or other legal document templates for the Franchisee to use as contractual basis for providing RMC coffee services to its clients in its development area without prejudice to Franchisee's right to negotiate with its clients on the terms of its service to its clients to the extent that this will not result in a breach on the part of the Franchisee of any of the terms of this Agreement. Franchise shall secure written authorization from RMC to change the main text in the template provided to the Franchise, which authorisation shall be deemed to be duly given unless disapproval of the relevant change, to be accompanied by written explanation as to how the change would result in the Franchisee's breach of this Agreement, is received by the Franchisee within 3 days after the Franchisee notifying RMC of its intention to effect the said change.

**Section 1.2 Location of Your Rocky Mountain Cafe Franchise:** You will operate your RMC Coffee Service Center only and exclusively at the specific area or location described in Annex "A" hereof, and solicit business only within your Protected Territory. We will not grant another franchise within your area or Protected Territory.

**Section 1.3 Exceptions to Your Exclusive Territory:** RMC will protect the exclusive character of your Territory from infringement by other Franchisees, RMC, and/or any of the Affiliates, except for the following exempted locations:

- La Funeraria Paz stations presently operated by RMC;
- Arlington Memorial Chapel stations presently operated by RMC;
- Victoria Court stations presently operated by RMC;
- Various stations located in cooperatives and NGOs to be operated by NATCCO;

**Section 1.4 Option to Purchase Exempted Locations**: RMC grants to You the option to purchase exempted locations operated by RMC at a price to be agreed upon prior selling them to other investors.

**Section 1.5 Limit of Your Exclusivity:** Your exclusive Territory is limited to the Area Development Franchise Concept using Piccolina coffee stations or other coffee stations approved by RMC for Area Development and do not include Colibri coffee stations sold by RMC and operated by Franchisees as "We Deliver".

**Section 1.6 Relocation of Your RMC Service Center:** If during the Term of this Agreement, the lease of the premises is cancelled, or if the premises are destroyed by accidental causes, you will have thirty (30) days to secure a new location that must be within your Protected Territory to be approved in writing by us. Thereafter, you will have fifteen (15) days from the date the new lease or new sublease is signed to open and begin full operation of the new RMC Coffee Service Center, unless we extend the period in writing. The failure to secure a new location or begin operation within the specified time is an Event of Default on your part.

## ARTICLE 2 - OUR DUTIES

**Section 2.1 Area Selection Approval:** We will supply to you our area selection criteria as contained in the Manual. Also, we will provide on-site evaluation upon your request for area selection assistance and approval. We will not unreasonably withhold or delay approval of any area that meets our standards. We will review area approval submissions on a first-in basis, if we do not approve the selected area; you have 30 days from the date of disapproval to submit a new area within the Reserved Area for our written approval. While we will assist you in selecting an area for development, we do not guarantee its profitability as other factors beyond our control will affect the profitability of any area as selected by you. You will not hold RMC, its shareholders and its employees liable for any losses attributed to your selection of a particular area. Area or area referred to in this Section means a Protected Territory. For the avoidance of doubt, the area specified in Annex A is deemed to be selected and approved. This Section applies only if you wish to select an additional area.

**Section 2.2 Set Up of RMC Service Center:** You are solely responsible for the set up and installation of RMC Coffee Service Center. However, all plan layout, design, decoration, and material used must be approved by RMC, such approval shall not be unreasonably withheld or delayed.

**Section 2.3 Key Start-up Assistance:** Aside from our standard support services described in the Manual, we shall perform the following duties during your Start-up operations:

a) **Business Planning:** Upon your request, we will review and comment upon any business plan, market assessment, market profile, and pro forma financial projections you prepare. In case you need to obtain financing, letter of credit, loan, or equipment leases, we will give you assistance in the form of advice and counselling.

b) **Uniform Reporting System:** We will provide standardized accounting forms including but not limited to Order Slips, Daily Sales Report, Condiment Management Report, and Inventory Control Systems Report to assist you in monitoring your revenues and expenses.

c) **Basic Management Training:** We will provide basic management training for up to four (4) of your staff members, free of charge in our facilities. You shall shoulder all out-of-pocket expenses of your staff such as travelling and living expenses as wells as salaries if applicable. The details of this Training are listed in the Manual.

d) **1st Week Supervision and General Performance Monitoring:** We will assign one (1) RMC staff to assist you during your first week of operation. However, you shall be responsible for the transportation, food, and hotel accommodation of RMC staff during this period, the costs of which to be first approved by you. Afterwards, we will monitor your performance by providing periodic assistance, at our discretion, in the form of field visits, staff interviews, phone lines inquiries and communication.

**Section 2.4 Special Assistance:** Upon your request, we will design and provide a particular methodology that will address your unique operating problems, subject to reasonable charges. Moreover, we will continue to research and develop new items, products, and techniques in accordance with our business policy, including testing and surveys without any costs to you

**Section 2.5 License of Proprietary Property:** Subject to this Agreement, we license to you the right to use the "ROCKY MOUNTAIN CAFE" trade name and other RMC Proprietary Property.

**Section 2.6 Duties Solely to You:** All of our obligations under this Agreement are only to you. No other party is entitled to rely on, enforce, or obtain relief for breach of the obligations either directly or by subrogation.

**Section 2.7 Our Right to Delegate Duties:** We retain our right to delegate our duties herein to Designee, who are duly authorized to act for and in our behalf.

## ARTICLE 3 - FEES AND PAYMENTS

**Section 3.1 Types of Fees:** The following fees are payable under this Agreement.

a) **Franchise Fee.** You shall pay us a Franchise Fee of ONE MILLION AND FIVE HUNDRED THOUSANDS PESOS (PHP 1,500,000.00) plus VAT, payable on or before January 10, 2010. Upon payment of this Franchise Fee, we will prepare your franchise equipment, provide you with one (1) copy of the Manual, and schedule the training of your staff members.

b) **Turn Key Fee.** You will pay us a Turn Key Fee of ONE MILLION PESOS (PHP 1,000,000.00) plus VAT, payable upon delivery of the equipment (eight brand new (8) and seven (7) used Piccolina coffee stations) at your RMC Coffee Service Center or at a location or locations to be specified by you. For the avoidance of doubt, the Turn Key Fee constitutes the purchase price of the said coffee stations, the ownership of which shall pass from us to you upon their delivery. Additional Piccolina coffee stations shall be sold as per the Official RMC Price List.

c) **Royalty Fee.** You will pay us on a monthly basis a non-refundable Royalty Fee equivalent to five percent (5%) of Total Purchase of Supplies for the month ended. This is payable on or before the first Friday of the succeeding month upon receipt of an RMC invoice.

The Franchise Fee and Turn Key Fee do not include other expenses for supplies, telephone equipment, coffee, condiments, food, beverages, monthly space rental, utility services, staff salaries, licenses, permits, opening inventory, working capital, legal or accounting fees, labour, and other operating expenses needed to operate the franchise for which you will be additionally responsible.

**Section 3.2 Interest on Late Payments:** Each failure to pay monies when due shall be considered an Event of Default, and any overdue payment under this Agreement shall earn interest at the rate of 2% per month.

**Section 3.3 Application of Payments:** You hereby authorize us to apply your payments to any of your past due indebtedness under this Agreement, regardless of your own application/designation.

## ARTICLE 4 - YOUR DUTIES

**Section 4.1 Selection of a Development Area:** You are solely responsible for selecting the Development Area, preferably before the execution of this Agreement. If an Area has not been approved within two (2) months of this Agreement, we may unilaterally revoke this Agreement and refund the Franchise Fee to you without interest, less our liquidated administrative expense of Two Hundred Thousand Pesos (PHP 200,000.00). For the avoidance of doubt, the rights and obligations of both parties under this Section have been duly satisfied in that the Development Area specified in Annex A the Development Area has been selected and approved by way of this Agreement.

**Section 4.2 Opening of Your RMC Service Center:** Unless otherwise agreed between the two parties, you agree not to open your RMC Coffee Service Center for business until: (1) You have secured ownership or leasehold right over your approved premises; (2) Your staff/s have passed our Basic Management Training; (3) Franchise Fee and all amounts due under this Agreement have been paid in full; (4) you have furnished us with copies of the certificates of a Comprehensive General Liability Insurance with a minimum of P1,000,000 coverage as we may reasonably request; (5) You have obtained all necessary licenses and permits from the local government units to operate your RMC Coffee Service Center; and (6) You have secured from us a Certificate to Start Operations. You undertake to comply with aforesaid conditions and to open your RMC Coffee Service Center for business within four (4) months after the Agreement Date.

**Section 4.3 Minimum Development Obligation:** You shall set up and continue to operate at Venues within the Development Area not less than the cumulative number of RMC coffee stations within each of the Development Periods specified in Annex "B".

4.3.1 Within any 12 month period, Franchisee shall have the right to close any RMC Coffee Station opened pursuant to this Agreement if Franchisee demonstrates to RMC's reasonable satisfaction that the site has not operated profitably and is unlikely in the future to operate profitably, provided that Franchisee obtains RMC's prior written consent to such closure, which RMC shall grant or withhold in RMC's reasonable business judgment. Upon RMC's request, Franchisee shall promptly provide such substantiating financial data concerning the RMC Coffee Station's historical performance and its future prospects as RMC may reasonably require, and which may include market studies prepared by qualified, reputable and independent third parties or other objective evidence satisfactory to RMC, provided always the Franchisor shall bear the costs of the services of any third party or additional manpower required to comply with the Franchisor's requirement for the said data. For purposes of Franchisee's Minimum Development Obligation, any RMC Coffee Station closed pursuant to this Section 4.3.1 with RMC's consent shall continue to be counted as an operating RMC Coffee Station for a period of 12 months following closure, and Franchisee shall be deemed in breach of the Minimum Development Obligation if immediately after said 12 month period the cumulative number of RMC Coffee Station then-operating is not equal to or greater than the cumulative number required to have been in operation as of the end of the immediately preceding Development Period.

4.3.2 If a RMC Coffee Station opened and operated by Franchisee is destroyed or damaged, other than by a voluntary act of Franchisee, so that such RMC Coffee Station cannot continue to operate, the destroyed or damaged RMC Coffee Station shall continue to count toward satisfaction of the Minimum Development Obligation (during the period until such substitute location opens).

4.3.3 Should Franchisee be unable to meet the Minimum Development Obligation solely as the result of "Force Majeure," including, but not limited to strikes, material shortages, fires, floods, earthquakes, and other acts of

**Section 3.3 Application of Payments:** You hereby authorize us to apply your payments to any of your past due indebtedness under this Agreement, regardless of your own application/designation.

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**Section 4.2 Opening of Your RMC Service Center:** Unless otherwise agreed between the two parties, you agree not to open your RMC Coffee Service Center for business until: (1) You have secured ownership or leasehold right over your approved premises; (2) Your staff/s have passed our Basic Management Training; (3) Franchise Fee and all amounts due under this Agreement have been paid in full; (4) you have furnished us with copies of the certificates of a Comprehensive General Liability Insurance with a minimum of P1,000,000 coverage as we may reasonably request; (5) You have obtained all necessary licenses and permits from the local government units to operate your RMC Coffee Service Center; and (6) You have secured from us a Certificate to Start Operations. You undertake to comply with aforesaid conditions and to open your RMC Coffee Service Center for business within four (4) months after the Agreement Date.

**Section 4.3 Minimum Development Obligation:** You shall set up and continue to operate at Venues within the Development Area not less than the cumulative number of RMC coffee stations within each of the Development Periods specified in Annex "B".

4.3.1 Within any 12 month period, Franchisee shall have the right to close any RMC Coffee Station opened pursuant to this Agreement if Franchisee demonstrates to RMC's reasonable satisfaction that the site has not operated profitably and is unlikely in the future to operate profitably, provided that Franchisee obtains RMC's prior written consent to such closure, which RMC shall grant or withhold in RMC's reasonable business judgment. Upon RMC's request, Franchisee shall promptly provide such substantiating financial data concerning the RMC Coffee Station's historical performance and its future prospects as RMC may reasonably require, and which may include market studies prepared by qualified, reputable and independent third parties or other objective evidence satisfactory to RMC, provided always the Franchisor shall bear the costs of the services of any third party or additional manpower required to comply with the Franchisor's requirement for the said data. For purposes of Franchisee's Minimum Development Obligation, any RMC Coffee Station closed pursuant to this Section 4.3.1 with RMC's consent shall continue to be counted as an operating RMC Coffee Station for a period of 12 months following closure, and Franchisee shall be deemed in breach of the Minimum Development Obligation if immediately after said 12 month period the cumulative number of RMC Coffee Station then-operating is not equal to or greater than the cumulative number required to have been in operation as of the end of the immediately preceding Development Period.

4.3.2 If a RMC Coffee Station opened and operated by Franchisee is destroyed or damaged, other than by a voluntary act of Franchisee, so that such RMC Coffee Station cannot continue to operate, the destroyed or damaged RMC Coffee Station shall continue to count toward satisfaction of the Minimum Development Obligation (during the period until such substitute location opens).

4.3.3 Should Franchisee be unable to meet the Minimum Development Obligation solely as the result of "Force Majeure," including, but not limited to strikes, material shortages, fires, floods, earthquakes, and other acts of

God, or by force of law, he should submit its request therefore in writing and promptly furnished RMC such information concerning the circumstances as RMC may reasonably require.

4.3.4 RMC allows the Franchisee to sell approved RMC franchises within its Territory subject to the provision embodied in Annex " C"

**Section 4.4 Control of Your Employees:** You are solely responsible for the hiring, disciplining, supervising, promoting or firing of your employees and the establishment of their salaries in accordance with existing laws. You will employ sufficient personnel to achieve your and our goals. You shall have the exclusive power to exercise direct control and supervision over all your employees, in accordance with labour laws. The execution of the Agreement does not establish an employee-employer relationship between your employees and RMC or any of its Affiliates. Notwithstanding the foregoing, you shall be responsible in ensuring that all employees delivering RMC products wear the approved RMC uniforms.

**Section 4.5 Authorized Condiments and Supplies:** You shall purchase from us all coffee (fresh beans or ground) and associated condiments (e.g. cups, lids, stirrers, sugar, sweetener, creamer, powder milk, chocolate, vanilla) and other items that we require implemented on a System-wide basis. You will be charged the same price being charged to all franchisees. Moreover, you shall purchase equipment, supplies, inventory, kiosks, advertising materials, uniforms, menu items, and other products and services used for the operation of your RMC Coffee Service Center solely from Rocky Mountain Café or our authorized supplier.

**Section 4.6 Secret Recipe Products:** You should rely on our representation and warranty that we have already developed existing Secret Recipe Products. We reserve the right to continue developing additional products that are likewise all highly confidential. In the absence of a judgment or an award from court of competent jurisdiction finding otherwise, you understand and agree that aforesaid secret recipes are our trade secrets, duly protected by intellectual property laws. Accordingly, you will use these Secret Recipe Products prepared by us in accordance with our requirements in effect and sold in accordance with the terms we expressly state.

**Section 4.7 Compliance with Laws, Rules and Regulations:** You will comply with all national, provincial, and local laws, rules and regulations that are required in the conduct of operations of your RMC Coffee Service Center under this Agreement. You shall be liable to RMC for losses which RMC may incur arising from your failure to comply with applicable laws.

**Section 4.8 Tax Payments; Contested Assessments:** You will promptly pay when due all taxes required by any national, provincial or local tax authority and all other taxes or indebtedness you incur in the conduct of your RMC Coffee Service Center. However, you will exert reasonable efforts not to permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any assets used in your RMC Coffee Service Center.

**Section 4.9 Inspections:** You hereby duly authorize us and/or our representatives to enter your Premises or office a any time during normal business hours upon reasonable notice, for purposes of providing you with services or conducting inspections. You will cooperate fully with us and/or our representatives in inspections by rendering assistance as they may reasonably request. Further you agree that RMC will have the right to read the counter meters of all RMC coffee stations within your Territory without prior notice. Failure to allow RMC staff or representative to inspect your premises or read counters on RMC coffee stations shall be considered as an Event of Default.

**Section 4.10 Accounting Forms and Reportorial Requirements:** You will procure RMC forms such as but not limited to Order Slips and submit the same to us as prescribed in the Manual. In case you will have such forms printed on your own, the printer/publisher should be an authorized RMC printer unless otherwise agreed upon by us.

**Section 4.11 Monitoring of Sales :** You agree to submit a weekly sales report by email or fax every Monday (for the previous week) to RMC head office in Pasig to monitor your weekly sales per coffee station. The report shall provide a complete list of RMC coffee stations in operation within your Territory and sales per stations and number of cups sold as per RMC standard Sales Report Form.

## ARTICLE 5 - PROPRIETARY PROPERTY

**Section 5.1 Our Representation As to Proprietary Marks:** We represent to you that:

a) Rocky Mountain Cafe Inc is the sole owner of the Proprietary Marks;
b) We have the rights to license the Proprietary Marks to you;
c) We will take all steps necessary to preserve and protect the ownership and validity of the Proprietary Marks; and
d) We will take no action that causes a dilution in the value of the Proprietary Marks.

**Section 5.2 Use of the Proprietary Property:** You may use the Proprietary Property only in accordance with standards and specifications we reasonably determine and implement on a System-wide basis. Among other conditions and restrictions that are inherent in the use of Proprietary property, you agree that:

a) You will use the Proprietary Property solely and exclusively for the operation of your RMC Coffee Service Center at the Premises;
b) You will not employ any Proprietary Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation or yours;
c) You will not pre-package or sell pre-packaged food products or beverages using the Proprietary Marks unless approved in writing by us;
d) You will maintain a suitable sign or graphics package at, or near the front of the Premises, on any pylon sign, building directly or other area identifying the Premises as "Rocky Mountain Cafe". The signage must conform in all respects to our requirements except to the extent prohibited by local government restrictions or landlord regulations;
e) All materials including cups, coffee packages, sugar, sweetener, and creamer sachets, paper products and other supplies and packaging materials used in the System will bear our Proprietary Marks, as required by us;
f) You will exercise caution when using the Proprietary Property to ensure that the Proprietary Property is not jeopardized in any manner.
g) You will not reproduce the Manual or any of our Proprietary Information without our express written consent. Any such copies reproduced under this section shall belong to RMC; however, you are licensed to use the same for as long as this Agreement remains in effect.

**Section 5.3 Infringement by You:** You acknowledge that the use of Proprietary Property outside the scope of the Agreement, without our written consent, is an infringement of our rights in the Proprietary Property. You agree that during the Term, and after the expiration of this Agreement, you will not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the Proprietary Property, or take any other action in derogation of our rights.

**Section 5.4 Claims Against Our Proprietary Property:** If there is any claim of infringement, unfair competition or other challenge to your right to use any Proprietary Property, or if you become aware of any use of, or claims to, any Proprietary Property by persons other than us or our franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except us and our counsel on any infringement, challenge or claim except under judicial process. We will have sole discretion as to whether we take any action on any infringement, challenge or claim, and the sole right to control any litigation or other proceeding arising out of any documents,

render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in litigation or proceeding involving the Proprietary Property or other wise to protect and maintain our interests in the Proprietary Property. You will render reasonable assistance to us under this section. We shall hold you harmless from and keep you fully indemnified against all liabilities and losses arising from claim(s) and/or threat(s) of claims concerning the Proprietary Property.

**Section 5.5 Our Reservation of Rights:** You agree that the license of the Proprietary Marks granted to you has limited exclusivity and that all rights not expressly granted in this Agreement to you are expressly reserved for us, including but not limited to the right(s) to:

a) Establish, develop, license or franchise other systems, different from the System licensed by this Agreement in or outside the Protected Territory, without offering or providing you any rights under any other systems: and

b) Sell any similar Rocky Mountain Cafe menu items authorized for the RMC Coffee Service Center using the Proprietary Marks through dissimilar channels of distribution including supermarkets, catalogues and mail order and under any terms that we deem appropriate within or outside the Protected Territory without offering or providing you the right to participate. We will not sell or otherwise distribute any product or service bearing any of the Proprietary Marks without first determining through appropriate market research that the sale or distribution of the product or service, as offered under the proposed marketing plan, is not likely to have a material negative effect on Gross Revenues for Franchisees generally. We will fairly compensate you for any sales made within the Protected Territory.

c) If we acquire a Competitive Business and units of the Competitive Business encroach upon your Protected Territory, we will have one year from the date of acquisition of the Competitive Business to sell the encroaching units without being in default under this Agreement.

**Section 5.6 Waiver of Ownership of Proprietary Rights, and Goodwill:** We represent and warrant that RMC is the sole and exclusive owner of the RMC Proprietary Marks, and owns all goodwill arising from its use. You will not in any manner prohibit, or do anything which would restrict us or any existing or future franchisee of a business either similar or dissimilar to the Franchise Business from using the names or the Proprietary Marks or from filing any trade name, assumed name or fictitious name registration with respect to any business to be conducted outside the Protected Territory that is permitted by this Agreement.

## ARTICLE 6 - MANUAL AND OTHER CONFIDENTIAL INFORMATION

**Section 6.1 In General:** To protect our reputation and goodwill and to maintain uniform standards of operation, you will conduct your operation of the RMC Coffee Service Center in accordance with the Manual which is deemed an integral part of this Agreement with the same effect as if fully stated in this Agreement.

**Section 6.2 Confidential Use** Aside from your obligations in the Non Disclosure Agreement, you will perform the following obligations with respect to Confidential Information.

A. You will treat and maintain all matters contained in the Manual as Confidential Information and/or RMC's trade secrets. Accordingly, you undertake to implement security measures that will ensure the safekeeping of the manuals with limited access to authorized personnel only.
B. You agree that, during and after the Term, you, your owners and employees will:
    1. Not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the Rocky Mountain Cafe concept;
    2. Maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term;

3. Not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and
4. Adopt and implement all procedure that we may reasonably prescribe to prevent unauthorized use or disclosure, of or access to, the Confidential Information.

**Section 6.3 Periodic Revisions:** The contents of the Manual may be revised from time to time. Any revisions to the Manuals will be based on what we deem is in the best interests of the System, our interest, and the interest of our Franchisees. We undertake to notify you immediately in writing of any revision. In any dispute as to the contents of the Manual, the terms contained in our master copy of each the Manual at our home office shall be controlling, provided always we can prove that a copy of such master copy has been supplied to you.

## ARTICLE 7- ADVERTISING

**Section 7.1 Advertising:** Recognizing the value of advertising, and the importance of the standardization of advertising programs to the good will and public image of the System, the parties agree:

a) You must submit to us for approval, all materials to be used for Advertising, unless they have been pre-approved by us or they consist only of materials we provide. All materials on which the Proprietary Marks are used must include the applicable designation service mark, trademark, registered® or copyright©, or any other designation we specify. If you have not received the written or oral disapproval of materials submitted within 10 days from the date we received the materials, the materials are deemed approved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our reasonable opinion, the materials or advertising may be harmful to the System. This requirement must be made in writing by us, and you have 5 days after receipt of notice to withdraw and discontinue use of the materials or advertising, unless otherwise agreed in writing. The submission of advertising to us for approval does not affect your right to determine the prices at which you shall sell your products or services.

b) Subject to any legal restrictions, you must include in all advertisements and promotions, and on a sign in a conspicuous place within the Premises, substantially the following statement: "Rocky Mountain Cafe Franchise Opportunities Available." All responses will be immediately referred to us at 63-2-638-3770 or any other number we designate and include our corporate address. All printed material for Advertising shall be coursed through an authorized RMC publisher unless previously authorized in writing by RMC. You have no authority to act for us in sale of franchise.

**Section 7.2 Marketing Fund:** We reserve the right to create a special fund called the "Rocky Mountain Cafe Fund" for the benefit of all Franchise Units and Company Units who contribute to the Marketing Fund, when there are a sufficient number of Franchise Units and Company Units, as determined by the Franchisor and a majority of its Franchisees. Details for the establishment and operation of this Marketing Fund are found in the Manual.

**Section 7.3 Advertising Contributions.** Once the Marketing Fund is established, you must also pay a continuing monthly Advertising Contribution to the Marketing Funds during the Term in an amount equal to 2% of your monthly Total Purchase of Supplies subject to the following terms and conditions:

a) We have the sole right to enforce your obligations and all other franchisees that provide Advertising Contributions. Failure to provide Marketing Contributions may be considered as an Event of Default on your part.

b) We reserve the right to increase the Advertising Contributions paid by you provided: a. the increase is approved by us and a majority of existing Franchisees; b. that all other Franchise Units and Company Units are subject to the same relative percentage increase in the Advertising

Contributions; and c. the Advertising Contributions do not exceed 5% of monthly Total Purchase of Supplies.

c) The Marketing Fund as well as the Advertising Contributions therein is not our asset. A report of the operations of the Marketing Fund as shown on the books of the Marketing Fund will be prepared annually by an independent certified public accountant that the Marketing Fund Committee selects at the expense of the Marketing Fund, and all mailed to all franchisees.

## ARTICLE 8 - ACCOUNTING AND RECORDS

**Section 8.1 Records:** You will maintain complete and accurate records for the operations of your RMC Coffee Service Center and comply with our reasonable accounting policies and procedures as contained in the Manual.

**Section 8.2 Review and Audit:** We and our representatives have the right at all reasonable times to examine and copy, at our expense, your records and inspect all cash control devices and systems and conduct a physical inventory. We have the right to access your sales system to determine, among other things, sales activity and Total Purchase of Supplies, provided always that we shall keep strictly confidential any and all information we may obtain in the course of such review and audit.

## ARTICLE 9 - INSURANCE AND INDEMNIFICATION

**Section 9.1 Types and Amounts of Coverage:** You may be required to obtain and maintain Comprehensive General Liability insurance, at your expense. All policies must be written by an insurance company duly accredited by the Insurance Commission, covering risks listed in our Manuals.

**Section 9.2 Indemnification**: Notwithstanding any applicable insurance coverage, you are responsible for all losses or damages from liabilities to third persons from the possession, ownership and operation of your RMC Coffee Service Center and for all claims and demands for damages to property or for injury, illness or death of persons directly or indirectly resulting from your actions or the actions of your employees. You indemnify us from all costs, losses and damages (including reasonable attorney' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving the ownership or operation of your RMC Coffee Service Center unless caused by our negligence, intentional misconduct or any matters concerning ownership and/or use of Proprietary Property..

## ARTICLE 10 - TRANSFER OF INTEREST

**Section 10.1 Transfer:** Unless otherwise expressly permitted by this Agreement, you will not sell, assign, transfer, convey or give voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise (collectively "transfer") any direct or indirect interest in this Agreement, in the Franchise or in you without our written consent. Any purported transfer by you, by operation of law or otherwise in violation of this Agreement is void and is an Event of Default on your part.

**Section 10.2 No Sub-franchising Rights.** You have no rights whatsoever to grant a sub-franchise. Any purported sub-franchise by you is void and is an Event of Default on your part unless approved in writing by us.

## ARTICLE 11 – TERM AND TERMINATION

**Section 11.1 Term:** The Term of this Agreement is (ten) 10 years from the Agreement Date, unless sooner terminated under this Article.

h) If you knowingly maintain false records, or knowingly submit any false reports to us; or

i) If you misuse or make any unauthorized use of the Proprietary Property or otherwise materially impair the good will associated with the Proprietary Property or our rights in the Proprietary Property.

**Section 11.5 Termination by Us- After Notice and Right to Cure:** Except as otherwise provided above, you have thirty (30) days after delivery from us of a written Notice of Default specifying the nature of the default to remedy any default other than as stated above, and provide evidence of cure satisfactory to us. If any default is not cured within that time, or any longer time as applicable law may require, an Event of Default has occurred to you and all your rights under this Agreement terminate without additional notice to you effective immediately upon the expiration of the 30 day or any longer time as applicable law may require. In addition to the Events of Default specified in this Article, an Event of Default by you occurs if you fail to comply with any of the requirements imposed by this Agreement, as it may be revised or supplemented by the Manuals, or to carry out this Agreement in good faith. You have the burden of proving that you properly and timely cured any default, to the extent a cure is permitted under this Agreement.

## ARTICLE 12 - YOUR OBLIGATIONS UPON TERMINATION

Upon the termination of this Agreement, the Sections of this Article apply to the rights and obligations of the parties.

**Section 12.1 Cease Operations and Return of Manual:** You will immediately cease operation of your RMC Coffee Service Center and will immediately deliver to us all tangible Proprietary Property in your possession or control, including any and all copies of RMC Manual and Forms. You will not, directly or indirectly, use any of the Proprietary Property nor represent yourself as a present or former franchisee of us or in any other way affiliate yourself with the System. Upon our request, you will remove immediately all identifying architectural superstructure and signage on or about the Premises bearing our Trade Dress, in the manner we specify. All other property belonging to us will be held by you for delivery to us, at our expense, upon request. If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Premises for the purpose of making or causing to be made, all changes as may be required, at a reasonable expense (which expense you must pay upon demand) and at your sole risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You agree that your failure to make these alterations will cause irreparable injury to us.

**Section 12.2 Discontinuance of Use of Trade Names:** You will cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation or our trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation to cancel the registration within 30 days after termination or expiration of this Agreement. If you fail to cancel, you appoint us as your attorney-in-fact to do so.

**Section 12.3 Our Option to Purchase Your "RMC Coffee Service Center":** We have the option, exercisable by giving written notice within thirty (30) days from the date of termination, to operate or purchase from you all the assets used in your RMC Coffee Service Center. As used in this Section, "assets" means coffee machines, support cabinets, water pumps, water filters, auto voltage regulators, display racks, backgrounds, and other hardware purchased from RMC. We have the unrestricted right to assign this option to purchase. The purchase price for the assets of your RMC Coffee Service Center is their fair market value, determined as of the effective date of purchase in a manner consistent with reasonable depreciation of the assets of your RMC Coffee Service Center but in no way shall exceed the market value as negotiated by the Parties.

**Section 12.4 Distinguishing Operations:** If we do not exercise our option under this Article and you desire to remain in possession of the Premises and operate a non-competitive business, you must make all modifications or alterations to the Premises immediately upon termination of this Agreement as necessary to distinguish the appearance of the

Premises from that of other RMC Coffee Service Center operating under the System. You will make all specific additional changes to the Premises as we reasonably request for that purpose including a change of use of the Premises. You agree to refrain from taking any action to reduce the goodwill of your customers or potential customers toward us, our franchisees or any other aspect of the System.

**Section 12.5 Unfair Competition:** You agree, that if you continue to operate or later begin to operate any other business, not to use any reproduction or colorable imitation of the Proprietary Marks, Trade Dress, methods of operation or undertake any other conduct either in any other business or the promotion of any other business, that is likely to cause confusion, mistake or deception, or that is likely to dilute the rights in and to the Proprietary Marks. In addition, you agree not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with us, or any of our Affiliates. This Section does not relieve, directly or indirectly, your obligations under the succeeding Article.

## ARTICLE 13 - YOUR INDEPENDENT COVENANTS

**Section 13.1 Diversion of Business; Competition and Interference with Us:** You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the franchisees within the System if franchisees were permitted to hold interests in any Competitive Business. You covenant that during the Term, except as we otherwise approve in writing, you will not:

a) Directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or to compete against us;

b) Directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity be connected with the ownership, management, operation, control or conduct of a Competitive Business (this restriction will not apply to a 5% or less beneficial interest in a public corporation); or for a period of three (3) years from cessation ;

c) Interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any of our franchisees.

**Section 13.2 Prior Disclosure of Potential Conflict of Interests:** By executing this Agreement, you warrant and represent that you do not own, directly or indirectly, any business interest (ownership or control) in any Competitive Business. Any misrepresentation under this section, whether by intent or by negligence is an Event of Default on your part.

**Section 13.3 Continuing Disclosure**: In case you will acquire business interests in any Competitive Business during the Term of this Agreement, you agree to disclose such business interest to us as soon as practicable. Your mere acquisition of any business interests in any Competitive Business under this section is not an Event of Default; however, your failure to disclose may be considered by us as an Event of Default on your part. We also reserve the right to terminate this Agreement upon our evaluation of the extent of the conflict of interest.

## ARTICLE 14 - INDEPENDENT CONTRACTOR

**Section 14.1 Independent Status:** You are an independent contractor and unless expressly provided to the contrary, nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose. The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation for the other party, nor to incur any debt or other obligation in the other party's name.

## ARTICLE 15 - ACKNOWLEGMENT OF RISK

**Section 15.1 Acknowledgment of Risk:** By executing this Agreement, you acknowledge the following risks:

a) Your success in owning and operating your RMC Coffee Service Center is speculative and depends on many factors including, to a large extent, your independent business ability. No representations or promises, express or implied, have been made by us or any of our employees, brokers or representatives, to induce you to enter into this agreement. No officer, director, employee, broker or representative is authorized to do otherwise.

b) You agree that in all of your dealings with us, our officers, directors, employees, brokers (if any) and other representatives act only in a representative capacity and not in an individual capacity. You agree that this agreement and all business dealings between you and any individuals as a result of this agreement, are only between you and us.

c) In addition, we make no warranty as to your ability to operate the RMC Coffee Service Center in the jurisdiction where your RMC Coffee Service Center is to be operated. It is your obligation to seek or obtain advice of counsel specifically on this issue. If legislation enacted by, or regulation of, any governmental body prevents you from operating your RMC Coffee Service Center, we are not liable for damages nor required to indemnify you or to return any monies received from you.

## ARTICLE 16 - DISPUTE RESOLUTION

**Section 16.1 Mediation:** Should any dispute or controversy arise from this Agreement, the parties agree to enter into mediation to be conducted by and under the rules of the Center for Transformational Mediation (Pasig City, Philippines) which mediation shall not exceed 30 days notwithstanding anything to the contrary. The parties agree that they will equally shoulder any and all expenses related to mediation.

**Section 16.2 Arbitration:** Should the parties fail to reach an amicable settlement; the parties agree to submit the dispute or controversy for arbitration in Singapore using the arbitration procedure of the International Chamber of Commerce whose decision shall be final, binding, and executory between the parties.

## ARTICLE 17 - GENERAL PROVISIONS

**Section 17.1 Amendments:** Except as stated in this Agreement, the provisions of this Agreement cannot be amended, supplemented, waived or change orally, except by a written document signed by the party against whom enforcement of any amendment, supplement, waiver or modification is sought and making specific reference to this Agreement. Only our President has the authority to sign an amendment for us.

**Section 17.2 Modification of the System:** You agree that after the agreement date we may modify the system. You agree to accept and be bound by any modifications in the System as if they were part of this agreement at the time of the signing of this agreement.

**Section 17.3 Binding Effect:** The terms of this Agreement are binding upon, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

**Section 17.4 Severability:** If any term proviso of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement will not be invalidated and will be given full effect so far as possible. If any term of this Agreement may be construed in two

or more ways, one that would render the term invalid or otherwise unenforceable and another that will render the term valid and enforceable, that term has the meaning that renders it valid and enforceable will prevail.

**Section 17.5 Waivers:** The failure or delay of any party at any time to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of any breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

**Section 17.6 Jurisdiction and Venue:** The parties irrevocably and unconditionally that any dispute or controversy arising from this Agreement and involving just you and us (and no other franchisees) shall be settled by either mediation or arbitration as prescribed in the preceding Section.

**Section 17.7 Force Majeure:** Neither party is liable for loss or damage or is in breach of this Agreement if the failure to perform the obligations results solely from the following causes beyond his, her or its reasonable control, specifically: 1. Transportation strike, 2. Compliance with any applicable law; or 3. War, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

**IN WITNESS WHEREOF,** the parties have duly signed this Agreement made effective below the dates of their signature.

**Date:** 29th day of December 2009.

**For:** **ROCKY MOUNTAIN CAFÉ, INC.**

**By:**

Mr. Rodrigo Vagilidad
President

**TOP BLEND COFFEE SERVICES INC**

Ms. Maria Lani A. Singson
President

**Witnesses:**

By : Mr. Roberto Da Silva
General Manager

and

Mr. Michael A. Singson

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MANILA

ATTY. DELFIN R. AGCAOILI JR.
NOTARY PUBLIC
PTR# 9[illegible]6238 - Mla. 1/07/2010
IBP# 79[illegible] / ROLL# 24655
TIN# 144-519-006
Comm. Exp. Dec. 31, 2010

# ANNEX A

## Description of the Exclusive Territory of the Location

This Agreement is limited to the following Territory:

- ☐ Within the territorial limits of Quezon City as described by Department of Interior & Local Government (DILG) of the Republic of the Philippines.
- ☐ And nothing else without written authorization of Rocky Mountain Café Inc.

**Date:** 29th day of December 2009.

| | | |
|---|---|---|
| **For:** | **ROCKY MOUNTAIN CAFE INC** | **TOP BLEND COFFEE SERVICES INC** |
| **By:** | Mr. Rodrigo Vagilidad<br>President | Ms. Maria Lani A. Singson<br>President |

# ANNEX B

## Minimum Development Obligations

The Franchisee hereby agrees to set up a total of not less than 100 RMC Coffee Stations over the Term of this Agreement, and shall, without prejudice to the foregoing promise, use its best endeavours to ensure that the number of RMC Coffee Stations to be set up in any year during the Term shall not be less than 10.

**Date:** 29th day of December 2009.

**For:** **ROCKY MOUNTAIN CAFE INC**

**By:** _____
Mr. Rodrigo Vagilidad
President

**TOP BLEND COFFEE SERVICES INC**

_____
Ms. Maria Lani A. Singson
President

# ANNEX C

## TERMS AND CONDITIONS FOR SUB-FRANCHISING

RMC is hereby allowing the Franchisee to sub-franchise RMC coffee stations in its Territory subject to the following terms and conditions:

1. Franchisee agrees to maintain the same technical support to its sub-franchisees by:
    a. Providing free monthly brewer maintenance for each coffee station
    b. Providing free monthly sanitary inspection for each coffee station
    c. Providing free delivery of condiment once a week for each coffee station
    d. Providing free emergency repair services (24/7 if necessary) for each coffee station

2. Franchise will benefits by:
    a. By sub franchising RMC coffee stations by adding fifty-thousand pesos (P 50,000) to the purchased price of the coffee station;
    b. By being the exclusive suppliers of RMC products in the Territory. RMC and the Franchisee agree to negotiate an Approved Price List of RMC products in the Territory and to review this price list form time to time as requested by any of the parties;

3. The Franchisee agrees to monitor the sales of the sub franchisee's coffee station and mandate the sub-franchisee to submit a weekly sales report.

4. The Franchisee shall indemnify RMC from any liability resulting from a complaint file by its Sub-Franchisee as a result of the business relationship between the Franchisee and the Sub-Franchisee.

5. The Franchisee shall only sign Franchise Agreement with sub-franchisees using the approved Franchise Agreement of RMC.

6. Awarding of Sub Franchisee Agreement should have the prior written approval of RMC, before sub franchisor signs a Franchise Agreement.

7. Franchisees are mandated to maintain a level of stocks equivalent to 2 weeks inventory at all times as all RMC products shall be available at all times.

8. The Sub-Franchisee should only use approved RMC products, violation will be a ground for disenfranchisement.

9. Franchisee should maintain an office warehouse to service their sub franchisees in their respective areas.

10. Franchisee should have a minimum of 2 staff duly trained and certified by RMC Head Office. Only Certified trainees can handle RMC coffee station, equipment, and products.

11. Franchisee shall submit to RMC a list of trainees who have undergone the RMC Training Program

12. Franchisee may source locally materials and products provided it has gone through a series of test conducted by RMC before implementation. RMC will provide the Franchisee the test results conducted on the said product or material. A written approval will be given by RMC before Franchisee can implement and/or use such item.

**Date:** 29th day of December 2009.

| | | |
|---|---|---|
| **For:** | **ROCKY MOUNTAIN CAFE INC** | **TOP BLEND COFFEE SERVICES INC** |
| **By:** | Mr. Rodrigo Vagilidad<br>President | Ms. Maria Lani A. Singson<br>President |

# ADDENDUM TO THE MASTER FRANCHISE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

THIS Agreement is entered into by and between

**ROCKY MOUNTAIN CAFÉ, INC.**, a Philippine corporation duly registered and existing by virtue of the laws of the Republic of the Philippines; with office address at Suite 306, Prestige Tower, Emerald Avenue, Ortigas Center, Pasig City, Metro Manila,; represented herein by its President, Mr. Rodrigo Vagilidad, and herein after referred to as "RMC," "We," "Us," or "Own."

and

**TOP BLEND COFFEE SERVICES INC.**, a Philippine corporation duly registered and existing by virtue of the laws of the Republic of the Philippines; with office address at 194 Road 8 cor. Road 2, Pag-asa, Quezon City, Philippines; represented herein by its President, Ms. Maria Lani A. Singson, and herein after referred to as "Franchisee," "You," "Your."

**WITNESSETH: That:**

**WHEREAS**, the Parties signed a Master Franchise Agreement on December 29, 2009 (hereinafter referred to as "the Master Franchise Agreement") in consideration of their agreement to execute this document for the purpose of making amendments to Master Franchise Agreement;

**NOW THEREFORE** for and in consideration of the mutual covenants and promises contained herein, the Parties agree on the following:

**Article 1 Reduction of Royalty Payment**

RMC agrees to reduce payment of the Royalty described in Article 3.1.c) of the Master Franchise Agreement for the first year only to 2.5% instead of 5% in order to reduce the financial burden of the Franchisee for its first year of operation.

**Article 2 Installation of Coffee Stations**

RMC agrees, for a period of 12 months starting with the signing of the Master Franchise Agreement, to install free of charge to the Franchisee all Piccolina coffee stations purchased by the Franchisee for its Territory. However, the Franchisee agrees to ensure the monthly delivery of condiments, sanitary monitoring, and regular maintenance of the brewers. RMC shall provide the usual technical assistance in repairing any non performing asset purchased from RMC.

**Article 3 Franchisee Commissary**

Franchisee agrees to set up a full service commissary equipped with delivery vehicles and conformed to the standard of RMC within a period of 12 months of signing the Master Franchise Agreement unless otherwise approved in written by RMC.

**Article 4 Warranty on Coffee Machines**

RMC agrees to provide one (1) year warranty on all coffee machines sold to the Franchisee as part of this Master Franchise Agreement. RMC warranty covers cost of repair services and parts needed to make the coffee machines in good working conditions. After the 1 year warranty has expired, the franchisee shall be responsible to pay services and spare parts necessary to maintain the coffee machine in good working conditions.

RMC warrants that the used coffee stations to be delivered pursuant to Section 3.1 of the Master Franchise Agreement are Piccolina coffee machines which were manufactured not earlier than 1st January 2007 and the period for which each has been put to commercial use, if any, has not exceeded a total of 180 days.

**Article 5 Technical Support**

RMC agrees to provide the following technical support during the entire period of effectivity of the Master Franchise Agreement including:

- 24/7 Hot Line for Emergency Repair
- Storage of enough spare parts in RMC warehouse to maintain Franchisee operations
- Storage of back up coffee machines in RMC warehouse for emergency replacement

**Article 6 List of Schedules**

The Parties agree that the List of Schedules attached in Annex A is part of the Master Franchise Agreement.

**Article 7 Novation**

Notwithstanding anything to the contrary in the Master Franchise Agreement, it is acknowledged that Ms Maria Lani A. Singson has executed the Master Franchise Agreement and this document for and on behalf of a corporation to be incorporated by Ms Maria Lani A. Singson as one of the incorporators ("Corporation"). It is therefore agreed that upon completion of incorporation of the Corporation and upon instruction from Ms Maria Lani A Singson, RMC shall execute a novation agreement with Ms Maria Lani A. Singson and the Corporation to enable the Corporation to assume in the place of Ms Maria Lani A. Singson, retroactively as well as of the date of execution of the novation agreement, all the rights and obligations as the Franchisee under the Master Franchise Agreement and this document and to accordingly remove from Ms Maria Lani A. Singson such rights and release her from such obligations.

**IN WITNESS WHEREOF,** the parties have duly signed this Agreement made effective below the dates of their signature.

**Date:** 29th day of December 2009.

**For:** **ROCKY MOUNTAIN CAFÉ, INC.**

**By:**

Mr. Rodrigo Vagilidad
President

**TOP BLEND COFFEE SERVICES INC.**

Ms. Maria Lani A. Singson
President

**Witnesses:**

By : Mr. Roberto Da Silva
General Manager

and

Mr. Michael A. Singson

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ANNEX A

# SCHEDULES

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**Schedule A**

**List of Equipment included in the Franchise Package: One (1) Year Warranty Period.**

The Franchise Package will include the following equipment:

| Qty | Description |
|---|---|
| 15 | Piccolina Coffee Machines (8 new & 7 used) |
| 15 | Supporting Cabinets |
| 15 | Auto Voltage Regulators |
| 15 | Flojet Pumps |
| 15 | Water Filters |
| 15 | RMC Backgrounds |
| 15 | Condiments Racks |
| 1 | Handheld Programmer |
| 1 | Repair Tool Kit |
| 1 | Spare Parts Kit |

The **Repair Tool Kit** will include the following equipment:

| Qty | Description |
|---|---|
| 1 | Tool Crank for Brewer |
| 1 | Stanley 6" Adjustable Wrench |
| 1 | Stanley 1/4 X 4 Philips Screwdriver |
| 1 | Stanley 2pt X 4 Flat Screwdriver |
| 1 | Stanley 9mm Side Cutter |
| 1 | T.Box 16"Tool Box |
| 1 | Ace 5m Measuring Tape |

The **Spare Parts Kit** will include the following equipment:

| Qty | Description |
|---|---|
| 1 | Fan, Exhaust |
| 10 | Fuse 2.5 Amp. |
| 10 | Fuse 5 Amp. |
| 2 | Inlet Valve, 120 V |
| 2 | Level Probe |
| 2 | Level Probe, Short |
| 2 | Lock, Inner Door |
| 1 | Rear Board |
| 1 | Switch, Home |
| 1 | Temperature Probe |
| 2 | Thermal Cut-Off Switch |
| 2 | Thumb Luck |
| 2 | Valve Deltrol |
| 2 | Valve Deltrol/Modified |
| 1 | Zuma Brewer |

**Schedule B**

**List of Equipment Not Included in the Franchise Package**

The Franchise Package does not include the following equipment:

⇒ Office space for RMC Coffee Service Center need to be rented or purchased;
⇒ Leasehold improvements;
⇒ Office furniture & fixtures like desks, chairs, air-conditioning system;
⇒ Office equipment like computers, printers, internet access, telephone, cell phone;
⇒ Delivery van for the installation of coffee machines and delivery of condiments; and
⇒ Any other items not described in Schedule A

## Schedule C

### Sample Inventory for Start-Up of Operations

Below is a sample inventory for a start-up operation:

| CODE | PRODUCT | PACKAGING | UNIT COST | VAT | COST + VAT | QTY | TOTAL |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| COF002 | Premium Coffee 1 Kg | 1 bag X 1 Kg | 447.00 | 63.64 | 500.64 | **100** | 50,064.00 |
| COF003 | Premium Coffee 500g | 1 bag X 500g | 229.50 | 27.54 | 257.04 | **100** | 27,540.00 |
| COF004 | Mountain Blend 1 Kg | 1 bag X 1 Kg | 323.40 | 38.81 | 362.21 | **100** | 36,221.00 |
| COF005 | Mountain Blend 500g | 1 bag X 500g | 167.70 | 20.12 | 187.82 | **100** | 18,782.00 |
| COF006 | Classic Blend 1 Kg | 1 bag X 1 Kg | 298.20 | 35.78 | 333.98 | **100** | 33,398.00 |
| COF007 | Classic Blend 500g | 1 bag X 500g | 155.10 | 18.61 | 173.71 | **100** | 17,371.00 |
| | | | | | | | |
| TEA001 | **Black Tea - Four Red Fruits** | 25sachets X 2g | 150.00 | 18.00 | 168.00 | **10** | 1,680.00 |
| TEA002 | **Black - Earl Grey** | 25sachets X 2g | 136.36 | 16.36 | 152.72 | **10** | 1,527.20 |
| TEA003 | **Green – Jasmine** | 25sachets X 2g | 136.36 | 16.36 | 152.72 | **10** | 1,527.20 |
| TEA004 | **Green – Java** | 25sachets X 2g | 136.36 | 16.36 | 152.72 | **10** | 1,527.20 |
| TEA005 | **Herbal - Strawberry / Mango** | 25sachets X 2g | 181.81 | 21.82 | 203.63 | **10** | 2,036.30 |
| TEA006 | **Herbal - Raspberry / Echinacea** | 25sachets X 2g | 181.81 | 21.82 | 203.63 | **10** | 2,036.30 |
| | | | | | | | |
| SAC001 | **White Sugar** | 100 sachets | 43.21 | 5.19 | 48.40 | **100** | 4,840.00 |
| SAC002 | **Creamer** | 100 sachets | 63.84 | 7.66 | 71.50 | **100** | 7,150.00 |
| SAC003 | **Sweetener** | 100 sachets | 96.25 | 11.55 | 107.80 | **10** | 1,078.00 |
| SAC004 | **Brown Sugar** | 100 sachets | 50.09 | 6.02 | 56.11 | **20** | 1,122.20 |
| | | | | | | | |
| CUP001 | **Regular Cups 8oz.** | Bags of 50 pc | 56.47 | 6.78 | 63.25 | **200** | 12,650.00 |
| CUP003 | **Lids for cups 8oz.** | Bags of 100 pc | 113.21 | 13.59 | 126.80 | **100** | 12,680.00 |
| CUP004 | **Stirrer** | Bags of 960 pc | 169.81 | 20.38 | 190.19 | **10.4** | 1,981.15 |
| | | | | | | | |
| MAR001 | **Tarpaulin 2 x 5 ft** | 1 pc. | 274.55 | 32.95 | 307.50 | | |
| MAR002 | **Posters 2 x 3 ft** | 1 pc. | 164.73 | 19.77 | 184.50 | | |
| MAR003 | **Tent 5.5" x 7.5"** | 1 pc. | 71.96 | 8.64 | 80.60 | | |
| MAR004 | **Flyers 4.25" x 5.25"** | 2000 pcs | 329.46 | 39.54 | 369.00 | | |
| MAR00 | **Full colored posters 8.5" x 11"** | 50 pcs | 445.9 | 53.52 | 499.50 | | |

**Schedule D**

**Terms and Conditions for the Purchase and Shipment of Coffee and Condiments**

The Franchisee agrees to abide by the following terms and conditions regarding the purchase and delivery of condiments:

1. **Purchase Orders (PO)** shall be sent via e-mail every 2 weeks on a Thursday before 16h00 PM and shall follow the format provided by RMC;

2. Upon reception of the PO, RMC will prepare a **Delivery Slip** that will be sent to the Franchisee by e-mail for approval;

3. Upon reception of the Delivery Slip, **Payments for PO and shipping costs** shall be done by electronic bank transfer into the account of RMC in Manila at the bank account number provided by RMC;

4. Upon reception of the Payment, RMC will proceed within 3 days with the **shipment** door-to-door to the RMC Coffee Service Center;

5. Upon reception of the shipment, Franchisee shall acknowledge within 24 hours reception of the shipment by sending the **Conformity Receipt** to RMC if everything is in good order.

6. If not, the Franchisee shall file a **Non-Conformity Report** and send it within 24 hours to RMC for adjustment. If no Non-Conformity Report is sent within 24 hours, the products will be assumed conformed.

7. RMC shall be responsible to supply quality products to Franchisee and will reimburse any Non-Conform RMC products with a new one at no cost to the Franchisee.

8. RMC shall not be responsible for products not distributed as it is the responsibility of the Franchisee to distribute RMC products

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | | | 8 | | | | |
| | | | | | | | |

**Note1**: Valid as of December 18, 2009. RMC Prices are subject to change within 30 days upon supplier notification of change in their price list`

**Note2**: Whole Bean & Ground Coffee are sold at the same price for all blends

**Schedule E**

**Terms and Conditions for the Distribution of Coffee Products**

RMC hereby grants to the Franchise the right to act as a Regional Distributor of RMC Coffee Products in the following area:

The Area includes:

- Within the limits of **Quezon City**

RMC Coffee Products includes:

- RMC ground coffee in bags of 250g.
- RMC 1,000 ml coffee press.
- RMC ceramic cups.
- Other RMC products to be included by RMC in the RMC Coffee Products List

In exchange of receiving this right, the Franchisee agrees to develop a network of Points of Sales (POS) within the next 12 months for direct selling at retail level of RMC Coffee Products.

RMC reserves the right to remove the right to act as Regional Distributor of RMC Coffee Products and to assign it to another Franchisee or company if the Franchisee fails to make the necessary efforts to develop the network of POS within 12 months.

RMC will sell its RMC Coffee Products to the Franchisee at the wholesale price and the latter will resell said RMC Coffee Products at retail according to the Recommended Wholesale and Retail Price List for RMC Coffee Products attached in Schedule L.

Orders and Payments of RMC Coffee Products shall be in conformity with Terms and Conditions for the Purchase and Shipment of Coffee and Condiments described in Schedule D.

Franchisee agrees to send monthly sales report per POS to RMC every 5th day of the month reporting on sales achieved and number of POS developed in the previous month. Failure to send Monthly Sales Report shall be a cause for terminating the Regional Distributorship of RMC Coffee Products.

Said Regional Distributorship shall be confirmed upon signing of a **Regional Distributorship Agreement** with RMC.

**Schedule F**

**Approved Service Agreement for Coffee Service Franchisees**

You will find attached to this Schedule the Approved Service Agreement for RMC Coffee Service to be provided to the customers of the Franchisee.

This **Service Agreement** provides detailed information on the terms and conditions of RMC Coffee Services. The Agreement has been drafted with the goal to offer quality services to RMC customers and to protect the Franchisee against any unreasonable claims from the customers and to protect Franchisee assets lend to customers.

The terms and conditions that appear in the **main text** of the Service Agreement cannot be changed without the prior a written approval of RMC, except **Annex A** (Pricing & Price List for Rocky Mountain Coffee Station Products) that provides information on the quantity and price of RMC products to be purchased by the customer.

The Franchisee agrees to provide copies of all Service Agreements to be signed with his customers within 5 days of receiving a written request from RMC.

**Schedule G**

**Training Cost Sharing Agreement**

The following Training is included for free in the Franchise Package:

At least two (2) staffs of the Franchisee will receive 2 weeks of theoretical and practical training in RMC office and facilities in Manila.

**Theoretical Training** will include:

- Components of the Coffee Station
- Parts of the Coffee Machine
- Installing a Coffee Station
- Removing a Coffee Station
- Cleaning a Coffee Station
- Most Frequent Problems to Fix
- Repairing a Coffee Stations
- Handling of Coffee Bags
- Handling of Water
- Handling of Condiments
- Managing Pests & Insects
- Monitoring Supplies
- Delivering Supplies
- Preparing the Weekly Delivery Report
- Answering to Repair Calls
- Preparing Repair Reports
- Preparing the Weekly Repair Report
- Conducting Sanitary Inspections
- Preparing the Weekly Sanitary Inspection Report

**Practical Training** will include:

- Operating RMC Coffee Service stations in various locations within Metro Manila
- Installing new Coffee Stations
- Removing old Coffee Stations
- Prepare and deliver products to Coffee Stations
- Repair and maintain existing Coffee Stations
- Conduct sanitary inspections;

Return air fares to and from Manila, lodging and food expenses of the trainees shall be at the expense of the Franchisee.

Training shall be scheduled 2 weeks in advance with RMC General Manager in Manila.

Franchisee shall send the CVs of selected staffs 2 weeks prior the training, so RMC can review the qualification of selected personnel.

**Schedule H**

**Technical & Marketing Support Included in the Franchise Package**

**TECHNICAL SUPPORT:** RMC will send one technician for a period of 5 days at the RMC Coffee Service Center to assist the technician of the franchisee to install the newly received coffee station during the first week of operation. RMC will be responsible for the following expenses:

- Return air fare of RMC technician from and to Manila.
- Hotel accommodations for 5 days.
- Food for 5 days.
- Salary of the staff.

**MARKETING SUPPORT**: RMC will send one marketing staff for a period of 5 days at the RMC Coffee Service Center to assist the marketing staff of the franchisee to promote and offer RMC coffee stations to franchisee customers. RMC will be responsible for the following expenses:

- Return air fare of RMC marketing staff from and to Manila.
- Hotel accommodations for 5 days.
- Food for 5 days.
- Salary of the staff.

Any additional technical or marketing support shall be as per the terms and conditions described in the attached Schedule I.

**Schedule I**

**Cost-Sharing Agreement for Additional Technical & Marketing Support**

RMC understands that the Franchisee may need additional technical or marketing support from time to time to address specific problems or to improve operations.

RMC and the Franchisee agree to share cost for additional technical and marketing support as follow:

| **Expenses** | **Responsibility** |
|---|---|
| Salary of RMC Staff | RMC |
| Return air fare from and to Manila | Franchisee |
| Airport Departure Fees | Franchisee |
| Hotel accommodation during stay outside Manila | Franchisee |
| Food (3 meals per day) during stay outside Manila | Franchisee |
| Local transportation outside Manila | Franchisee |
| Pick-up from and return to the airport | Franchisee |

**Schedule J**

## FRANCHISEE PRICE LIST

**February 9, 2009**

| CODE | PRODUCT | QUANTITY | UNIT COST | VAT | TOTAL COST |
|---|---|---|---|---|---|
| **COFFEE** | | | | | |
| COF002 | Premium Coffee 1 Kg | 1 bag X 1 Kg | 447.00 | 63.64 | 500.64 |
| COF003 | Premium Coffee 500g | 1 bag X 500g | 229.50 | 27.54 | 257.04 |
| COF004 | Mountain Blend 1 Kg | 1 bag X 1 Kg | 323.40 | 38.81 | 362.21 |
| COF005 | Mountain Blend 500g | 1 bag X 500g | 167.70 | 20.12 | 187.82 |
| COF006 | Classic Blend 1 Kg | 1 bag X 1 Kg | 298.20 | 35.78 | 333.98 |
| COF007 | Classic Blend 500g | 1 bag X 500g | 155.10 | 18.61 | 173.71 |
| **TEA** | | | | | |
| TEA001 | Black Tea - Four Red Fruits | 25 x 2 grams | 150.00 | 18.00 | 168.00 |
| TEA002 | Black Tea - Earl Grey | 25 x 2 grams | 136.36 | 16.36 | 152.72 |
| TEA003 | Jasmin Green Tea | 25 x 2 grams | 136.36 | 16.36 | 152.72 |
| TEA004 | Java Green Tea | 25 x 2 grams | 136.36 | 16.36 | 152.72 |
| TEA005 | Strawberry & Mango Herbal Tea | 25 x 2 grams | 181.81 | 21.82 | 203.63 |
| TEA006 | Raspberry & Echinacea Herbal Tea | 25 x 2 grams | 181.81 | 21.82 | 203.63 |
| **CONDIMENTS** | | | | | |
| CON001 | Milk 500g | 500 grams | 171.88 | 20.63 | 192.50 |
| CON002 | Sugar 1kg | 1 kilogram | 43.21 | 5.19 | 48.40 |
| SAC001 | White Sugar in Sachet | 100 sachet | 71.70 | 8.60 | 80.30 |
| SAC002 | Creamer in Sachet | 100 sachet | 63.84 | 7.66 | 71.50 |
| SAC003 | Sweetener in Sachet | 100 sachet | 96.25 | 11.55 | 107.80 |
| SAC004 | Brown Sugar in Sachet | 100 sachet | 50.09 | 6.01 | 56.10 |
| **CUPS** | | | | | |
| CUP001 | Regular Cups 8 oz. | 50 cups | 56.47 | 6.78 | 63.25 |
| CUP003 | Lids 8 oz. | 100 pcs | 113.21 | 13.59 | 126.80 |
| CUP004 | Stirrer (estimated 960 pcs) | 1 kilogram | 169.96 | 20.39 | 190.35 |
| **COFFEE PRODUCTS** | | | | | |
| WAT001 | Water 18 liters | 18 L | 35.71 | 4.29 | 40.00 |
| WAT002 | Water 30 liters | 30 L | 56.96 | 6.84 | 63.8 |
| **MARKETING MATERIALS** | | | | | |
| MAR001 | Tarpaulin 2 x 5 ft | 1 pc. | 274.55 | 32.95 | 307.50 |
| MAR002 | Posters 2 x 3 ft | 1 pc. | 164.73 | 19.77 | 184.50 |
| MAR003 | Tent 5.5" x 7.5" | 1 pc. | 71.96 | 8.64 | 80.60 |
| MAR004 | Flyers 4.25" x 5.25" | 2000 pcs | 329.46 | 39.54 | 369.00 |
| MAR005 | Full colored posters 8.5" x 11" | 50 pcs | 445.98 | 53.52 | 499.50 |
| **UNIFORM** | | | | | |
| UNI001 | Polo Shirt | 1 shirt | 401.79 | 48.21 | 450.00 |
| UNI003 | Bullcap with logo | 1 piece | 196.43 | 23.57 | 220.00 |

Note: Valid as of December 18, 2009. RMC Prices are subject to change within 30 days upon supplier notification of change in their price list

**Schedule K**

## Price List of Spare Parts as of December 18, 2009

**Piccolina Parts:**

| Item | Description | Code | Qty. | Price |
|---|---|---|---|---|
| 1 | Fan, Exhaust | P/N-M029111 | 1 | 2,058 |
| 2 | Fuse 5 Amp. | P/N -M018045 | 1 | 42 |
| 3 | Fuse2.5 Amp. | P/N -M018045 | 1 | 42 |
| 4 | Handheld Programer | P/N-200522-001 | 1 | 31,637 |
| 5 | Inlet Valve,120 V | P/N-E310308S | 1 | 1,705 |
| 6 | Level Probe | P/N-L111191SS | 1 | 226 |
| 7 | Level Probe,Short | P/N-L111192SS | 1 | 226 |
| 8 | Lock, Inner Door | P/N-M110097 | 1 | 611 |
| 9 | Rear Board | P/N-G410249PICC | 1 | 18,623 |
| 10 | Switch,Home | P/N-M019399 | 1 | 318 |
| 11 | Thermal Cut-Off Switch | P/N-M210269 | 1 | 2,540 |
| 12 | Thumb Luck | P/N-M019130 | 1 | 209 |
| 13 | Tool Cranck Brewer | P/N A1000253 | 1 | 737 |
| 14 | Valve Deltrol | P/N-M029082 | 1 | 2,955 |
| 15 | Valve Deltrol/Modified | P/N-E210271S | 1 | 3,076 |
| 16 | Zuma Brewer | A510333S | 1 | 17,403 |
| 17 | Heater Element | P/N - M038003 | 1 | 1,848 |
| 18 | Brewer Motor | P/N - E210277S | 1 | 4,447 |
| 19 | Temperature Probe | P/N - M210220 | 1 | 2,540 |
| 20 | Botton Small | P/N - M014026 | 1 | 46 |
| 21 | Trim Door | P/N - MO14028 | 1 | 176 |
| 22 | Shell, Water Tank | P/N - M054008 | 1 | 734 |
| 23 | Relay Heater | P/N - M018R08 | 1 | 604 |
| 24 | Power Switch | P/N - M019581 | 1 | 377 |
| 25 | Fuse Holder | P/N - 201575-001 | 1 | 922 |
| 26 | Fuse Holder 15Amp | P/N - 210176 | 1 | 813 |
| 27 | Filter Screen (box) | P/N - K310306S | 1 | 11,330 |
| 28 | Wiper | P/N - K034133 | 1 | 239 |
| 29 | Rubber Seal Chamber | P/N - M014160 | 1 | 754 |
| 30 | Snap Plug | P/N - M019696 | 1 | 46 |
| 31 | Reataining Ring TRU ARC | P/N - T01909S | 1 | 21 |
| 32 | Pin Grooved 3/16X1.25 | P/N - T019644 | 1 | 29 |

**Consumable Cleaning Materials:**

| Description | Qty. | Price |
|---|---|---|
| Paint Brush 2" | 1 | 30.00 |
| Paint Brush 4" | 1 | 50.00 |
| Clean Cotton Rugs | 1 | 100.00 |
| Insectiside | 1 | 50.00 |
| Spray Bottle | 1 | 50.00 |
| Disinfectant Sanitiser | 1 | 100.00 |
| Dish Soap | 1 | 50.00 |

Note: Consumable cleaning materials can be purchased directly by the franchisee. Valid as of January 15, 2009. RMC Prices are subject to change within 30 days upon supplier notification of change in their price list

**Schedule L**

**Wholesale and Retail Price List for RMC Coffee Products**

| Product | Packaging Configurations | | Price to Franchisee | | Price to Distributor | | SRP | |
|---|---|---|---|---|---|---|---|---|
| | | | per case | per pack | per case | per pack | per case | per pack |
| Whole Beans | 12-packs | 250G | 1,920.00 | 160.00 | 2,160.00 | 180.00 | 2,400.00 | 200.00 |
| | 6-packs | 500G | 1,920.00 | 320.00 | 2,160.00 | 360.00 | 2,400.00 | 400.00 |
| | | | | | | | | |
| Ground Coffee | 12-packs | 250G | 1,920.00 | 160.00 | 2,160.00 | 180.00 | 2,400.00 | 200.00 |
| | 6-packs | 500G | 1,920.00 | 320.00 | 2,160.00 | 360.00 | 2,400.00 | 400.00 |
| | | | | | | | | |
| Coffee Press | 12-units | 1000mL | 4,200.00 | 350.00 | 5,400.00 | 450.00 | 6,000.00 | 500.00 |

Note: Valid as of December 18, 2009. RMC Prices are subject to change within 30 days upon supplier notification of change in their price list

**Schedule M**

**Recommended Leasehold Improvement**

Space requirements:
- Minimum: 50 sqm.
- Recommended: 100 sqm.

Division of the space as per drawing:
- One reception area
- One staff area with 3 desks
- Two storage areas:
    - 1 for food grade products that shall be completely sealed from insects
    - 1 for the hardware like coffee machine, cabinets, pumps, and water tank

Recommended Office Furniture:
- 3 visitor chairs
- 1 reception counter
- 3 staff chairs
- 3 desks
    - 1 for the technician
    - 1 for the marketing staff
    - 1 for the bookkeeper / receptionist

Recommended Office Equipment:
- 1 desktop computer for accounting, email communication
- 1 laptop computer for the marketing staff
- 3 telephones
- 2 cell phones

Recommended Decorations:
- RMC Posters
- RMC Tarpaulins
- RMC Table Tent

Mandatory Pantone Code for:
- The Walls Pantone #
- The Floor Tiles Pantone #
- The Counter Pantone #

**Schedule N**

**Recommended Delivery Truck Signage:**

Stick-on water-proof colored logo of Rocky Mountain Café on both sides of the delivery vehicle.

**Schedule O**

**Terms & Conditions for water supply.**

**Two options:**

Option 1 Purchase 50 water bottles of 18 liters with RMC Water labels and negotiate agreement with local water refilling station to refill franchisee water bottle

Option 2 Set up your own water refilling station and become the exclusive RMC water supplier for your area.

Conditions

- Secure written approval of water filtration process by RMC
- Secure written approval of water analysis by RMC
- Conduct monthly potability water analysis with City Health Department
- Indemnify RMC for any claim against franchisee from customers regarding water quality